

SUBJECT: Licensing requirements for boat dealers

COMMITTEE: Culture, Recreation, and Tourism — favorable, without amendment

VOTE: 4 ayes — Hilderbran, Dunnam, Gallego, Phillips
0 nays
3 absent — Kuempel, Baxter, Dukes

WITNESSES: For — John Kuhl, Boating Trades Association of Texas
Against — None

BACKGROUND: Boat dealers, manufacturers, and distributors are regulated in Texas by the Texas Parks and Wildlife Department (TPWD) and operate under a license issued by that agency.

DIGEST: HB 944 would require that boat dealers, manufacturers, and distributors enter into a license agreement with TPWD, in addition to obtaining a license from that agency. TPWD would make rules prescribing licensing requirements and establishing revocation procedures for all licensees. It would repeal the statutory licensing requirements that applied only to dealers.

It also would broaden the definition of dealer to include brokers by eliminating the requirement that a dealer have an established or permanent place of business.

HB 944 would take effect September 1, 2005.

SUPPORTERS SAY: HB 944 would allow TPWD to revoke licenses for dealers that swindle and cheat consumers. Because the agency does not require dealers to acknowledge that their licenses could be revoked, TPWD cannot revoke a dealer's license even if the dealer is engaged in fraudulent or deceptive business practices. In one case, a dealer secretly rented boats brought in for repair while explaining to the owners that the repairs were taking longer than expected. In another case, a dealer who sold boats on

consignment falsified the sales prices to the sellers. TPWD should be able to revoke a dealer's license in such cases.

The bill also would bring all boat sales businesses under one set of licensing regulations by agency rule. Under current law, licensing requirements for dealers are in statute while those for manufacturers and distributors are in rule. Requirements for brokers are not explicitly in either. HB 944 would place requirements for each category of boat sales business under the same rules.

Dealers and other boat sellers would have ample time to weigh in on the proposed agreement. Even though the exact terms would not be in statute, the rulemaking process requires public meetings and publication of rules in the *Texas Register*.

OPPONENTS
SAY:

No apparent opposition.

NOTES:

The companion bill, SB 489 by Estes, passed the Senate on the Local and Uncontested Calendar on April 21 and was reported favorably, without amendment, by the House Culture, Recreation, and Tourism Committee on May 5, making it eligible to be considered in lieu of HB 944.