



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Consumer Protection Advisory Committee Meeting

9:00 a.m.
Friday, January 15, 2021

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AGENDA
CONSUMER PROTECTION ADVISORY COMMITTEE MEETING
TEXAS DEPARTMENT OF MOTOR VEHICLES
OPEN MEETING VIA
TELEPHONE CONFERENCE CALL*
PURSUANT TO GOVERNOR'S MARCH 16, 2020, TEMPORARY SUSPENSION OF
CERTAIN OPEN MEETING PROVISIONS**
FRIDAY, JANUARY 15, 2021
9:00 A.M.

THIS MEETING WILL BE HELD REMOTELY VIA TELEPHONE CONFERENCE CALL*

Teleconference Instructions:

Phone number for accessing the meeting via phone:
United States Toll Free: 1-(844)-740-1264
Meeting number/Access code: 177 813 0606
Event Password: 011521

*The public can listen to the meeting via the toll-free number listed above. If you have any technical questions about accessing the meeting, please send an email to Board.Tech.Help@txdmv.gov.

Link to January 15, 2021, TxDMV Consumer Protection Advisory Committee Meeting Documents: <https://www.txdmv.gov/about-us/txdmv-board-meetings>

**Action by Governor Greg Abbott pursuant to Texas Government Code Section 418.016

<https://gov.texas.gov/news/post/governor-abbott-allows-virtual-and-telephonic-open-meetings-to-maintain-government-transparency>

All agenda items are subject to possible discussion, questions, consideration, and action by the Consumer Protection Advisory Committee of the Texas Department of Motor Vehicles (Advisory Committee). Agenda item numbers are assigned for ease of reference only and do not necessarily reflect the order of consideration by the Advisory Committee. A quorum of the Board of the Texas Department of Motor Vehicles (board) may be present at this meeting for information-gathering purposes and discussion. However, board members will not vote on any Advisory Committee agenda items, nor will any board action be taken.

- 1. CALL TO ORDER**
Roll Call and Establishment of Quorum

2. DISCUSSION AND POSSIBLE ACTION ITEMS

- A. Recommendations for potential statutory changes to the 87th Legislature under Transportation Code, §1001.025 (Action Item)
- [Preventing, deterring and detecting the misuse of dealer temporary Tags](#)
 - [Consumer protection and financial issues when a franchise or independent dealer goes out of business, including independent and franchise dealer surety bonds; dealer statutory duties; and consumer reporting and credit issues](#)

3. PUBLIC COMMENT

4. ADJOURNMENT

The Advisory Committee will allow an open comment period to receive public comment on any agenda item or other matter that is under the jurisdiction of the Advisory Committee. No action will be taken on matters that are not otherwise part of the agenda for the meeting. For subjects that are not otherwise part of the agenda for the meeting, Advisory Committee members may respond in accordance with Government Code Section 551.042 and consider the feasibility of placing the matter on the agenda for a future meeting, or referring it to the board.

If you want to comment on any agenda item (including an open comment under Item #3), you must send an email to GCO_General@txdmv.gov or call (512) 465-5665 to register with one of the following prior to the agenda item being taken up by the Advisory Committee:

1. a completed [Public Comment Registration Form](#); or
2. the following information:
 - a. the agenda item you wish to comment on;
 - b. your name;
 - c. your address (optional), including your city, state, and zip code; and
 - d. who you are representing.

You must wait for the presiding officer to call on you before you verbally make your comment. Each speaker will be limited to three minutes, and time allotted to one speaker may not be reassigned to another speaker.

Agenda items may be presented by the named presenters or other Advisory Committee members.

Any individual with a disability who plans to attend this meeting and requires auxiliary aids or services should notify the department as far in advance as possible, but no less than two days in advance, so that appropriate arrangements can be made. Contact David Richards by telephone at (512) 465-1423.

I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements.

CERTIFYING OFFICIAL: Tracey Beaver, General Counsel, (512) 465-5665.

Considerations for CPAC regarding consumer issues to curb temp tag abuse and financial and consumer issues when dealers go out of business

1. Evaluate methods to help stop temporary tag abuse. Clarify the display of temporary permits methods to assist with tag identification. Evaluate feedback from the Consumer Protection Advisory Committee (CPAC).

A. Expedited Hearing

Legislative recommendation: Create a two-step process that allows TxDMV to suspend access to the eTAG system while TxDMV investigates and pursues enforcement action for the ultimate sanction. TxDMV has been contacted by Texas law enforcement and law enforcement from other states regarding temporary tag misuse. A statutory change would give TxDMV the ability to present evidence showing the need to suspend a license holder's access to the eTAG system. The suspension would only affect the license holder's access to the eTAG system; the license holder would still be able to issue temporary tags through other means such as through a tax assessor-collector office. The statutory change creates a separate, preliminary litigation process, so a license holder can quickly contest (within 20 calendar days) the eTAG suspension in a hearing that would likely take less than a day at the State Office of Administrative Hearings (SOAH). This new expedited hearing gives SOAH the ability to decide only the question of whether TxDMV can keep the suspension in place while it is pursuing the ultimate sanction for the license holder. The statutory change would not affect the current process for the ultimate sanction; the final decision regarding sanctions would remain with the TxDMV Board. For example, a license holder may have their access to the eTAG system restored if no sanction is issued. Also, the statutory change would remove a reference to a specific department division managing the databases since the reference is no longer needed.

B. Limit number of eTAGS a dealer may issue

Legislative recommendation: Authorize the department by rule to establish the total number of temporary tags that a dealer may issue through the eTAG system based on projected dealer sales volume or other quantifiable metric, with provisions for authorization of additional tags.

C. Background checks of eTAG system users

Recommendation: Recommend the department to evaluate the feasibility of a department administered background check process for persons that are assigned eTAG system access by a dealer, and have not already met licensing fitness requirements. The process would be based on current licensing fitness requirements, including ID validation and criminal history background checks by rule.

D. Increased monitoring

Recommendation: Recommend the department evaluate methods to increase monitoring of temporary tag issuance and relationship to actual sales; and review the number of assigned users, removing inactive users and developing reporting to identify tag issuance outside of normal operations.

2. Consumer Protection Advisory Committee recommendation to identify statutory changes that would help consumers with title, financial, and other issues when a franchise or independent dealer goes out of business.

A statutory change would help TxDMV address issues when a dealer goes out of business including failure of a dealer to payoff trade in vehicle, submit title transfer documents, remit collected fees to the county, and interaction with bankruptcy proceedings. Statute currently waives certain fees if the consumer can show they were paid and requires independent dealers to maintain a \$25,000 surety bond.

1. Legislative recommendation: Increase the amount of the financial security to \$50,000, evaluate feasibility of allowing dealers to obtain insurance in lieu of the bond.
2. Legislative recommendation: Require notice of the surety bond or insurance policy and means of accessing surety be posted in office next to the dealer's license. The notice information may also be maintained on the department's website, and such notices will include information on the licensee's surety bond or insurance coverage, the licensee's obligations under this coverage and how a customer can claim against the coverage if needed.
3. Legislative recommendation: Extend the financial requirement to franchise dealers.

Preventing, Deterring and Detecting the Misuse of Dealer Temporary Tags

Texas Administrative Code

TITLE 43	TRANSPORTATION
PART 10	TEXAS DEPARTMENT OF MOTOR VEHICLES
CHAPTER 215	MOTOR VEHICLE DISTRIBUTION
SUBCHAPTER E	GENERAL DISTINGUISHING NUMBERS
RULE §215.150	Authorization to Issue Temporary Tags

(a) A dealer that holds a GDN may issue a dealer's temporary tag, buyer's temporary tag, or a preprinted Internet-down temporary tag for each type of vehicle the dealer is licensed to sell. A converter that holds a converter's license under Occupations Code, Chapter 2301 may issue a converter's temporary tag.

(b) A license holder may issue an applicable dealer's temporary tag, buyer's temporary tag, or converter's temporary tag until the license is canceled, revoked, or suspended.

(c) A federal, state, or local governmental agency that is exempt under Section 503.024 from the requirement to obtain a dealer general distinguishing number may issue one temporary buyer's tag, or one preprinted Internet-down temporary tag, in accordance with Transportation Code §503.063. A governmental agency that issues a temporary buyer's tag, or preprinted Internet-down temporary tag, under this subsection:

- (1) is subject to the provisions of Transportation Code §503.0631 and §503.067 applicable to a dealer; and
- (2) is not required to charge the registration fee under Transportation Code §503.063(g).

Source Note: The provisions of this §215.150 adopted to be effective February 11, 2010, 35 TexReg 883; amended to be effective February 13, 2017, 42 TexReg 571; amended to be effective October 21, 2020, 45 TexReg 7441

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TEXAS DEPARTMENT OF MOTOR VEHICLES

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MOTOR VEHICLE DISTRIBUTION

[SUBCHAPTER E](#)

GENERAL DISTINGUISHING NUMBERS

RULE §215.151

Temporary Tags, General Use Requirements, and Prohibitions

(a) A dealer shall secure a temporary tag to a vehicle in the license plate display area located at the rear of the vehicle, so that the entire temporary tag is visible and legible at all times, including when the vehicle is being operated.

(b) A federal, state, or local governmental agency shall secure a temporary buyer's tag or preprinted Internet-down temporary tag issued under 215.150(c) of this title (relating to Authorization to Issue Temporary Tags) to a vehicle in the license plate display area located at the rear of the vehicle, so that the entire temporary tag is visible and legible at all times, regardless of whether the vehicle is being operated.

(c) All printed information on a temporary tag must be visible and may not be covered or obstructed by any plate holder or other device or material.

(d) A motor vehicle that is being transported using the full mount method, the saddle mount method, the tow bar method, or any combination of those methods in accordance with Transportation Code, §503.068(d), must have a dealer's temporary tag, a converter's temporary tag, or a buyer's temporary tag, whichever is applicable, affixed to the motor vehicle being transported.

Source Note: The provisions of this §215.151 adopted to be effective February 11, 2010, 35 TexReg 883; amended to be effective February 13, 2017, 42 TexReg 571; amended to be effective October 21, 2020, 45 TexReg 7441

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<u>CHAPTER 215</u>	MOTOR VEHICLE DISTRIBUTION
<u>SUBCHAPTER E</u>	GENERAL DISTINGUISHING NUMBERS
<u>RULE §215.152</u>	Obtaining Numbers for Issuance of Temporary Tags

(a) A dealer, a federal, state, or local governmental agency, or a converter is required to have internet access to connect to the temporary tag databases maintained by the department.

(b) Except as provided by §215.157 of this title (relating to Advance Numbers, Preprinted Internet-down Temporary Tags), before a temporary tag may be issued and displayed on a vehicle, a dealer, a federal, state, or local governmental agency, or converter must:

(1) enter in the temporary tag database information about the vehicle, dealer, converter, or buyer, as appropriate; and

(2) obtain a specific number for the temporary tag.

Source Note: The provisions of this §215.152 adopted to be effective February 11, 2010, 35 TexReg 883; amended to be effective February 13, 2017, 42 TexReg 571; amended to be effective October 21, 2020, 45 TexReg 7441

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SUBCHAPTER E

GENERAL DISTINGUISHING NUMBERS

RULE §215.153

Specifications for All Temporary Tags

(a) Information printed or completed on a temporary tag must be in black ink on a white background. Other than for a motorcycle, a completed buyer's, dealer's, converter's, or preprinted Internet-down temporary tag shall be six inches high and at least eleven inches wide. For a motorcycle, the completed buyer's, dealer's, converter's, or preprinted Internet-down temporary tag shall be four inches high and at least seven inches wide.

(b) A temporary tag must be:

- (1) composed of plastic or other durable, weather-resistant material; or
- (2) sealed in a two mil clear poly bag that encloses the entire temporary tag.

