

**SUBJECT:** Increasing documentary fees for heavy commercial vehicle sales

**COMMITTEE:** Financial Institutions — committee substitute recommended

**VOTE:** 7 ayes — Solomons, Denny, Ehrhardt, Elkins, Grusendorf, Pitts, Juan Solis  
1 nay — Averitt  
1 absent — Marchant

**WITNESSES:** For — Jim Bantham, Associates Commercial Corp.; Ted A. Grant, Associates Corporation of North America; Brent Hughes, Rush Truck Centers  
Against — None  
On — Leslie Pettijohn, Office of Consumer Credit Commissioner

**BACKGROUND:** A retail motor vehicle seller is authorized to add a documentary fee that may not exceed \$50 to the principal balance of a retail installment agreement. This fee may be applied to the sale of an automobile, mobile home, truck, truck tractor, trailer, semitrailer, bus, or commercial vehicle designed and used primarily to transport people or property on a highway. It also may be applied to sale of heavy commercial vehicles, which have gross vehicular weights of 19,000 pounds or more and are not used primarily for personal or household use.

**DIGEST:** CSHB 1510 would set the documentary fee, for heavy commercial vehicles, at a reasonable amount agreed to by the buyer and seller.  
The bill would take effect on September 1, 1999.

**SUPPORTERS SAY:** Documentary fees are intended to compensate the retail seller for the costs associated with preparing, handling, and processing documents that relate to the closing of the sale. The time and paperwork involved in documenting the sale of a heavy commercial vehicle to a corporation is considerably more extensive than that of an automobile sold to an individual. CSHB 1510 would give dealers the flexibility to assess a documentary fee that covers their costs and would at the same time, be agreeable to the purchaser. The bill would

apply only to the sale of heavy commercial vehicles, which are a tiny proportion of all vehicle sales in Texas. The \$50 limit would be retained for all other retail motor vehicle sales.

**OPPONENTS  
SAY:**

A \$50 fee already is sufficient. The buyers of heavy commercial trucks are often larger corporations that buy multiple units of trucks and trailers at one time, costing hundreds of thousands of dollars collectively. Given the volume and the repetition of the paperwork required, any increase above the \$50 fee simply would be extra profit for the dealer.

**OTHER  
OPPONENTS  
SAY:**

Documentary fees ought to be eliminated altogether. Retailers' costs in handling documents are minimal and should be considered a routine part of doing business. Purchasers often feel that they do not have sufficient bargaining power to reduce the fee or waive it altogether.

**NOTES:**

The original bill would have allowed a maximum documentary fee of \$250 for heavy commercial vehicles.