Attachment 4 – Memo to Texas Automobile Dealers Association and Texas Independent Automobile Dealers Association Members

Effective January 1, 2008, HB 310 ("plate to owner") requires motor vehicle dealers to remove general issue Passenger and Truck license plates and registration stickers from vehicles that are sold, traded or transferred to the dealer. The only eligible vehicles are:

- Passenger cars less than 6,000 lbs. (Reg Class 25)
- Light trucks less than or equal to one ton (Reg Class 35)

HB 310 KEY PROVISIONS

- Licensed dealers <u>must</u> remove the general issue license plates and windshield validation sticker from a passenger car or light truck sold, traded or transferred to the dealer, and inform the customer they have three options:
 - 1. **Transfer** their plates to a vehicle to be purchased, if the classification is the same (car-to-car or truck-to-truck)
 - 2. **Keep** plates for future transfer to another vehicle (sticker is not transferred)
 - 3. **Dispose** of plates and registration sticker to prevent fraudulent use
- Vehicle owners <u>may</u> remove their license plates and registration sticker, in private sales between individuals. The same three options for plate disposition apply
- A \$5 Plate Transfer Fee will be charged when an owner transfers their license plates to another vehicle

VEHICLES SOLD, TRADED OR TRANSFERRED PRIOR TO JANUARY 1, 2008

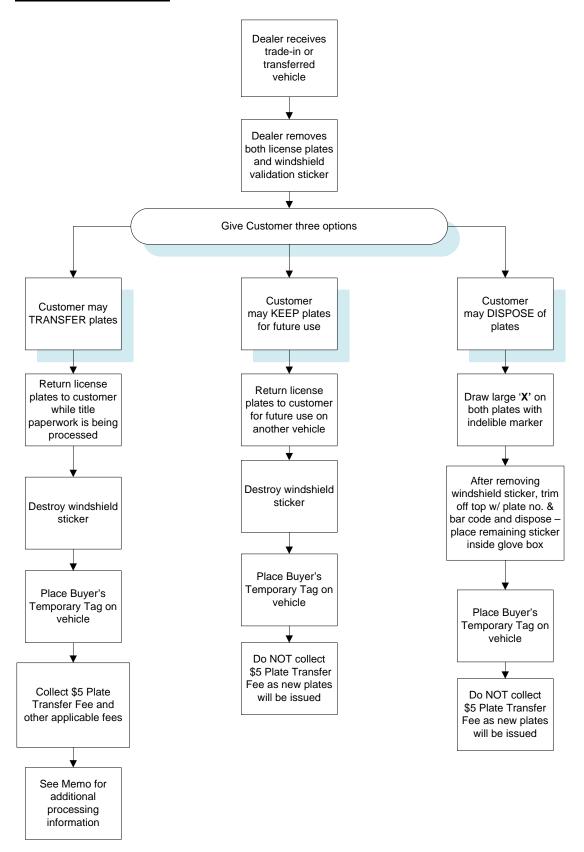
Dealers have the following options for vehicles sold, traded or transferred to the dealer <u>prior</u> to January 1, 2008:

- License plates and registration stickers may remain on vehicles until the vehicle is transferred to the new buyer at which time the license plates and registration stickers must be removed
- If you chose to remove license plates to registration stickers from all vehicles on the lot at the same time, you will need to put temp tags on all vehicles

DEALER ACTIONS REQUIRED ON ALL TRADED OR TRANSFERRED VEHICLES

- 1. Remove both plates
- 2. Remove the windshield registration sticker (See the flow chart on the next page for more details.)

PROCESS OVERVIEW



NOTE: Registration remains with the original vehicle and is no longer associated with the license plates, registration sticker, or the vehicle owner.

TITLE APPLICATION (NON-DTA) PROCESSING

A \$5 Plate Transfer Fee will be collected when a customer chooses to transfer license plates to a purchased vehicle. When plates are to be transferred, dealers will:

- Determine Plate Age. If the Plate Age is 6 years or less, the plates may be transferred to another vehicle. If the Plate Age is 7 years or more, the plates must be replaced due to loss of plate reflectivity. Plate Age can be obtained by running a motor vehicle inquiry, or asking the customer how long the plate has been on the vehicle. If not available, use 3 years as the default
- Place a Buyer's Tag on <u>all</u> applicable passenger cars and light trucks at the time of retail sale. These transactions should be treated as new vehicles for Buyer's Tag purposes
- Inform customer that the license plates being transferred should not be attached to the vehicle until the transfer is processed at the county. Until the department's records are updated, the plates will not match the official record which could result in a law enforcement stop
- Indicate the collection of the \$5 Plate Transfer Fee in the upper right-hand margin on the Form 130-U, *Application for Texas Certificate of Title* (see attached example). The form will be revised in the future
- Separate all title transactions involving the transfer of license plates and submit them in a different batch than title transactions with new plates. This will ensure that the \$5 Plate Transfer Fee is credited appropriately by the county