(c) A temporary tag must comply with the specifications of the applicable temporary tag identified by the following appendices:

- (1) Appendix A-1 - Dealer's Temporary Tag - Assigned to Specific Vehicle;

Attached Graphic

- (2) Appendix A-2 - Dealer's Temporary Tag - Assigned to Agent;

Attached Graphic

- (3) Appendix B-1 - Buyer's Temporary Tag;

Attached Graphic

- (4) Appendix B-2 - Preprinted Internet-down Temporary Tag; and

Attached Graphic

- (5) Appendix C-1 - Converter's Temporary Tag.

Attached Graphic

Source Note: The provisions of this §215.153 adopted to be effective February 11, 2010, 35 TexReg 883; amended to be effective February 13, 2017, 42 TexReg 571; amended to be effective October 21, 2020, 45 TexReg 7441

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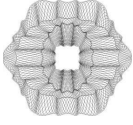
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Figure: 43 TAC §215.153(c)(1)



TEXAS DEALER

THE VEHICLE TEMPORARILY REGISTERED WITH TxDMV UNDER TAG #

00001E7

2018 ACUR

APR 21, 2018

Expires

VIN: VEHICLESPECIFICTAG

Owned by: ABC DEALERSHIP



DEALER TAG - ASSIGNED TO VEHICLE

Tag Number: 00001E7 Expiration Date: APR 21, 2018

You may want to place this page in a tag record file and keep a copy in the vehicle.

Issue Date: Apr 20, 2018

VIN: VEHICLESPECIFICTAG

Year: 2018 Body Style: 4D

Make: ACUR Model: QQQ

Major Color: YELLOW Minor Color:

Issuing Dealer: ABC DEALERSHIP

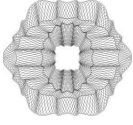
Dealer Number: P51769

DO NOT ISSUE DEALER TAGS TO RETAIL BUYERS.

When this tag expires, you may request another tag.

DEALER TAG - ASSIGNED TO VEHICLE

Figure: 43 TAC §215.153(c)(2)



TEXAS DEALER

THE VEHICLE TEMPORARILY REGISTERED WITH TxDMV UNDER TAG #

00001E6

Authorized Agent Tag

APR 21, 2018

Expires



Owned by: ABC DEALERSHIP

DEALER TAG - ASSIGNED TO AGENT

Tag Number: 00001E6 Expiration Date: APR 21, 2018

You may want to place this page in a tag record file
and have the agent keep a copy with them.

Issue Date: Apr 20, 2018

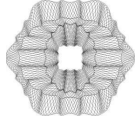
Issuing Dealer: ABC DEALERSHIP
Dealer Number: P51769
Agent Name: AGENT FIRST NAME AGENT
LAST NAME

DO NOT ISSUE DEALER TAGS TO RETAIL BUYERS.

BE SURE TO VOID THIS TAG SHOULD THE AGENT
TERMINATE THEIR RELATIONSHIP WITH YOUR DEALERSHIP.
YOU WILL BE HELD RESPONSIBLE FOR THIS TAG.

DEALER TAG - ASSIGNED TO AGENT

Figure: 43 TAC §215.153(c)(3)



TEXAS BUYER

THE VEHICLE TEMPORARILY REGISTERED WITH TxDMV UNDER TAG #

00001B7

2018 ACUR

JUN 19, 2018

Expires

VIN: BUYERTAGVEH1CLE1

Seller: ABC DEALERSHIP



BUYER'S TAG RECEIPT - DEALER'S COPY

Tag Number: 00001B7 Date of Sale: APR 20, 2018
Expiration Date: JUN 19, 2018

Give buyer's receipt to buyer. PLACE THIS DEALER'S COPY IN SALES FILE.
It is part of the sales records required to be kept and subject to inspection by TxDMV. Verify this information before distributing copies:

Issue Date: Apr 20, 2018
VIN: BUYERTAGVEH1CLE1
Year: 2018 Body Style: 4D
Make: ACUR Model: QQQ
Major Color: WHITE Minor Color:

Issuing Dealer: ABC DEALERSHIP
Dealer Number: P51769

Purchaser
Name 1: BUYER FIRST NAME
Address: BUYER STREET 1
BUYER CITY, TX
00000

DEALER'S COPY

BUYER'S TAG RECEIPT - BUYER'S COPY

Tag Number: 00001B7 Date of Sale: APR 20, 2018
Expiration Date: JUN 19, 2018
Issue Date: Apr 20, 2018
VIN: BUYERTAGVEH1CLE1
Year: 2018 Body Style: 4D
Make: ACUR Model: QQQ
Major Color: WHITE Minor Color:

Issuing Dealer: ABC DEALERSHIP
Dealer Number: P51769

Purchaser
Name 1: BUYER FIRST NAME
Address: BUYER STREET 1
BUYER CITY, TX
00000

BUYER is required to keep this receipt in the vehicle until vehicle is registered and metal plates are placed on the vehicle.

BUYER'S COPY

INTERNET DOWN - BUYER'S TAG RECEIPT - DEALER'S COPY

Tag Number: 00001B9 Date of Sale: _____
Expiration Date: _____

Give buyer's receipt to buyer. PLACE THIS DEALER'S COPY IN SALES FILE.
It is part of the sales records required to be kept and subject to inspection by TxDMV.
Verify this information before distributing copies:

Issue Date: _____
VIN: _____
Year: _____ Body Style: _____
Make: _____ Model: _____
Major Color: _____ Minor Color: _____

Issuing Dealer: ABC DEALERSHIP
Dealer Number: P51769

Purchaser
Name 1: _____
Name 2: _____
Address: _____

_____, _____

DEALER'S COPY

INTERNET DOWN - BUYER'S TAG RECEIPT - BUYER'S COPY

Tag Number: 00001B9 Date of Sale: _____
Expiration Date: _____

Issue Date: _____
VIN: _____
Year: _____ Body Style: _____
Make: _____ Model: _____
Major Color: _____ Minor Color: _____

Issuing Dealer: ABC DEALERSHIP
Dealer Number: P51769

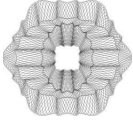
Purchaser
Name 1: _____
Name 2: _____
Address: _____

_____ / _____

BUYER is required to keep this receipt in the vehicle until
vehicle is registered and metal plates are placed on the vehicle.

BUYER'S COPY

Figure: 43 TAC §215.153(c)(5)



TEXAS CONVERTER

THE VEHICLE TEMPORARILY REGISTERED WITH TxDMV UNDER TAG #

00001E8

2018 ACUR

APR 21, 2018

Expires

VIN: CONVERTERTAG

Converter: FRAZER LTD



CONVERTER TAG

Tag Number: 00001E8 Expiration Date: APR 21, 2018

You may want to place this page in a tag record file and keep a copy in the vehicle.

Issue Date: Apr 20, 2018

VIN: CONVERTERTAG

Year: 2018

Body Style: CM

Make: ACUR

Model: QQQ

Major Color: SILVER

Minor Color:

Issuing Converter:

FRAZER LTD

License Number:

0184

**DO NOT ISSUE CONVERTER TAGS TO RETAIL
BUYERS.**

When this tag expires, you may request another tag.

CONVERTER TAG

Texas Administrative Code

<u>TITLE 43</u>	TRANSPORTATION
<u>PART 10</u>	TEXAS DEPARTMENT OF MOTOR VEHICLES
<u>CHAPTER 215</u>	MOTOR VEHICLE DISTRIBUTION
<u>SUBCHAPTER E</u>	GENERAL DISTINGUISHING NUMBERS
RULE §215.155	Buyer's Temporary Tags

-
- (a) A buyer's temporary tag may be displayed only on a vehicle that can be legally operated on the public streets and highways and for which a sale has been consummated.
- (b) A buyer's temporary tag may be displayed only on a vehicle that has a valid inspection in accordance with Transportation Code Chapter 548, unless the vehicle is exempt from inspection under Chapter 548.
- (c) For a wholesale transaction, the purchasing dealer places on the motor vehicle its own:
- (1) dealer's temporary tag; or
 - (2) metal dealer's license plate.
- (d) A buyer's temporary tag is valid until the earlier of:
- (1) the date on which the vehicle is registered; or
 - (2) the 60th day after the date of purchase.
- (e) The dealer, or federal, state, or local governmental agency, must ensure that the following information is placed on a buyer's temporary tag that the dealer issues:
- (1) the vehicle-specific number obtained from the temporary tag database;
 - (2) the year and make of the vehicle;
 - (3) the VIN of the vehicle;
 - (4) the month, day, and year of the expiration of the buyer's temporary tag; and
 - (5) the name of the dealer or federal, state, or local governmental agency.
- (f) A dealer shall charge a buyer a fee of \$5 for the buyer's temporary tag or Internet-down buyer's temporary tag issued, unless the vehicle is exempt from payment of registration fees under Transportation Code, §502.453 or §502.456. A federal, state, or local governmental agency may charge a buyer a fee of \$5 for the buyer's temporary tag or Internet-down buyer's temporary tag issued, unless the vehicle is exempt from payment of registration fees under Transportation Code, §502.453 or §502.456, or is a vehicle described in §215.153(d)(3) or (4) of this chapter (relating to Dealer's Temporary Tags). The fee shall be remitted by a dealer to the county in conjunction with the title transfer, and, if collected, by a federal, state, or local governmental agency, to the county, for deposit to the credit of the Texas Department of Motor Vehicles fund, unless the vehicle is sold by a dealer to an out-of-state resident, in which case:
- (1) the dealer shall remit the entire fee to the department for deposit to the credit of the Texas Department of Motor Vehicles fund if payment is made through the department's electronic title system; or

(2) the dealer shall remit the fee to the county for deposit to the credit of the Texas Department of Motor Vehicles fund.

Source Note: The provisions of this §215.155 adopted to be effective February 11, 2010, 35 TexReg 883; amended to be effective February 13, 2017, 42 TexReg 571; amended to be effective June 28, 2017, 42 TexReg 3274; amended to be effective November 4, 2018, 43 TexReg 7720; amended to be effective October 21, 2020, 45 TexReg 7441

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GENERAL DISTINGUISHING NUMBERS

RULE §215.156

Buyer's Temporary Tag Receipt

A dealer, or federal, state, or local governmental agency, must provide a buyer's temporary tag receipt to the buyer of each vehicle for which a buyer's temporary tag is issued, regardless of whether the buyer's temporary tag is issued using the temporary tag database or if the tag is a preprinted Internet-down temporary tag. The dealer, or federal, state, or local governmental agency, may print the image of the buyer's temporary tag receipt issued from the temporary tag database or create the form using the same information. The dealer, or federal, state, or local governmental agency, shall instruct the buyer to keep a copy of the buyer's temporary tag receipt in the vehicle until the vehicle is registered in the buyer's name and until metal plates are affixed to the vehicle. The buyer's temporary tag receipt must include the following information:

- (1) the issue date of the buyer's temporary tag;
- (2) the year, make, model, body style, color, and VIN of the vehicle sold;
- (3) the vehicle-specific temporary tag number;
- (4) the expiration date of the temporary tag;
- (5) the date of the sale;
- (6) the name of the issuing dealer and the dealer's license number or the name of the issuing federal, state, or local governmental agency; and
- (7) the buyer's name and mailing address.

