

BILL ANALYSIS

C.S.H.B. 2940
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Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been suggested that Texas automobile franchise laws that prohibit a motor vehicle manufacturer from owning an interest in a motor vehicle dealer no longer reflect the complexity of modern-day ownership structures and thus require updating. C.S.H.B. 2940 seeks to provide such an update by limiting the prohibition, in the case of a franchised dealership, to the combination of these two activities with regard to the same type of motor vehicle.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2940 amends the Occupations Code to limit the application of the prohibition against a manufacturer or distributor of motor vehicles owning an interest in, operating or controlling, or acting in the capacity of a franchised dealer or dealership to those activities with regard to a dealer or dealership for the same type of motor vehicle that the manufacturer manufactures or distributes or the distributor distributes. The bill sets out classifications that constitute types of motor vehicles for purposes of this prohibition.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2940 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute specifies the meaning of "dealer" and of "dealership."