

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 894  
By: Kolkhorst (Hegar)  
Transportation  
5/15/2013  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Interested parties contend that car dealers in Texas use dealer plates and temporary tags to make their inventory legal to drive for various reasons including test-driving and driving vehicles to be serviced. These parties also contend that dealers are issued permanent metal plates to conduct personal business with a car that could also potentially be part of their inventory. Under current law, a dealer cannot use a metal dealer's license plate on a service or work vehicle or a commercial vehicle that is carrying a load. Many independent motor vehicle dealers, however, may use a truck from their inventory to haul vehicles to and from the point of sale, which is often an auction.

Interested parties assert that since independent motor vehicle dealers participate in a relatively smaller number of transactions compared to franchise dealers, they have little need to contract with a car hauling company. The options such an independent motor vehicle dealer faces in order to comply with state law relating to delivering inventory to a point of sale are limited and often inconvenient for the dealer and may be expensive and not cost-effective.

C.S.H.B. 894 amends current law relating to the use of dealer's license plates on vehicles by independent motor vehicle dealers to transport vehicles to or from a point of sale.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Department of Motor Vehicles in SECTION 2 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 503.068, Transportation Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Prohibits a person from using a metal dealer's license plate or dealer's temporary tag on a service or work vehicle, except as provided by Subsection (b-1), or a commercial vehicle that is carrying a load.

(b-1) Authorizes an independent motor vehicle dealer or an employee of an independent motor vehicle dealer to use a metal dealer's license plate on a service or work vehicle used to transport a vehicle in the dealer's inventory to or from a point of sale. Provides that this subsection does not authorize a person to operate a service or work vehicle as a tow truck, as defined by Section 2308.002 (Definitions), Occupations Code, without a license or permit required by Chapter 2308 (Vehicle Towing and Booting), Occupations Code.

SECTION 2. Requires the Texas Department of Motor Vehicles to adopt rules consistent with Section 503.068 (Limitation on Use of Dealer's License Plates and Tags), Transportation Code, as amended by this Act, not later than December 1, 2013.

SECTION 3. Effective date: September 1, 2013.