

**SUBJECT:** Vehicle leasing by automobile dealers

**COMMITTEE:** Transportation — favorable, without amendment

**VOTE:** 8 ayes — Alexander, Siebert, Edwards, Finnell, Hawley, Hill, Pickett, Uher  
0 nays  
1 absent — Hartnell

**WITNESSES:** For — John W. Fainter, Jr.  
Against — None

**BACKGROUND :** The Texas Motor Vehicle Commission Code requires that vehicle leasing companies and lease facilitators be licensed by the state. Franchised dealers are prohibited from directly or indirectly paying a fee to a lessor or lease facilitator.

**DIGEST:** HB 2098 would provide that licensed franchised dealers are not required to obtain a lessor or lease facilitator license to lease new or used motor vehicles that they are licensed to sell. These dealers could also pay a fee to a lessor or lease facilitator if that person was properly licensed and the fee was an element of the terms or considerations related to the sale or assignment of a lease or leased vehicle.  
  
HB 2098 would take effect September 1, 1997.

**SUPPORTERS SAY:** HB 2098 would continue the process of updating the Transportation Code to bring it in line with current business practices. Automobile leasing has developed into a sizeable portion of the business transacted by many franchised dealers. HB 2098 would reflect this fact and remove statutory impediments to profitable economy activity in this area. Currently, licensed franchised dealers are required to negotiate bureaucratic hoops, securing a second license in order to lease vehicles. This regulatory burden serves no useful purpose for the state, the dealer, or the consumer.

**OPPONENTS** No apparent opposition.

HB 2098  
House Research Organization  
page 2

SAY: