

SUBJECT: Regulating RV dealers under the motor vehicle commission code

COMMITTEE: Transportation — favorable, without amendment

VOTE: 7 ayes — Alexander, Siebert, Edwards, Finnell, Hawley, Hill, Uher
1 nay — Pickett
1 absent — Hartnett

WITNESSES: For — Jack Hightower, Ronnie Hoelzer and Charles Thomas, Texas Recreation Vehicle Dealers Association; Jack W. Sisemore
Against — W.R. “Bill” Garpow, Recreational Park Trailer Industry Association Inc.; Dianne Farrell and Claire Skinner, Recreation Vehicle Industry Association; Paul Atkinson; Dennis Sibrt; Billy Sims
On — Brett Bray and David L. Brunke, Texas Department of Transportation, Motor Vehicle Division

BACKGROUND : The Texas Motor Vehicle Commission Code (TMVCC) allows the Texas Motor Vehicle Commission to regulate and license motor vehicle dealers and protects purchasers of new motor vehicles under the “lemon law.” The TMVCC does not apply to towable recreational vehicles.

DIGEST: HB 2382 would amend the TMVCC to include towable recreational vehicles as motor vehicles under its regulation. A towable recreational vehicle would be defined as a nonmotorized vehicle designed for temporary human habitation for recreational, camping or seasonal use that was titled and registered with the Texas Department of Transportation (DOT), permanently built on a single chassis, contained one or more life support systems, and was designed to be towed by another motor vehicle.
Towable recreational vehicles would not be covered by TMVCC provisions prohibiting the sale of motor vehicles at new car shows or exhibits.
HB 2382 would take effect September 1, 1997.

SUPPORTERS
SAY:

HB 2382 would ensure a uniform system of distributing and selling all motor vehicles and provide for compliance with manufacturer's warranties by bringing towable recreational vehicles — commonly known as RVs — under coverage of the TMVCC. The bill would provide to RV dealers the same type of franchise rights currently granted to other new vehicle dealers and extend to them the protection enjoyed by car dealers.

The bill also would bring consumers under the TMVCC's protections, providing purchasers of towable recreational vehicles with lemon law protections that would ensure RV manufacturers and dealers honored all warranties for vehicle repairs. The lemon law protection benefits not only the consumer but also the supplier and manufacturer by providing opportunities to remedy sale of defective products through informal procedures, avoiding expensive court cases.

Although RVs do not have engines or odometers, they do have wheels and are engineered to travel on highways. They should be subject to the lemon law like other motor vehicles. Furthermore, the lemon law does not impose any onerous burdens on dealers; rather, it only enforces an express warranty to repair, replace or repurchase defective equipment. Manufacturers of cars and trucks already comply with the repurchase requirement; this provision should not impose any extraordinary burden on reputable RV suppliers. The 15,000 Texas families that purchase RVs in any 12-month period need these lemon law protections, especially the 30-day timetable for repairs. Some Texans live in their RVs for up to six months out of the year.

HB 2382 would not apply to stationary park trailers used for long-term habitation; the definition specifically describes towable recreational vehicle as being designed for temporary human habitation for recreational, camping or seasonal use.

The Motor Vehicle Commission rule regarding exhibition shows is expressly limited in scope to new motor home shows and exhibitions. Towable recreational vehicles would not be subject to this rule's requirements that at least three dealers participate and not travel outside a 70-mile radius.

OPPONENTS
SAY:

The lemon law was written specifically for automobiles. It makes little sense to bring towable recreational vehicles under it. RVs do not have odometers that keep track of miles. No other state in the country brings a lodging product without an engine under a lemon law. Yet HB 2382 would bring travel and park trailers under the lemon law even though they are more like housing than motor vehicles.

The timetables for servicing motor vehicles mandated in the lemon law would make some repairs on RVs difficult; certain parts, such as wall siding, may require several weeks to order and install. The 30-day limit was written into the lemon law because being without a car for that amount of time is a substantial burden for most people. However, being without an RV for 30 days is not an inconvenience for most people because the average travel trailer is used only 20 days in the year.

HB 2382 also could cause an increase in the costs to manufacturers by allowing dealers to charge them the full retail price for components used in warranty work, in addition to full labor costs. This increase in costs would eventually be passed to consumers. The repurchase requirement of the franchise law would place another unfair burden on RV manufacturers because they would be required to purchase all new and non-used vehicles of the current and the previous year if an RV dealer decided to switch manufacturers.

Texas RV dealers can switch manufacturers easily because of the fierce competition for franchise agreements with dealers. The state has more than 1,335 car dealers but only about 180 RV dealers, who do not necessarily need the franchise rights granted to vehicle dealers under the TMVCC. The fierce competition that already exists makes it easier for RV dealers to include favorable provisions in the agreements. Unlike car dealers, at any given time an RV dealer could have up to six different brands on their lots. And when they switch brands, they do not have to make huge initial investments for equipment, computers, buildings and signs.

There is also some question as to whether HB 2382 could be construed to impose on RV dealers Texas Motor Vehicle Commission rules pertaining to vehicle exhibitions. These rules disallow any shows unless at least three dealers participate and prohibit dealers from travelling more than 70 miles

outside their area to participate. Currently there are at least 51 markets in Texas that do not necessarily have three RV dealers in the same area.

NOTES: The companion bill, SB 1482 by Bivins, is pending in the Senate State Affairs Committee.