Source Note: The provisions of this §215.156 adopted to be effective February 11, 2010, 35 TexReg 883; amended to be effective February 13, 2017, 42 TexReg 571; amended to be effective October 21, 2020, 45 TexReg 7441

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<u>CHAPTER 215</u>	MOTOR VEHICLE DISTRIBUTION
<u>SUBCHAPTER E</u>	GENERAL DISTINGUISHING NUMBERS
RULE §215.157	Advance Numbers, Preprinted Internet-down Temporary Tags

(a) In accordance with Transportation Code, §503.0631(d), a dealer, or a federal, state, or local governmental agency, may obtain an advance supply of preprinted Internet-down temporary tags with specific numbers and buyer's temporary tag receipts to issue in lieu of buyer's temporary tags if the dealer is unable to access the internet.

(b) If a dealer, or a federal, state, or local governmental agency, is unable to access the internet at the time of a sale, the dealer, or a federal, state, or local governmental agency, must complete the preprinted Internet-down temporary buyer's tag and buyer's temporary tag receipt by providing details of the sale, signing the buyer's temporary tag receipt, and retaining a copy. The dealer, or a federal, state, or local governmental agency, must enter the required information regarding the sale in the temporary tag database not later than the close of the next business day that the dealer has access to the internet. The buyer's temporary tag receipt must include a statement that the dealer, or a federal, state, or local governmental agency, has internet access but, at the time of the sale, the dealer, or a federal, state, or local governmental agency, was unable to access the internet or the temporary tag database.

Source Note: The provisions of this §215.157 adopted to be effective February 11, 2010, 35 TexReg 883; amended to be effective February 13, 2017, 42 TexReg 571; amended to be effective October 21, 2020, 45 TexReg 7441

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MOTOR VEHICLE DISTRIBUTION

SUBCHAPTER E

GENERAL DISTINGUISHING NUMBERS

RULE §215.158

General Requirements and Allocation of Preprinted Internet-down Temporary Tag Numbers

(a) The dealer, or a federal, state, or local governmental agency, is responsible for the safekeeping of preprinted Internet-down temporary tags and shall store them in a secure place. The dealer, or a federal, state, or local governmental agency, shall report any loss, theft, or destruction of preprinted Internet-down temporary tags to the department within 24 hours of discovering the loss, theft, or destruction.

(b) A dealer, or a federal, state, or local governmental agency, may use a preprinted Internet-down temporary tag up to 12 months after the date the preprinted Internet-down temporary tag is created. A dealer, or a federal, state, or local governmental agency, may create replacement preprinted Internet-down temporary tags up to the maximum allowed, when:

(1) a dealer, or a federal, state, or local governmental agency, uses one or more preprinted Internet-down temporary tags and then enters the required information in the temporary tag database after access to the temporary tag database is again available; or

(2) a preprinted Internet-down temporary tag expires.

(c) The number of preprinted Internet-down temporary tags that a dealer, or federal, state, or local governmental agency, may create is equal to the greater of:

(1) the number of preprinted Internet-down temporary tags previously allotted by the department to the dealer or a federal, state, or local governmental agency;

(2) 30; or

(3) 1/52 of the dealer's, or federal, state, or local governmental agency's, total annual sales.

(d) For good cause shown, a dealer, or a federal, state, or local governmental agency, may obtain more than the number of preprinted Internet-down temporary tags described in subsection (c) of this section. The director of the Vehicle Titles and Registration Division of the department or that director's delegate may approve, in accordance with this subsection, an additional allotment of preprinted Internet-down temporary tags for a dealer, or a federal, state, or local governmental agency, if the additional allotment is essential for the continuation of the dealer's, or a federal, state, or local governmental agency's, business. The director of the Vehicle Titles and Registration Division of the department, or a federal, state, or local governmental agency, or that director's delegate will base the determination of the additional allotment of preprinted Internet-down temporary tags on the dealer's, or a federal, state, or local governmental agency's, past sales, inventory, and any other factors that the director of the Vehicle Titles and Registration Division of the department or that director's delegate determines pertinent, such as an emergency. A request for additional preprinted Internet-down temporary tags must specifically state why the additional preprinted Internet-down temporary tags are necessary for the continuation of the applicant's business.

Source Note: The provisions of this §215.158 adopted to be effective February 11, 2010, 35 TexReg 883;

amended to be effective October 6, 2015, 38 TexReg 6646, amended to be effective February 13, 2017, 42 TexReg 571; amended to be effective October 21, 2020, 45 TexReg 7441

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Texas Administrative Code

<u>TITLE 43</u>	TRANSPORTATION
<u>PART 10</u>	TEXAS DEPARTMENT OF MOTOR VEHICLES
<u>CHAPTER 217</u>	VEHICLE TITLES AND REGISTRATION
<u>SUBCHAPTER B</u>	MOTOR VEHICLE REGISTRATION
RULE §217.40	Special Registrations

(a) Purpose and scope. Transportation Code, Chapter 502, Subchapters C and I, charge the department with the responsibility of issuing special registration permits which shall be recognized as legal registration for the movement of motor vehicles not authorized to travel on Texas public highways for lack of registration or for lack of reciprocity with the state or country in which the vehicles are registered. For the department to efficiently and effectively perform these duties, this section prescribes the policies and procedures for the application and the issuance of temporary registration permits.

(b) Permit categories. The department will issue the following categories of special registration permits.

(1) Additional weight permits. The owner of a truck, truck tractor, trailer, or semitrailer may purchase temporary additional weight permits for the purpose of transporting the owner's own seasonal agricultural products to market or other points for sale or processing in accordance with Transportation Code, §502.434. In addition, such vehicles may be used for the transportation without charge of seasonal laborers from their place of residence, and materials, tools, equipment, and supplies from the place of purchase or storage, to a farm or ranch exclusively for use on such farm or ranch.

(A) Additional weight permits are valid for a limited period of less than one year.

(B) An additional weight permit will not be issued for a period of less than one month or extended beyond the expiration of a license plate issued under Transportation Code, Chapter 502.

(C) The statutory fee for an additional weight permit is based on a percentage of the difference between the owner's annual registration fee and the annual fee for the desired gross vehicle weight computed as follows:

- (i) one-month (or 30 consecutive days)--10%;
- (ii) one-quarter (three consecutive months)--30%;
- (iii) two-quarters (six consecutive months)--60%; or
- (iv) three-quarters (nine consecutive months)--90%.

(D) Additional weight permits are issued for calendar quarters with the first quarter to begin on April 1st of each year.

(E) A permit will not be issued unless the registration fee for hauling the additional weight has been paid prior to the actual hauling.

(F) An applicant must provide proof of the applicant's Texas Agriculture or Timber Exemption Registration Number issued by the Texas Comptroller of Public Accounts. Proof of the registration number must be:

- (i) legible;
- (ii) current;
- (iii) in the name of the person or dba in which the vehicle is or will be registered; and

(iv) verifiable through the online system established by the Comptroller.

(2) Annual permits.

(A) Transportation Code, §502.093 authorizes the department to issue annual permits to provide for the movement of foreign commercial vehicles that are not authorized to travel on Texas highways for lack of registration or for lack of reciprocity with the state or country in which the vehicles are registered. The department will issue annual permits:

(i) for a 12-month period designated by the department which begins on the first day of a calendar month and expires on the last day of the last calendar month in that annual registration period; and

(ii) to each vehicle or combination of vehicles for the registration fee prescribed by weight classification in Transportation Code, §502.253 and §502.255.

(B) The department will not issue annual permits for the importation of citrus fruit into Texas from a foreign country except for foreign export or processing for foreign export.

(C) The following exemptions apply to vehicles displaying annual permits.

(i) Currently registered foreign semitrailers having a gross weight in excess of 6,000 pounds used or to be used in combination with commercial motor vehicles or truck tractors having a gross vehicle weight in excess of 10,000 pounds are exempted from the requirements to pay the token fee and display the associated distinguishing license plate provided for in Transportation Code, §502.255. An annual permit is required for the power unit only. For vehicles registered in combination, the combined gross weight may not be less than 18,000 pounds.

(ii) Vehicles registered with annual permits are not subject to the optional county registration fee under Transportation Code, §502.401; the optional county fee for transportation projects under Transportation Code, §502.402; or the optional registration fee for child safety under Transportation Code, §502.403.

(3) 72-hour permits and 144-hour permits.

(A) In accordance with Transportation Code, §502.094, the department will issue a permit valid for 72 hours or 144 hours for the movement of commercial motor vehicles, trailers, semitrailers, and motor buses owned by residents of the United States, Mexico, or Canada.

(B) A 72-hour permit or a 144-hour permit is valid for the period of time stated on the permit beginning with the effective day and time as shown on the permit registration receipt.

(C) Vehicles displaying 72-hour permits or 144-hour permits are subject to vehicle safety inspection in accordance with Transportation Code, §548.051, except for:

(i) vehicles currently registered in another state of the United States, Mexico, or Canada; and

(ii) mobile drilling and servicing equipment used in the production of gas, crude petroleum, or oil, including, but not limited to, mobile cranes and hoisting equipment, mobile lift equipment, forklifts, and tugs.

(D) The department will not issue a 72-hour permit or a 144-hour permit to a commercial motor vehicle, trailer, semitrailer, or motor bus apprehended for violation of Texas registration laws. Apprehended vehicles must be registered under Transportation Code, Chapter 502.

(4) Temporary agricultural permits.

(A) Transportation Code, §502.092 authorizes the department to issue a 30-day temporary nonresident registration permit to a nonresident for any truck, truck tractor, trailer, or semitrailer to be used in the movement of all agriculture products produced in Texas:

(i) from the place of production to market, storage, or railhead not more than 75 miles from the place of production; or

(ii) to be used in the movement of machinery used to harvest Texas-produced agricultural products.

(B) The department will issue a 30-day temporary nonresident registration permit to a nonresident for any truck, truck tractor, trailer, or semitrailer used to move or harvest farm products, produced outside of Texas, but:

(i) marketed or processed in Texas; or

(ii) moved to points in Texas for shipment from the point of entry into Texas to market, storage, processing plant, railhead or seaport not more than 80 miles from such point of entry into Texas.

(C) The statutory fee for temporary agricultural permits is one-twelfth of the annual Texas registration fee prescribed for the vehicle for which the permit is issued.

(D) The department will issue a temporary agricultural permit only when the vehicle is legally registered in the nonresident's home state or country for the current registration year.

(E) The number of temporary agricultural permits is limited to three permits per nonresident owner during any one vehicle registration year.

(F) Temporary agricultural permits may not be issued to farm licensed trailers or semitrailers.

(5) One-trip permits. Transportation Code, §502.095 authorizes the department to temporarily register any unladen vehicle upon application to provide for the movement of the vehicle for one trip, when the vehicle is subject to Texas registration and not authorized to travel on the public roadways for lack of registration or lack of registration reciprocity.

(A) Upon receipt of the \$5 fee, registration will be valid for one trip only between the points of origin and destination and intermediate points as may be set forth in the application and registration receipt.

(B) The department will issue a one-trip permit to a bus which is not covered by a reciprocity agreement with the state or country in which it is registered to allow for the transit of the vehicle only. The vehicle should not be used for the transportation of any passenger or property, for compensation or otherwise, unless such bus is operating under charter from another state or country.

(C) A one-trip permit is valid for a period up to 15 days from the effective date of registration.

(D) A one-trip permit may not be issued for a trip which both originates and terminates outside Texas.

(E) A laden motor vehicle or a laden commercial vehicle cannot display a one-trip permit. If the vehicle is unregistered, it must operate with a 72-hour or 144-hour permit.

(6) 30-day temporary registration permits. Transportation Code, §502.095 authorizes the department to issue a temporary registration permit valid for 30 days for a \$25 fee. A vehicle operated on a 30-day temporary permit is not restricted to a specific route. The permit is available for:

(A) passenger vehicles;

(B) motorcycles;

(C) private buses;

(D) trailers and semitrailers with a gross weight not exceeding 10,000 pounds;

(E) light commercial vehicles not exceeding a gross weight of 10,000 pounds; and

(F) a commercial vehicle exceeding 10,000 pounds, provided the vehicle is operated unladen.

(c) Application process.

(1) Procedure. An owner who wishes to apply for a temporary registration permit for a vehicle which is otherwise required to be registered in accordance with this subchapter, must do so on a form prescribed by the department.

(2) Form requirements. The application form will at a minimum require:

- (A) the signature of the owner;
- (B) the name and complete address of the applicant; and
- (C) the vehicle description.

(3) Fees and documentation. The application must be accompanied by:

(A) statutorily prescribed fees, unless the applicant is exempt from fees under Transportation Code, §501.0236 and provides the letter specified in §217.16(c) of this title (relating to Application for Title When Dealer Goes Out of Business);

(B) evidence of financial responsibility:

(i) as required by Transportation Code, Chapter 502, Subchapter B, provided that all policies written for the operation of motor vehicles must be issued by an insurance company or surety company authorized to write motor vehicle liability insurance in Texas; or

(ii) if the applicant is a motor carrier as defined by §218.2 of this title (relating to Definitions), indicating that the vehicle is registered in compliance with Chapter 218, Subchapter B of this title (relating to Motor Carrier Registration); and

(C) any other documents or fees required by law.

(4) Place of application.

(A) All applications for annual permits must be submitted directly to the department for processing and issuance.

(B) Additional weight permits and temporary agricultural permits may be obtained by making application with the department through the county tax assessor-collectors' offices.

(C) 72-hour and 144-hour permits, one-trip permits, and 30-day temporary registration permits may be obtained by making application either with the department or the county tax assessor-collectors' offices.

(d) Receipt for permit in lieu of registration. A receipt will be issued for each permit in lieu of registration to be carried in the vehicle during the time the permit is valid. A one-trip or 30-day trip permit must be displayed as required by Transportation Code, §502.095(f). If the receipt is lost or destroyed, the owner must obtain a duplicate from the department or from the county office. The fee for the duplicate receipt is the same as the fee required by Transportation Code, §502.058.

(e) Transfer of temporary permits.

(1) Temporary permits are non-transferable between vehicles and/or owners.

(2) If the owner of a vehicle displaying a temporary permit disposes of the vehicle during the time the permit is valid, the permit must be returned to the county tax assessor-collector office or department immediately.

(f) Replacement permits. Vehicle owners displaying annual permits may obtain replacement permits if an annual permit is lost, stolen, or mutilated.

(1) The fee for a replacement annual permit is the same as for a replacement number plate, symbol, tab, or other device as provided by Transportation Code, §502.060.

(2) The owner shall apply directly to the department in writing for the issuance of a replacement annual permit. Such request should include a copy of the registration receipt and replacement fee.

(g) Agreements with other jurisdictions. In accordance with Transportation Code, §502.091, and Chapter 648, the executive director of the department may enter into a written agreement with an authorized officer of a state, province, territory, or possession of a foreign country to provide for the exemption from payment of registration fees by nonresidents, if residents of this state are granted reciprocal exemptions. The executive director may enter into such agreement only upon:

(1) the approval of the governor; and

(2) making a determination that the economic benefits to the state outweigh all other factors considered.

(h) Border commercial zones.

(1) Texas registration required. A vehicle located in a border commercial zone must display a valid Texas registration if the vehicle is owned by a person who:

(A) owns a leasing facility or a leasing terminal located in Texas; and

(B) leases the vehicle to a foreign motor carrier.

(2) Exemption for trips of short duration. Except as provided by paragraph (1) of this subsection, a foreign commercial vehicle operating in accordance with Transportation Code, Chapter 648 is exempt from the display of a temporary registration permit if:

(A) the vehicle is engaged solely in the transportation of cargo across the border into or from a border commercial zone;

(B) for each load of cargo transported the vehicle remains in this state for:

(i) not more than 24 hours; or

(ii) not more than 48 hours, if:

(I) the vehicle is unable to leave this state within 24 hours because of circumstances beyond the control of the motor carrier operating the vehicle; and

(II) all financial responsibility requirements applying to this vehicle are satisfied;

(C) the vehicle is registered and licensed as required by the country in which the person that owns the vehicle is domiciled or is a citizen as evidenced by a valid metal license plate attached to the front or rear exterior of the vehicle; and

(D) the country in which the person who owns the vehicle is domiciled or is a citizen provides a reciprocal exemption for commercial motor vehicles owned by residents of Texas.

(3) Exemption due to reciprocity agreement. Except as provided by paragraph (1) of this subsection, a foreign commercial motor vehicle in a border commercial zone in this state is exempt from the requirement of obtaining a Texas registration if the vehicle is currently registered in another state of the United States or a province of Canada with which this state has a reciprocity agreement that exempts a vehicle that is owned by a resident of this state and that is currently registered in this state from registration in the other state or province.

Source Note: The provisions of this §217.40 adopted to be effective March 12, 2015, 40 TexReg 1096; amended to be effective August 8, 2016, 41 TexReg 5766; amended to be effective December 4, 2016, 41 TexReg 9335; amended to be effective March 1, 2020, 45 TexReg 1230

Sec. 503.062. DEALER'S TEMPORARY TAGS. (a) A dealer may issue a temporary tag for use on an unregistered vehicle by the dealer or the dealer's employees only to:

(1) demonstrate or cause to be demonstrated to a prospective buyer the vehicle for sale purposes only;

(2) convey or cause to be conveyed the vehicle:

(A) from one of the dealer's places of business in this state to another of the dealer's places of business in this state;

(B) from the dealer's place of business to a place the vehicle is to be repaired, reconditioned, or serviced;

(C) from the state line or a location in this state where the vehicle is unloaded to the dealer's place of business;

(D) from the dealer's place of business to a place of business of another dealer;

(E) from the point of purchase by the dealer to the dealer's place of business; or

(F) to road test the vehicle; or

(3) use the vehicle for or allow its use by a charitable organization.

(b) Subsection (a) (1) does not prohibit a dealer from permitting:

(1) a prospective buyer to operate a vehicle while the vehicle is being demonstrated; or

(2) a customer to operate a vehicle temporarily while the customer's vehicle is being repaired.

(c) A vehicle being conveyed under this section is exempt from the inspection requirements of Chapter [548](#).

(d) The department may not issue a dealer temporary tag or contract for the issuance of a dealer temporary tag but shall prescribe:

(1) the specifications, form, and color of a dealer temporary tag;

(2) procedures for a dealer to generate a vehicle-specific number using the database developed under Section [503.0626](#) and assign it to each tag;

(3) procedures to clearly display the vehicle-specific number on the tag; and

(4) the period for which a tag may be used for or by a charitable organization.

(e) For purposes of this section, "charitable organization" means an organization organized to relieve poverty, to advance education, religion, or science, to promote health, governmental, or municipal purposes, or for other purposes beneficial to the community without financial gain.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Amended by Acts 1997, 75th Leg., ch. 871, Sec. 6, eff. Sept. 1, 1997.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 258 (S.B. [11](#)), Sec. 8.02, eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. 1336 (S.B. [1786](#)), Sec. 2, eff. September 1, 2007.

Acts 2009, 81st Leg., R.S., Ch. 793 (S.B. [1235](#)), Sec. 3, eff. September 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 793 (S.B. [1235](#)), Sec. 4, eff. September 1, 2009.

Sec. 503.0625. CONVERTER'S TEMPORARY TAGS. (a) In this section, "converter" means a person who holds a converter's license issued under Chapter [2301](#), Occupations Code.

(b) A converter may issue a temporary tag for use on an unregistered vehicle by the converter or the converter's employees only to:

(1) demonstrate or cause to be demonstrated to a prospective buyer who is an employee of a franchised motor vehicle dealer the vehicle; or

(2) convey or cause to be conveyed the vehicle:

(A) from one of the converter's places of business in this state to another of the converter's places of business in this state;

(B) from the converter's place of business to a place the vehicle is to be assembled, repaired, reconditioned, modified, or serviced;

(C) from the state line or a location in this state where the vehicle is unloaded to the converter's place of business;

(D) from the converter's place of business to a place of business of a franchised motor vehicle dealer; or

(E) to road test the vehicle.

(c) Subsection (b) (1) does not prohibit a converter from permitting a prospective buyer who is an employee of a franchised motor vehicle dealer to operate a vehicle while the vehicle is being demonstrated.

(d) A vehicle being conveyed while displaying a temporary tag issued under this section is exempt from the inspection requirements of Chapter [548](#).

(e) The department may not issue a converter temporary tag or contract for the issuance of a converter temporary tag but shall prescribe:

(1) the specifications, form, and color of a converter temporary tag;

(2) procedures for a converter to generate a vehicle-specific number using the database developed under Section [503.0626](#) and assign it to each tag; and

(3) procedures to clearly display the vehicle-specific number on the tag.

(f) A converter or employee of a converter may not use a temporary tag issued under this section as authorization to operate a vehicle for the converter's or the employee's personal use.

Added by Acts 1999, 76th Leg., ch. 964, Sec. 2, eff. Sept. 1, 1999. Amended by Acts 2003, 78th Leg., ch. 1276, Sec. 14A.830, eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 258 (S.B. [11](#)), Sec. 8.03, eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. 1336 (S.B. [1786](#)), Sec. 3, eff. September 1, 2007.

Acts 2009, 81st Leg., R.S., Ch. 793 (S.B. [1235](#)), Sec. 5, eff. September 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 793 (S.B. [1235](#)), Sec. 6, eff. September 1, 2009.

Sec. 503.0626. DEALER'S AND CONVERTER'S TEMPORARY TAG DATABASE. (a) The department shall develop and maintain a secure, real-time database of information on vehicles to which dealers and converters have affixed temporary tags. The database shall be managed by the vehicle titles and registration division of the department.

(b) The database must allow law enforcement agencies to use the vehicle-specific number assigned to and displayed on the tag as required by Section [503.062](#)(d) or Section [503.0625](#)(e) to obtain information about the dealer or converter that owns the vehicle.

(c) Before a dealer's or converter's temporary tag may be displayed on a vehicle, the dealer or converter must enter into

the database through the Internet information on the vehicle and information about the dealer or converter as prescribed by the department. The department may not deny access to the database to any dealer who holds a general distinguishing number issued under this chapter or who is licensed under Chapter [2301](#), Occupations Code, or to any converter licensed under Chapter [2301](#), Occupations Code.

(d) The department shall adopt rules and prescribe procedures as necessary to implement this section.

Added by Acts 2007, 80th Leg., R.S., Ch. 258 (S.B. [11](#)), Sec. 8.04, eff. September 1, 2007.

Added by Acts 2007, 80th Leg., R.S., Ch. 1336 (S.B. [1786](#)), Sec. 4, eff. September 1, 2007.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 793 (S.B. [1235](#)), Sec. 7, eff. September 1, 2009.

Sec. 503.063. BUYER'S TEMPORARY TAGS. (a) Except as provided by this section, a dealer shall issue to a person who buys a vehicle one temporary buyer's tag for the vehicle.

(b) Except as provided by this section, the buyer's tag is valid for the operation of the vehicle until the earlier of:

- (1) the date on which the vehicle is registered; or
- (2) the 60th day after the date of purchase.

(c) The dealer:

- (1) must show in ink on the buyer's tag the actual date of sale and any other required information; and
- (2) is responsible for displaying the tag.

(d) The dealer is responsible for the safekeeping and distribution of each buyer's tag the dealer obtains.

(e) The department may not issue a buyer's tag or contract for the issuance of a buyer's tag but shall prescribe:

- (1) the specifications, color, and form of a buyer's tag; and
- (2) procedures for a dealer to:

(A) generate a vehicle-specific number using the database developed under Section [503.0631](#) and assign it to each tag;

(B) generate a vehicle-specific number using the database developed under Section [503.0631](#) for future use for when a dealer is unable to access the Internet at the time of sale; and

(C) clearly display the vehicle-specific number on the tag.

(f) The department shall ensure that a dealer may generate in advance a sufficient amount of vehicle-specific numbers under Subsection (e)(2)(B) in order to continue selling vehicles for a period of up to one week in which a dealer is unable to access the Internet due to an emergency. The department shall establish an expedited procedure to allow affected dealers to apply for additional vehicle-specific numbers so they may remain in business during an emergency.

(g) For each buyer's temporary tag, a dealer shall charge the buyer a registration fee of not more than \$5 as prescribed by the department to be sent to the comptroller for deposit to the credit of the Texas Department of Motor Vehicles fund.

(h) A federal, state, or local governmental agency that is exempt under Section [503.024](#) from the requirement to obtain a dealer general distinguishing number may issue one temporary buyer's tag in accordance with this section for a vehicle sold or otherwise disposed of by the governmental agency under Chapter [2175](#), Government Code, or other law that authorizes the governmental agency to sell or otherwise dispose of the vehicle. A governmental agency that issues a temporary buyer's tag under this subsection:

(1) is subject to the provisions of Sections [503.0631](#) and [503.067](#) applicable to a dealer; and

(2) is not required to charge the registration fee under Subsection (g).

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.
Amended by Acts 1997, 75th Leg., ch. 296, Sec. 3, eff. Sept. 1, 1997; Subsec. (e) amended by Acts 1997, 75th Leg., ch. 871, Sec. 7, eff. Sept. 1, 1997.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 258 (S.B. [11](#)), Sec. 8.05, eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. 1336 (S.B. [1786](#)), Sec. 5, eff. September 1, 2007.

Acts 2009, 81st Leg., R.S., Ch. 793 (S.B. [1235](#)), Sec. 8, eff. September 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 793 (S.B. [1235](#)), Sec. 9, eff. September 1, 2009.

Acts 2013, 83rd Leg., R.S., Ch. 1287 (H.B. [2202](#)), Sec. 33, eff. September 1, 2013.

Acts 2019, 86th Leg., R.S., Ch. 910 (H.B. [3760](#)), Sec. 1, eff. September 1, 2019.

Sec. 503.0631. BUYER'S TEMPORARY TAG DATABASE. (a) The department shall develop and maintain a secure, real-time database of information on persons to whom temporary buyer's tags are issued that may be used by a law enforcement agency in the same manner that the agency uses vehicle registration information. The database shall be managed by the vehicle titles and registration division of the department.

(b) The database must allow law enforcement agencies to use a vehicle-specific number assigned to and displayed on the tag as required by Section [503.063](#)(e)(2) to obtain information about the person to whom the tag was issued.

(c) Except as provided by Subsection (d), before a buyer's temporary tag may be displayed on a vehicle, a dealer must enter into the database through the Internet information about the buyer of the vehicle for which the tag was issued as prescribed by the department and generate a vehicle-specific number for the tag as required by Section [503.063](#)(e). The department may not

deny access to the database to any dealer who holds a general distinguishing number issued under this chapter or who is licensed under Chapter [2301](#), Occupations Code.

(d) A dealer shall obtain 24-hour Internet access at its place of business, but if the dealer is unable to access the Internet at the time of the sale of a vehicle, the dealer shall complete and sign a form, as prescribed by the department, that states the dealer has Internet access, but was unable to access the Internet at the time of sale. The buyer shall keep the original copy of the form in the vehicle until the vehicle is registered to the buyer. Not later than the next business day after the time of sale, the dealer shall submit the information required under Subsection (c).

(e) The department shall adopt rules and prescribe procedures as necessary to implement this section.

(f) The dealer may charge a reasonable fee not to exceed \$20 for costs associated with complying with this section.

Added by Acts 2007, 80th Leg., R.S., Ch. 258 (S.B. [11](#)), Sec. 8.06, eff. September 1, 2007.

Added by Acts 2007, 80th Leg., R.S., Ch. 1336 (S.B. [1786](#)), Sec. 6, eff. September 1, 2007.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 793 (S.B. [1235](#)), Sec. 10, eff. September 1, 2009.

Sec. 503.067. UNAUTHORIZED REPRODUCTION, PURCHASE, USE, OR SALE OF TEMPORARY TAGS. (a) A person may not produce or reproduce a temporary tag or an item represented to be a temporary tag for the purpose of distributing the tag to someone other than a dealer or converter.

(b) A person may not operate a vehicle that displays an unauthorized temporary tag.

(c) A person other than a dealer or converter may not purchase a temporary tag.

(d) A person may not sell or distribute a temporary tag or an item represented to be a temporary tag unless the person is:

(1) a dealer issuing the tag in connection with the sale of a vehicle; or

(2) a printer or distributor engaged in the business of selling temporary tags solely for uses authorized under this chapter.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 258 (S.B. [11](#)), Sec. 8.08, eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. 1336 (S.B. [1786](#)), Sec. 7, eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. 1336 (S.B. [1786](#)), Sec. 8, eff. September 1, 2007.

Acts 2009, 81st Leg., R.S., Ch. 793 (S.B. [1235](#)), Sec. 12, eff. September 1, 2009.

Sec. 503.068. LIMITATION ON USE OF DEALER'S LICENSE PLATES AND TAGS. (a) A dealer or an employee of a dealer may not use a dealer's temporary tag as authorization to operate a vehicle for the dealer's or the employee's personal use.

(b) A person may not use a metal dealer's license plate or dealer's temporary tag on:

(1) a service or work vehicle, except as provided by Subsection (b-1); or

(2) a commercial vehicle that is carrying a load.

(b-1) An independent motor vehicle dealer or an employee of an independent motor vehicle dealer may 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. This subsection does not authorize a person to operate a service or work vehicle as a tow truck, as defined by Section [2308.002](#), Occupations Code, without a license or permit required by Chapter [2308](#), Occupations Code.

(c) For purposes of this section, a boat trailer carrying a boat is not a commercial vehicle carrying a load. A dealer complying with this chapter may affix to the rear of a boat trailer the dealer owns or sells a metal dealer's license plate or temporary tag issued under Section [503.061](#), [503.062](#), or [503.063](#).

(d) This section does not prohibit the operation or conveyance of an unregistered vehicle using the full-mount method, saddle-mount method, tow-bar method, or a combination of those methods in accordance with Section [503.062](#) or [503.063](#).

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 793 (S.B. [1235](#)), Sec. 13, eff. September 1, 2009.

Acts 2013, 83rd Leg., R.S., Ch. 886 (H.B. [894](#)), Sec. 1, eff. September 1, 2013.

Sec. 503.069. DISPLAY OF LICENSE PLATES AND TAGS. (a) A license plate, other than an in-transit license plate, or a temporary tag issued under this chapter shall be displayed in accordance with commission rules.

(b) A drive-a-way operator who has been issued a drive-a-way in-transit license shall display the operator's in-transit license plates on each transported motor vehicle from the vehicle's point of origin to its point of destination in this state in accordance with the laws relating to the operation of a vehicle on a public highway.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Amended by Acts 2001, 77th Leg., ch. 76, Sec. 10, eff. May 14, 2001.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 793 (S.B. [1235](#)), Sec. 14, eff. September 1, 2009.

Sec. 2301.802. CEASE AND DESIST ORDER. (a) If it appears to the board that a person is violating this chapter or a board rule or order, the board after notice may require the person engaged in the conduct to appear and show cause why a cease and desist order should not be issued prohibiting the conduct described in the notice.

(b) An interlocutory cease and desist order may be granted with or without bond or other undertaking if:

(1) the order is necessary to the performance of the duties delegated to the board by this chapter;

(2) the order is necessary or convenient to maintaining the status quo between two or more adverse parties before the board;

(3) a party before the board is entitled to relief demanded of the board and all or part of the relief requires the restraint of some act prejudicial to the party;

(4) a person is performing, about to perform, or procuring or allowing the performance of an act:

(A) relating to the subject of a contested case pending before the board, in violation of the rights of a party before the board; and

(B) that would tend to render the board's order in the case ineffectual; or

(5) substantial injury to the rights of a person subject to the board's jurisdiction is threatened regardless of any remedy available at law.

(c) A proceeding under this section is governed by:

(1) this chapter and the board's rules; and

(2) Chapter [2001](#), Government Code, relating to a contested case, to the extent that chapter is not in conflict with Subdivision (1).

(d) An interlocutory cease and desist order remains in effect until vacated or incorporated in a final order. An appeal of an interlocutory cease and desist order must be made to the board before seeking judicial review as provided by this chapter.

(e) A permanent cease and desist order may be issued regardless of the requirements of Subsection (b) but only under the procedures for a final order under this chapter. An appeal of a permanent cease and desist order is made in the same manner as an appeal of a final order under this chapter.

Added by Acts 2001, 77th Leg., ch. 1421, Sec. 5, eff. June 1, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1135 (H.B. [2741](#)), Sec. 33, eff. September 1, 2013.

Temporary Permits



Timed permits and dealer
issued permits

Timed Permits

Temporary (Timed) Permits

- ❑ There are four types of timed permits:
 - 72 Hr. Permit*
 - 144 Hr. Permit*
 - One-Trip Permit
 - 30-Day Permit

- ❑ They are issued through the following:
 - county
 - TxDMV Regional Service Center
 - *online at www.txdmv.gov using the TEMP PERMITS icon

- ❑ Temporary permits can be queried through the Texas Law Enforcement Telecommunications System (TLETS)

- ❑ Not issued to apprehended vehicles or vehicles issued a salvage or non-repairable title



History of Timed Permits

- ❑ **October 2010** – Implementation of timed permit database in RTS
 - Database allowed for real time entry of timed permit records, printing of the receipt and tag, reprinting, and inquiries
- ❑ **September 2014** - Implementation of webPERMITs (web-based system for customers to purchase timed permits)
 - Alternate method to purchase timed permits for a customer
 - Eliminated reuse of permit numbers (72/144 HR Permits) by third party vendors
- ❑ **May 2018** – New security features for Timed permits
 - Added 2-D hologram, barcode, state seal, and bezier curves
- ❑ **June 2018** - 30day and one-trip permits removed from online system
- ❑ **Today** – Continuing to identify ways to prevent fraud

webPermits – Issues Identified

Fraudulent use of Permits

- ❑ Out of State and In State customers printing multiple 30-Day or One Trip permits and selling or using for illegal activity

- ❑ Customers reproducing Permits
 - Customer misusing the reprint permit option
 - Customers potentially able to modify the pdf image of the permit

webPermits – Current Solutions

Current Solutions

- ❑ Limited the number of 30-Day permits to three per VIN with the launch of webPERMITS (September 2014)
- ❑ Limited the issuance of 30-Day permits to only Texas titled or registered vehicles (June 2016)
- ❑ Added security features to assist with identifying reproduced/fraudulent permits (April 2018)
- ❑ Locked down the pdf to prevent the ability of manipulating the file (June 2018)
- ❑ Temporarily removed the ability to reprint 30-Day and One Trip permits (June 2018)
- ❑ Temporarily stopped issuance of 30-Day and One-Trip permits until further programming changes can be made (June 2018)

webPermits – Current Solutions

- ❑ Capture of IP Address for online permit purchases (December 2018)
- ❑ The origination or destination for a One Trip Permit must be in Texas or a permit will not be issued (December 2018)
- ❑ Upon entry of a VIN in webPERMITS, a confirmation pop-up now appears prompting for verification of the vehicle year, make, and body style (December 2018)
- ❑ Query of permits by VIN via MVINet and TLETS (December 2018)
- ❑ Capture of vehicle color for temporary permits was added (September 2019)
- ❑ Effective date of the permit limited to one year from the date of issuance (September 2019)

webPermits – Future Solutions

Future Solutions

- ❑ Implementing a Texas Driver License validation prior to issuance of 30-Day and One Trip permits
- ❑ Limiting the number of One Trip permits a single vehicle can obtain
- ❑ Allow for reprinting of 30-Day and One Trip permits once programmatic limitations are made
- ❑ Prevent issuance of a 72-Hour or 144-Hour Permit for a Motorcycle
- ❑ Correct the 30-Day Permit expiration date for permits printed in Mountain time
- ❑ Default the effective date (start date) for a 30-Day Permit to the date of purchase and prevent the ability for the customer to modify the effective date

webPermits – Future Solutions

- ❑ Further enhance security features by adding wider bezier curves and a larger state seal to permits
- ❑ For webPermits, if there is no record found for the VIN entered, the information should retrieve VINA information
- ❑ Recaptcha will be used at the front of the webPermits application to prevent non-attended bots from using Web Permits

