

BILL ANALYSIS

Senate Research Center

C.S.H.B. 2098
By: Uher (Cain)
State Affairs
5-15-97
Committee Report (Substituted)

DIGEST

Currently, the Texas Motor Vehicle Commission Code requires that vehicle leasing companies and lease facilitators be licensed by the state. However, franchised dealers are prohibited from directly or indirectly paying a fee to a lessor or lease facilitator. C.S.H.B. 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.

PURPOSE

As proposed, C.S.H.B. 2098 outlines provisions regarding the regulation of certain franchised dealers who engage in the leasing of motor vehicles.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 4.01(a), Article 4413(36), V.T.C.S. (Texas Motor Vehicle Commission Code), to provide that a franchised dealer licensed under this code is not required to obtain a lessor or lease facilitator license or pay a license fee under this code to engage in the business of leasing motor vehicles, including new motor vehicles, that the dealer is licensed to sell.

SECTION 2. Amends Section 5.03A(b), Article 4413(36), V.T.C.S., to provide that the fees prohibited by this section do not include amounts paid to a franchised dealer as a part of the consideration for the sale or assignment of a lease or leased vehicle or other amounts paid to the franchised dealer who transfers title of the vehicle or assigns the lease contract to the lessor of the motor vehicle.

SECTION 3. Amends Section 5.03A, Article 4413(36), V.T.C.S., by adding Subsection (f), to provide that as used in Sections 5.01(7) and 5.03A(a), the term "fee" does not include any adjustments in the purchase price paid for the lease or leased vehicle provided that this section does not authorize any fees for referring leases or prospective leases.

SECTION 4. Amends SECTION 5, Article 4413(36), V.T.C.S., by adding Section 5.05, as follows:

Sec. 5.05. USE OF CERTAIN TERMS PROHIBITED. Sets forth instances in which a person is not prohibited from using the words "lease" or "leasing" or any variation of those words in the person's name or in the name of an entity owned by the person.

SECTION 5. Effective date: September 1, 1997.

SECTION 6. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Amends proposed relating clause.

SECTION 2.

Amends Section 5.093A(b), Article 4413(36), V.T.C.S. (Texas Motor Vehicle Commission Code), regarding prohibited fees.

SECTION 3.

Amends Section 5.03A, Article 4413(36), V.T.C.S., by adding Subsection (f), regarding the term "fee."

SECTION 4.

Amends the SECTION heading.