TITLE APPLICATION (DTA) PROCESSING

Dealers using DTA must process title transactions involving the transfer of license plates as follows:

Scenario 1: New Vehicle (MCO or Out of State) / New License Plates Issued

Processing: No change to DTA processing of these types of transactions

Fee: No \$5 Plate Transfer Fee collected

Scenario 2: Vehicle with Current Texas Registration / New License Plates Issued

Processing: Dealers must do the following:

- If applicable, current month and year expiration fields must be blank
- Enter the new license plate number in the new plate number field
- Enter the current registration month and year of expiration in the <u>new registration</u> month and year fields
- County to process in RTS through the Dealer Titles Event, Dealer-Supplied Diskette entry

Fee: No \$5 Plate Transfer Fee collected

Scenario 3: Vehicle with Expired Texas Registration / New License Plates Issued

Processing: Dealers must do the following:

- If applicable, current month and year expiration fields must be blank
- Enter the new license plate number in the new plate number field
- Enter the new registration month and year of expiration in the <u>new registration</u> month and year fields
- A minimum of 12-months of registration must be collected for each of these transactions
- County to process in RTS through the Dealer Titles Event, Dealer-Supplied Diskette entry

Fee: No \$5 Plate Transfer Fee collected

For the following scenarios, when the customer is supplying license plates, dealers must be careful to <u>bundle "plate to owner" diskettes and supporting documentation</u> separately. This will ensure that the counties can track the \$5 Plate Transfer Fees.

Determine plate age for Scenarios 4, 5, and 6. If the plate age is 7 years or more, the plates must be replaced due to loss of plate reflectivity. New plates must be supplied according to Scenario 2 or 3 above. If the Plate Age is 6 years or less, the plates may be transferred to another vehicle. Plate Age can be obtained by running a motor vehicle inquiry, or asking the customer how long the plate has been on the vehicle. If not available, use 3 years as the default.

Scenario 4: New Vehicle (MCO or Out of State) / Customer Supplied License Plates

Processing: Dealers must do the following:

- If applicable, current month and year expiration fields must be blank
- Enter the customer supplied plate number in the new plate number field
- Enter the new registration month and year of expiration in the <u>new registration</u> month and year fields
- A minimum of 12-months of registration must be collected for each of these transactions
- \$5 Plate Transfer Fee must be included for each of these transactions (note on Form 130-U)
- Bundle these transactions separately for processing by the county
- County to process in RTS through the Dealer Titles Event, Dealer-Supplied Diskette entry

Fee: Collect \$5 Plate Transfer Fee in addition to all other applicable fees

Scenario 5: Vehicle w/ Current Texas Registration / Customer Supplied License Plates

Processing: Dealers must do the following:

- If applicable, current month and year expiration fields must be blank
- Enter the customer supplied plate number in the new plate number field
- Enter the current registration month and year of expiration in the <u>new registration</u> month and year fields
- \$5 Plate Transfer Fee must be included for each of these transactions (note on Form 130-U)
- Bundle these transactions separately for processing by the county
- County to process in RTS through the Dealer Titles Event, Dealer-Supplied Diskette entry

Fee: Collect \$5 Plate Transfer Fee in addition to all other applicable fees

Scenario 6: Vehicle with Expired Texas Registration / Customer Supplied License Plates

Processing: Dealers must do the following:

- If applicable, current month and year expiration fields must be blank
- Enter the customer supplied plate number in the <u>new plate number</u> field
- Enter the new registration month and year of expiration in the <u>new registration</u> month and year fields
- A minimum of 12-months of registration must be collected for each of these transactions
- \$5 Plate Transfer Fee must be included for each of these transactions (note on Form 130-U)
- Bundle these transactions separately for manual processing by the county
- County to process in RTS through the Dealer Titles Event, Dealer-Supplied Diskette entry

Fee: Collect \$5 Plate Transfer Fee in addition to all other applicable fees

NOTE: VTR will coordinate enhancements to DTA software to accommodate plate to owner and e-tag system requirements in the future.

SPECIALTY PLATES

Title transactions for specialty license plates are not to be processed using DTA.

While such transactions may appear to be successfully completed using DTA, the expiration dates for the specialty plate and the vehicle registration must also match. This, along with the need to collect additional fees to match the expiration dates, cannot be accomplished through DTA at this time.

Any transaction for which a specialty plate is being assigned to the vehicle must be processed at the county tax office, using the Form VTR-31-RTS, *Tax Collector's Receipt for Texas Title Application/Registration/Motor Vehicle Tax*, rather than DTA.

Thank you for your help in implementing this legislation. Please contact David Pyndus, Vehicle Titles and Registration Division Planner at (512) 467-3723 if you have questions.