72 Hr. Permit – Key Features

TEXAS 72-HOUR PERMIT

THIS VEHICLE IS TEMPORARILY REGISTERED WITH PERMIT #

100092C

Effective Date 10-04-2017 09:53:14 AM

EXPIRES 10-07-2017 09:53:14 AM

2015 MACK

VIN: TESTV1N1234567899 ISSUED BY: FLOYD CTY

RECEIPT FOR PERMIT MUST BE CARRIED IN THE VEHICLE AT ALL TIMES
VALID IN TEXAS ONLY

Prior to May 21, 2018

As of May 21, 2018

TEXAS 72-HOUR PERMIT

THE VEHICLE TEMPORARILY REGISTERED WITH PERMIT #



100314C

2010 FRHT

Expires **MAY 19, 2018**

VIN: SAMPLEVINSAMPLEVI

ISSUED BY: WEB TEMPORARY PERMIT

VALID IN TEXAS ONLY



144 Hr. Permit – Key Features

TEXAS 144-HOUR PERMIT
THIS VEHICLE IS TEMPORARILY REGISTERED WITH PERMIT #

100095C

Effective Date 10-04-2017 10:02:33 AM

EXPIRES 10-10-2017 10:02:33 AM
2015 MACK

VIN: TESTV1N1234568799 ISSUED BY: FLOYD CTY

RECEIPT FOR PERMIT MUST BE CARRIED IN THE VEHICLE AT ALL TIMES
VALID IN TEXAS ONLY

Prior to May 21, 2018

As of May 21, 2018

TEXAS 144-HOUR PERMIT
THE VEHICLE TEMPORARILY REGISTERED WITH PERMIT #

100416C



2019 FRHT

Expires MAY 21, 2018

VIN: W3TQWRTWQRE

ISSUED BY: WEB TEMPORARY PERMIT

VALID IN TEXAS ONLY



One-Trip Permit – Key Features

TEXAS ONE-TRIP MC PERMIT
 THIS VEHICLE IS TEMPORARILY REGISTERED WITH PERMIT #

100093C

Effective Date 10-04-2017 09:56:55 AM

EXPIRES 10-19-2017 11:59:59 PM
 2014 HARLEY DAVIDSON

VIN: TESTV1N1234567899 ISSUED BY: FLOYD CTY
 ORINATION POINT: AUSTIN, TEXAS
 DESTINATION POINT: OKLAHOMA CITY, OKLAHOMA
 RECEIPT FOR PERMIT MUST BE CARRIED IN THE VEHICLE AT ALL TIMES

Prior to May 21, 2018

As of May 21, 2018

TEXAS ONE-TRIP PERMIT
 THE VEHICLE TEMPORARILY REGISTERED WITH PERMIT #

100448C

2012 chev

Expires MAY 31, 2018

VIN: SSMPLEVINSSMPLEVI
 ISSUED BY: WEB TEMPORARY PERMIT




30-Day Permit – Key Features

TEXAS 30 DAY PERMIT
THIS VEHICLE IS TEMPORARILY REGISTERED WITH PERMIT #

100094C

Effective Date 10-04-2017 10:00:32 AM

EXPIRES 11-03-2017 11:59:59 PM

2016 HONDA

VIN: 1234567899TESTV1N ISSUED BY: FLOYD CTY

RECEIPT FOR PERMIT MUST BE CARRIED IN THE VEHICLE AT ALL TIMES

Prior to May 21, 2018

As of May 21, 2018

TEXAS 30 DAY PERMIT
THE VEHICLE TEMPORARILY REGISTERED WITH PERMIT #

100447C



2003 DODG

JUN 17, 2018

Expires

VIN: 1B4GW12U5DS475475

ISSUED BY: WEB TEMPORARY PERMIT

Dealer eTAGs

Dealer Issued Temporary Tags (eTAGs)

- Issued by dealer or converter
- Issued through eTAG system
- eTAGs can be queried by law enforcement through NLETS
- Tag Types:
 - Dealer or Converter Vehicle Specific Tag
 - Dealer Agent Specific Tag
 - Buyer's Tag
 - Internet Down Tag

History of Dealer Tags

- **Issuance of Temporary Permits on cardboard stock**
 - Dealers used third party vendors for cardboard stock based on specs provided by the department
- **October 2008** - Implementation of eTAGs web-based system for dealers
 - Eliminates the cardboard stock and allows on demand printing of tags on regular paper
- **April 2018** - Legacy eTAG system moved into webDEALER and new security features
 - Added 2-D hologram, barcode, state seal, and bezier curves
- **Today** - Continue to identify ways to prevent fraud

Dealer eTag – Future Solutions

- ❑ IP Address reporting
- ❑ Further enhance security features by adding wider bezier curves and a larger state seal to permits
- ❑ Dealer information to show in MVINET on all dealer eTags issued
- ❑ Entry and validation of Texas driver license or identification card number prior to issuance of eTag

Converter Vehicle Specific Tag - Key Features

TEXAS CONVERTER

THE VEHICLE TEMPORARILY REGISTERED WITH STATE UNDER TAG #

43B0391

EXPIRES **11-13-2017**

2014 FORD

VIN 1FMCU0GX5EUD02922

Prior to April 9, 2018

As of April 9, 2018

TEXAS CONVERTER

THE VEHICLE TEMPORARILY REGISTERED WITH TxDMV UNDER TAG #

02616B2

2018 FORD

Expires **APR 13, 2018**

VIN: B0GUS3

Converter: SEAGRAVE FIRE APPARATUS LLC




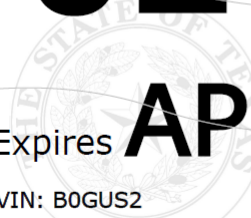
Dealer Vehicle Specific Tag – Key Features

TEXAS DEALER
VEHICLE OWNED BY PULLER USED CARS #2
THE VEHICLE TEMPORARILY REGISTERED WITH STATE UNDER TAG #
93Y2736
EXPIRES **10-29-2017**
2014 FORD
VIN 1FMCU0GX5EUD02921

Prior to April 9, 2018

As of April 9, 2018

TEXAS DEALER
THE VEHICLE TEMPORARILY REGISTERED WITH TxDMV UNDER TAG #
02616A9
2018 FORD
Expires **APR 13, 2018**
VIN: B0GUS2
Owned by: REAGOR-DYKES CHEVROLET



Dealer Agent Specific Tag – Key Features

TEXAS DEALER
VEHICLE OWNED BY PULLER USED CARS #2

THE VEHICLE TEMPORARILY REGISTERED WITH STATE UNDER TAG #

96M9795

EXPIRES **11-28-2017**

Authorized Agent Tag

Prior to April 9, 2018

As of April 9, 2018

TEXAS DEALER

THE VEHICLE TEMPORARILY REGISTERED WITH TxDMV UNDER TAG #



02616A8

Authorized Agent Tag

Expires **APR 13, 2018**



Owned by: REAGOR-DYKES CHEVROLET

Buyer's Tag – Key Features

TEXAS BUYER
THE VEHICLE TEMPORARILY REGISTERED WITH STATE UNDER TAG #

06W8981

EXPIRES 11-28-2017
2014 FORD

VIN 1FMCU0GX5EUD02970
SELLER: 1500 BARTON SPRINGS INC

Prior to April 9, 2018


As of April 9, 2018

TEXAS BUYER
THE VEHICLE TEMPORARILY REGISTERED WITH TxDMV UNDER TAG #

02616A7

2018 FORD
EXPIRES JUN 11, 2018

VIN: B0GUS1
Seller: REAGOR-DYKES CHEVROLET



Internet Down Tag – Key Features

TEXAS BUYER - INTERNET DOWN
THE VEHICLE TEMPORARILY REGISTERED WITH STATE UNDER TAG #

16N2811


EXPIRES - -

VIN

SELLER: Puller Used Cars #2

Prior to April 9, 2018

As of April 9, 2018


TEXAS BUYER - INTERNET DOWN 
THE VEHICLE TEMPORARILY REGISTERED WITH TxDMV UNDER TAG #

02616B1

Expires

Year : Make:

VIN :

Seller: REAGOR-DYKES CHEVROLET 

QUESTIONS?

Consumer Protection and Financial Issues When a Dealer Goes Out of Business, including Dealer Surety Bonds; Dealer Statutory Duties; and Consumer Reporting and Credit Issues



Memorandum

Date: August 14, 2020
To: The Consumer Protection Advisory Committee (CPAC)
From: LaDonna Castañuela, Attorney, Motor Vehicle Division
Subject: Information regarding the GDN Dealer Bond Requirement

During the CPAC's June 18, 2020, meeting, the CPAC requested the following information from the Motor Vehicle Division (MVD) staff:

1. **Gather and provide information regarding**
 - A. **exhaustion of bonds;**
 - B. **the types of dealers against whom consumers are bringing or making bond claims;**
 - C. **whether, to the extent it can be ascertained, consumers are being made whole through claims against these bonds; and**
 - D. **why the legislature declined to make any change to the bond amount in the last session.**
2. **Research alternatives to the current statutory language requiring a judgement to access the surety bond.**

This document provides a summary of the data collected in response to the CPAC's requests.

Also included in this document are the following attachments that may include information helpful for the CPAC's discussions:

- The full text of Transportation Code §503.033, Security Requirement;
- A table of data, collected by MVD in January 2019, showing the various bond amount requirements for all 50 states.

General Information About the Dealer Bond Requirement

Transportation Code §503.033 requires an applicant for a new or renewal General Distinguishing Number (GDN) to provide to the department proof that the applicant has purchased a \$25,000 surety bond.

Subsection (d) of Section 503.033 requires a person who wishes to recover against a dealer's surety bond to first obtain a judgment assessing damages and reasonable attorney's fees.

Subsection (e) of Section 503.033 limits the liability imposed on a dealer's bond to the amount

- of the valid bank drafts, including checks, drawn by the dealer applicant to buy motor vehicles, or
- paid to the dealer for a motor vehicle for which the dealer did not deliver good title, and
- attorney's fees incurred in the recovery of the judgment.

Subsection (g) of Section 503.033 specifically exempts franchised motor vehicle dealers from the surety bond requirement.

REQUEST 1: GATHER AND PROVIDE INFORMATION**A. Exhaustion of Bonds:**

Between January 1, 2020, and June 30, 2020, MVD received 1,060 letters from surety bond companies regarding dealer bonds.

1,048 (99%) of the letters were notifications that a dealer's bond is or will be cancelled. The majority of those bond cancellation letters referenced an effective date that corresponds to the expiration date of the dealer's GDN.

12 (1%) of the letters received during the first six months of 2020 were notices of claim payments made on dealer bonds. All bond claim letters include the payment amount.

When a bond claim letter is received, MVD staff checks the expiration date of the associated GDN. If the GDN has not expired, been closed by the dealer, or been revoked, staff will contact the dealer. If the dealer does not respond to staff's requests that the dealer provide proof of \$25,000 of bond coverage, MVD will refer the dealer to the Enforcement Division for a GDN revocation proceeding.

The following table lists the 12 bond claim payment letters, including judgment and claim payment amounts. There are only 11 rows in the table because Row 10 includes 2 separate letters regarding claims paid on the same dealer bond.

7 of the 11 dealer bonds in the table were exhausted and cancelled after the claims listed below were paid.

Bond Claim Payment Notices Received by the Motor Vehicle Division 1/1/20-6/30/20

Date letter received	GDN	Amount of judgment, if specified	Date Paid Amount Paid	GDN Status and Notes
1. 1/21/20	P115272	Judgment 1: \$10,958 Judgment 2: \$17,878.97	Claim 1: \$9500 Claim 2: \$15,500	Bond Case referred to Enforcement Division.
2. 1/31/20	P110553	\$65,465	\$25,000	GDN revoked 9/2/19, 19-0003221.ENF. The order also assessed \$48K civil penalty.
3. 1/28/20	P136306	\$16,068	\$16,068	Bond Case referred to Enforcement Division.
4. 2/7/20	P147046	\$27,940.00 and attorney fees \$2,218.50	\$25,000	GDN closed for nonrenewal on 6/1/20.
5. 2/14/20	P151252	\$38,256 plus \$3,777 for attorney's fees.	\$25,000	GDN revoked 6/8/20 by order, 20-0009910.ENF.
6. 3/10/20	P152261	\$219,000	\$25,000	GDN revoked 3/18/20, 20-0006048.

7. 4/15/20	P132594	\$7,090	\$7,090	GDN closed per dealer request 1/3/20.
8. 4/14/20	P134125	\$12,424.09	\$12,424.09	GDN revoked 3/9/2020, 19-0003539.ENF.
9. 4/27/20	P149169	\$11,200	\$11,200	GDN revoked 4/17/19, 19-0005128.ENF.
10. 6/1/20 and 7/7/20	P122913	1 st judgment: \$2,675 2 nd judgement: \$88,517 plus \$2,023.50 attys fees.	1 st claim: \$2,675 2 nd claim: \$22,325	GDN revoked 5/2/20, 19-0003109.ENF. Order also assessed a \$15,000 civil penalty.
11. 5/13/20	P127792	Claim 1: \$12,659.53 Claim 2: \$7500 + \$5495 attorney's fees	\$12,659.53 \$12,340.47	GDN revoked 2/22/18, 17-0175999.ENF. Order also assessed a \$269,000 civil penalty.

B. The Types of Dealers Against Whom Consumers are Bringing or Making Bond Claims

All dealers whose GDNs are listed in the table above sell used cars. The dealers hold (or held) GDNs for Independent Motor Vehicle dealers.

It may be helpful to know that, per information gathered on August 5, 2020, there were 16,603 active GDNs for independent motor vehicle dealers. The 11 dealers whose bond companies paid claims in early 2020 represent .066% of licensed independent motor vehicle dealers.

C. Whether, to the Extent it Can be Ascertained, Consumers are Being Made Whole

The information in the Bond Claim Payment table above includes information about 13 claims that were paid during the first six months of 2020. Each payment was made after the claimant obtained a judgment.

Five of the 13 claim payments were made for the entire judgment amount. The remaining 8 claim payments were made for amounts less than the associated judgment because the judgment exceeded the \$25,000 bond or, in a case where a previous claim payment was made on the same bond, the judgment exceeded the remainder on the bond.

D. Why the Legislature Declined to Make any Change to the Bond Amount in the Last Session

There is no record of deliberations that led to the bill amendment that resulted in no change to the \$25,000 bond requirement.

The amendment proposing a bond requirement increase to \$50,000 was added to HB 3842 as a floor amendment in the senate on May 22, 2019.

On May 24, 2019, conference committee members were appointed. Later the same day, when the conference committee filed its report, the increase to \$50,000 had been removed from the bill.

REQUEST 2: RESEARCH ALTERNATIVES TO THE CURRENT STATUTORY LANGUAGE REQUIRING A JUDGEMENT TO ACCESS THE SURETY BOND.

As mentioned above, Transportation Code §503.033 (d) requires a person who wishes to recover against a surety bond to first obtain a judgment.

Alternatives to the pre-recovery judgment requirement include:

1. Require a pre-recovery claim administrative order. For example, in Connecticut, recovery against a dealer's bond requires an order of the Commissioner of Motor Vehicles, after a hearing; or
2. No pre-recovery claim requirement. For example, Arizona allows a person to file a claim directly with the bond company without first obtaining a judgment or an administrative order.

During my research of alternatives, I communicated with representatives from surety bond companies and from the Surety and Fidelity Association of America. The industry representatives believe that the claim payment process is faster for those states that require a pre-claim judgment or administrative order because the court or administrative agency has already determined that the statutory requirements for recovery have been met.

Texas Transportation Code

Sec. 503.033. SECURITY REQUIREMENT. (a) The department may not issue or renew a motor vehicle dealer general distinguishing number or a wholesale motor vehicle auction general distinguishing number unless the applicant provides to the department:

- (1) satisfactory proof that the applicant has purchased a properly executed surety bond in the amount of \$25,000 with a good and sufficient surety approved by the department; or
- (2) other security under Subsection (c).

(b) The surety bond must be:

- (1) in a form approved by the attorney general;
- (2) conditioned on:

- (A) the payment by the applicant of all valid bank drafts, including checks, drawn by the applicant to buy motor vehicles; and
- (B) the transfer by the applicant of good title to each motor vehicle the applicant offers for sale.

(c) Repealed by Acts 2011, 82nd Leg., R.S., Ch. 1290, Sec. 44(a)(3), eff. September 1, 2011.

(d) A person may recover against a surety bond or other security if the person obtains against a person issued a motor vehicle dealer general distinguishing number or a wholesale motor vehicle auction general distinguishing number a judgment assessing damages and reasonable attorney's fees based on an act or omission on which the bond is conditioned that occurred during the term for which the general distinguishing number was valid.

(e) The liability imposed on a surety is limited to:

- (1) the amount:
 - (A) of the valid bank drafts, including checks, drawn by the applicant to buy motor vehicles; or
 - (B) paid to the applicant for a motor vehicle for which the applicant did not deliver good title; and
- (2) attorney's fees that are incurred in the recovery of the judgment and that are reasonable in relation to the work performed.

(f) The liability of a surety may not exceed the face value of the surety bond. A surety is not liable for successive claims in excess of the bond amount regardless of the number of claims made against the bond or the number of years the bond remains in force.

(g) This section does not apply to a person licensed as a franchised motor vehicle dealer by the department.

Motor Vehicle Dealer Bond Requirement: State-by-State
(collected January 2019)

State	GDN Bond Amount	Notes
Alabama	\$25,000	
Alaska	\$50,000	
Arizona	\$100,000	
Arkansas	\$25,000	
California	\$50,000	
Colorado	\$50,000	
Connecticut	\$50,000	
Delaware	n/a	
Florida	\$25,000	
Georgia	\$35,000	
Hawaii	\$10,000 - \$200,000	GDN over 60 units per month - \$100,000, less than 60 = \$25,000
Idaho	\$10,000 - \$40,000	\$20,000 for all retail dealers, \$40,000 for all wholesale-only dealers, and \$10,000 for motorcycle, all-terrain vehicle, utility type vehicle, truck campers, and snow machine dealers.
Illinois	\$50,000	
Indiana	\$25,000	
Iowa	\$75,000	
Kansas	\$30,000	
Kentucky	\$100,000	may or may not be required depending on proof of financial status
Louisiana	\$50,000	
Maine	\$5000 - \$25,000	depends on sales
Maryland	\$15,000 - \$300,000	depends on license type and sales. GDN range is 15K - 150,000
Massachusetts	\$25,000	
Michigan	\$10,000	
Minnesota	\$50,000	
Mississippi	\$25,000	
Missouri	\$50,000	
Montana	\$50,000	
Nebraska	\$50,000	
Nevada	\$100,000	
New Hampshire	\$25,000	
New Jersey	\$10,000	
New Mexico	\$50,000	
New York	\$20,000-\$100,000	depends on sales
North Carolina	\$50,000	
North Dakota	\$25,000	
Ohio	\$25,000	
Oklahoma	\$25,000	

Oregon	\$50,000	\$10,000 bond for Motorcycles, mopeds and ATVs
Pennsylvania	\$20,000	
Rhode Island	\$50,000	
South Carolina	\$30,000	\$15,000 for Motorcycles
South Dakota	\$25,000	
Tennessee	\$50,000	
Texas	\$25,000	
Utah	\$75,000	
Vermont	\$20,000-\$35,000	depends on sales
Virginia	\$50,000	
Washington	\$30,000	
West Virginia	\$25,000	
Wisconsin	\$50,000	
Wyoming	\$25,000	



February 27, 2020

Registration and Title Bulletin # 005-20 Policy and Procedure

TO: All County Tax Assessor-Collectors

SUBJECT: Titling Procedures and Waiving of Fees for Out of Business Dealer Applications

PURPOSE

To provide guidance on the titling procedures and waiving of fees when an out of business dealer fails to apply for title on the purchaser's behalf.

DETAILS

House Bill (HB) 3842, enacted by the 86th Legislature, authorizes the department to establish titling requirements and waive fees paid to a dealer by the purchaser, when an out of business dealer failed to apply for title on the purchaser's behalf as required by Transportation Code, §501.0234. HB 3842 also authorizes the department to waive the fee for one 30-Day Permit for the purchaser.

A customer who purchases a vehicle from a dealer that has gone out of business may apply for title and registration at their county tax assessor-collector's office and apply for one 30-Day Permit at no fee, if needed.

Prior to applying for title, the purchaser must obtain a letter from a Texas Department of Motor Vehicles Regional Service Center on department letterhead stating the dealer has gone out of business and what fees may be waived. Fees waived are determined by evidence provided by the purchaser showing any fees that were paid to the dealer. The department will waive the following fees:

- title application fee;
- delinquent transfer penalty;
- all registration and optional county fees under Transportation Code, Chapter 502;
- all inspection fees under Transportation Code, Chapter 548; and
- buyer tag fee.

The department will not waive motor vehicle sales and use tax paid by the purchaser to the out of business dealer; however, the county tax assessor-collector may waive the fees per Tax Code, §152.041, when proof of payment is submitted to the county with the title application.

In addition to the letter, the purchaser must provide a sales contract, retail installment agreement, or buyer's order in lieu of the vehicle's evidence of ownership. If the vehicle is subject to odometer disclosure and a properly completed odometer disclosure statement is not included with the title application, the odometer brand must be recorded as Not Actual Mileage.

Additionally, a release of lien is not required if the only lienholder on the vehicle record is the dealer that went out of business. Otherwise, a release of lien will be required if a lien is recorded on the vehicle record.

Programming changes to facilitate waiving fees in the Registration and Title System (RTS) were implemented with RTS Release 9.5. A “Dealer Closure” checkbox is available on the TTL008 screen in the title event and during a 30-Day Permit transaction on the MRG005 screen. Checking the “Dealer Closure” checkbox will waive all fees associated with a title application or issuance of a 30-Day Permit. Any fees associated with the title application that were not paid to the dealer must be collected through the RTS Additional Collections Event. Additional details and processing instructions were provided in the RTS 9.5 Release Notes.

All title and 30-Day Permit related transactions will continue to display on existing RTS reports. RTS will retain the amount of fees that are waived with the title application and/or the 30-Day Permit issuance. Two new Cognos reports are available to reflect transactions associated with a dealer that has gone out of business. One report reflects the title transactions and the amount of fees waived. The other report reflects the 30-Day Permits and the amount of fees waived.

COUNTY ACTION

If a customer requests issuance of a 30-Day Permit for no fee or is filing a title application for a vehicle they purchased from a dealer that has gone out of business, ensure the customer has a letter issued by the department stating the dealership has gone out of business and the fees that may be waived. In addition, ensure the customer provides a sales contract, retail installment agreement, or buyer’s order in lieu of the vehicle’s evidence of ownership with the title application.

Record the odometer brand as Not Actual Mileage if an odometer disclosure is not provided for a vehicle subject to odometer disclosure, and do not require a release of lien if the lienholder is the dealer that has gone out of business.

Ensure any fees not waived in the letter issued by the department that are associated with the title application are collected through the RTS Additional Collections Event.

CONTACT

If you have any questions, please contact your local Texas Department of Motor Vehicles Regional Service Center.

Sincerely,



Jeremiah Kuntz, Director
Vehicle Titles and Registration Division

JK:TT:JE

(Revised 4/14)

MOTOR VEHICLE DEALER'S SURETY BOND

Bond # 63684185

KNOW ALL BY THESE PRESENTS, THAT

Name MISA AUTO SALES LLC

Address(es) 6456 ST HWY RD

City, State, and Zip ROYSE CITY, TX 75189

As principal, whose place of business and any supplemental location(s) operated under the same general distinguishing number is/are located at the address(es) set forth above, and

Name WESTERN SURETY COMPANY

Address(es) P.O. Box 5077

City, State, and Zip Sioux Falls, SD 57117-5077

as Surety, duly authorized and qualified to do business as a surety company in this State, are held and firmly bound to such persons who shall conduct business with said Principal in its capacity as a motor vehicle dealer in the penal sum of TWENTY-FIVE THOUSAND DOLLARS (\$25,000), for the payment of which sum, well and truly to be made, we hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors, and assigns.

WHEREAS, the above-named Principal is applying for a license as a motor vehicle dealer,

AND WHEREAS, said Principal is required by law (Tex. Transp. Code §503.033) to submit a properly executed surety bond, conditioned as set forth below, with said application for license,

AND WHEREAS, the bond shall run concurrently with the period of the license issued to the Principal.

THE CONDITION OF THIS OBLIGATION is such that, if during the effective period of this obligation, the Principal shall pay all valid bank drafts, including checks, drawn by the Principal for the purchase of motor vehicles and transfer good title to each motor vehicle that the Principal purports to sell, then this obligation shall be void; otherwise to remain in full force and effect.

IT IS FURTHER UNDERSTOOD AND AGREED that the above obligation shall extend, without notification to the Surety, to any change of officers of the Principal if the Principal is a corporation, to any additional locations or changes of address of the Principal or to any substitution of business name of the Principal wherein ownership is not changed.

IT IS FURTHER UNDERSTOOD AND AGREED that this bond shall be opened to successive claims up to the face value of the bond. The Surety shall not be liable for successive claims in excess of the bond amount, regardless of the number of claims made against the bond. Recovery against the bond may be made by a person who obtains a judgment against a dealer assessing damages and attorney's fees for an act or omission on which the bond is conditioned if the act or omission occurred during the term for which the general distinguishing number will be valid. Payment of any judgment by the Surety shall be immediately reported to the Texas Department of Motor Vehicles, Motor Vehicle Division, P.O. Box 26487, Austin, Texas 78755.

IN WITNESS WHEREOF said Principal and Surety have executed this bond to be effective on the 1st day of July 2018 and to expire on the 30th day of June 2020

DATED this 11 day of JUNE 2018.



MISA AUTO SALES LLC

By: [Signature] (OFFICER'S OR PROPRIETOR'S SIGNATURE)

DATED this 11th day of June, 2018

WESTERN SURETY COMPANY

By: [Signature] Paul T. Bruflatt, Vice President

Figure: 28 TAC §1.601(a)(3)

IMPORTANT NOTICE

- 1 To obtain information or make a complaint:
- 2 You may contact Western Surety Company, Surety Bonding Company of America or Universal Surety of America at 605-336-0850.
- 3 You may call Western Surety Company's, Surety Bonding Company of America's or Universal Surety of America's toll-free telephone number for information or to make a complaint at:

1-800-331-6053

- 4 You may also write to Western Surety Company, Surety Bonding Company of America or Universal Surety of America at:

P.O. Box 5077
Sioux Falls, SD 57117-5077

- 5 You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

- 6 You may write the Texas Department of Insurance:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 490-1007
Web: www.tdi.texas.gov
E-Mail: ConsumerProtection@tdi.texas.gov

7 PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact Western Surety Company, Surety Bonding Company of America or Universal Surety of America first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

8 ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Puede comunicarse con Western Surety Company, Surety Bonding Company of America o Universal Surety of America al 605-336-0850.

Usted puede llamar al numero de telefono gratis de Western Surety Company's, Surety Bonding Company of America's o Universal Surety of America's para informacion o para someter una queja al:

1-800-331-6053

Usted tambien puede escribir a Western Surety Company, Surety Bonding Company of America o Universal Surety of America:

P.O. Box 5077
Sioux Falls, SD 57117-5077

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 490-1007
Web: www.tdi.texas.gov
E-Mail: ConsumerProtection@tdi.texas.gov

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el Western Surety Company, Surety Bonding Company of America o Universal Surety of America primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA: Este aviso es

solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

SAMPLE

(Revised 4/14)

MOTOR VEHICLE DEALER'S SURETY BOND

Bond # _____

KNOW ALL BY THESE PRESENTS, THAT

Name _____

Address(es) _____

City, State, and Zip _____

As principal, whose place of business and any supplemental location(s) operated under the same general distinguishing number is/are located at the address(es) set forth above, and

Name _____

Address(es) _____

City, State, and Zip _____

as Surety, duly authorized and qualified to do business as a surety company in this State, are held and firmly bound to such persons who shall conduct business with said Principal in its capacity as a motor vehicle dealer in the penal sum of TWENTY-FIVE THOUSAND DOLLARS (\$25,000), for the payment of which sum, well and truly to be made, we hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors, and assigns.

WHEREAS, the above-named Principal is applying for a license as a motor vehicle dealer,

AND WHEREAS, said Principal is required by law (Tex. Transp. Code §503.033) to submit a properly executed surety bond, conditioned as set forth below, with said application for license,

AND WHEREAS, the bond shall run concurrently with the period of the license issued to the Principal.

THE CONDITION OF THIS OBLIGATION is such that, if during the effective period of this obligation, the Principal shall pay all valid bank drafts, including checks, drawn by the Principal for the purchase of motor vehicles and transfer good title to each motor vehicle that the Principal purports to sell, then this obligation shall be void; otherwise to remain in full force and effect.

IT IS FURTHER UNDERSTOOD AND AGREED that the above obligation shall extend, without notification to the Surety, to any change of officers of the Principal if the Principal is a corporation, to any additional locations or changes of address of the Principal or to any substitution of business name of the Principal wherein ownership is not changed.

IT IS FURTHER UNDERSTOOD AND AGREED that this bond shall be opened to successive claims up to the face value of the bond. The Surety shall not be liable for successive claims in excess of the bond amount, regardless of the number of claims made against the bond. Recovery against the bond may be made by a person who obtains a judgment against a dealer assessing damages and attorney's fees for an act or omission on which the bond is conditioned if the act or omission occurred during the term for which the general distinguishing number will be valid. Payment of any judgment by the Surety shall be immediately reported to the Texas Department of Motor Vehicles, Motor Vehicle Division, P.O. Box 26487, Austin, Texas 78755.

IN WITNESS WHEREOF said Principal and Surety have executed this bond to be effective on the _____ day of _____, _____ and to expire on the _____ day of _____, _____.

DATED this _____ day of _____

(PRINCIPAL)

By: _____
(OFFICER'S OR PROPRIETOR'S SIGNATURE)

DATED this _____ day of _____

(SURETY)

By: _____

In accordance with Tex. Transp. Code §503.033, this form is prescribed but not furnished by the Texas Department of Motor Vehicles as approved by the Attorney General of Texas on July 16, 1985.

SAMPLE

Texas Administrative Code

<u>TITLE 43</u>	TRANSPORTATION
<u>PART 10</u>	TEXAS DEPARTMENT OF MOTOR VEHICLES
<u>CHAPTER 217</u>	VEHICLE TITLES AND REGISTRATION
<u>SUBCHAPTER A</u>	MOTOR VEHICLE TITLES
RULE §217.16	Application for Title When Dealer Goes Out of Business

- (a) A person who purchased a vehicle from a dealer who is required to apply for a title on the purchaser's behalf under Transportation Code, §501.0234 may apply for title as prescribed by this section if the dealer has gone out of business and did not apply for title.
- (b) For purposes of this section, a dealer has gone out of business if:
- (1) the dealer's license has been closed or has expired; or
 - (2) operations have ceased at the licensed location as determined by the department.
- (c) For purposes of this section, a person must obtain a letter on department letterhead stating a dealer has gone out of business. A person may request the letter by contacting the department, including a Regional Service Center, or a county tax assessor-collector's office.
- (d) An application under subsection (a) of this section must meet the requirements of §217.4 of this title (relating to Initial Application for Title) except the applicant:
- (1) must provide the sales contract, retail installment agreement, or buyer's order in lieu of evidence of vehicle ownership as described in §217.5(a) of this title (relating to Evidence of Motor Vehicle Ownership);
 - (2) must provide the letter described by subsection (c) of this section; and
 - (3) is not required to provide a release of lien if the only recorded lienholder is the dealer that has gone out of business.
- (e) If a title application under this section does not include a properly completed odometer disclosure statement, as required by Transportation Code, §501.072, the odometer brand will be recorded as "NOT ACTUAL MILEAGE."
- (f) The department will waive the payment of the following fees if the applicant can provide evidence showing the fee was paid to the dealer:
- (1) a title application fee under Transportation Code, §501.138;
 - (2) delinquent transfer penalty under Transportation Code, §501.146;
 - (3) all fees under Transportation Code, Chapter 502; and
 - (4) the buyer's temporary tag fee under Transportation Code, §503.063.

Source Note: The provisions of this §217.16 adopted to be effective March 1, 2020, 45 TexReg 1230

Sec. 501.0236. ISSUANCE OF TITLE AND PERMITS WHEN DEALER GOES OUT OF BUSINESS. (a) This section applies only to a person who is the purchaser of a motor vehicle for which the dealer:

(1) is required to apply for a title for the vehicle under Section [501.0234](#); and

(2) does not apply for the title because the dealer has gone out of business.

(b) A purchaser to whom this section applies may apply for:

(1) a title in the manner prescribed by the department by rule; and

(2) on expiration of the buyer's tag issued to the purchaser under Section [503.063](#), a 30-day permit under Section [502.095](#).

(c) An application for a title under this section must include a release of any recorded lien on the motor vehicle unless the only recorded lienholder is a dealer described by Subsection (a).

(d) The department shall waive the payment of fees for:

(1) a title issued to a purchaser described by this section, if the purchaser can show that fees for a title were paid to the dealer; and

(2) one 30-day permit issued to a purchaser described by this section.

(e) Notwithstanding Section [503.033](#)(e), the department may recover against the surety bond executed by the dealer under Section [503.033](#) the amount of any fee waived for a title or permit issued under this section.

(f) The department shall adopt the rules necessary to implement this section.

Added by Acts 2019, 86th Leg., R.S., Ch. 1309 (H.B. [3842](#)), Sec. 1, eff. September 1, 2019.