



Texas Department *of* Motor Vehicles
HELPING TEXANS GO. HELPING TEXAS GROW.

May 29, 2015

Full Board Meeting, 8:00 a. m.



**AGENDA
BOARD MEETING
TEXAS DEPARTMENT OF MOTOR VEHICLES
4000 JACKSON AVE., BUILDING 1, LONE STAR ROOM
AUSTIN, TEXAS 78731
FRIDAY, MAY 29, 2015
8:00 A.M.**

All agenda items are subject to possible discussion, questions, consideration, and action by the Board of the Texas Department of Motor Vehicles (Board). Agenda item numbers are assigned for ease of reference only and do not necessarily reflect the order of their consideration by the Board. The Board reserves the right to discuss any items in executive session where authorized by the Open Meetings Act.

- PAGE**
- 1. CALL TO ORDER**
- A. Roll Call and Establishment of Quorum
- B. Public Comment
- C. Comments and Announcements from Chairman, Board Members, and Executive Director
- 5**
1. **Quarterly Performance Measures** - Whitney Brewster
2. Recognition for service years: Daniel Avitia, Caroline Love, and Sandra Vice - Chairman Walker
- 2. EXECUTIVE SESSION**
- A. Section 551.071** - Consultation with and advice from legal counsel regarding:
1. pending or contemplated litigation, or a settlement offer;
2. a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Government Code, Chapter 551; or
3. any item on this agenda.
- B. Section 551.074** - Personnel matters. Discussion relating to the appointment, employment, evaluation, reassignment, duties, discipline, and dismissal of personnel.
- 3. ACTION ITEMS FROM EXECUTIVE SESSION**
- 4. REPORTS**
- A. Finance & Audit**
- 6**
1. Finance - Linda M. Flores and Renita Bankhead
- a. **Quarterly Financial Report**
- 16**
- b. **Legislative Appropriations Request**

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- 27 2. **Internal Audit Division Status** - Sandra Vice
- a. Internal Audit Division Status Report - May 2015
- b. Results of Internal Audit Division Peer Review and Quality Assurance and Improvement Program
- 43 **B. Legislative & Public Affairs: 84th Legislative Session - Caroline Love**
1. Agency Priority Bills
2. High Impact Bills
3. Specialty License Plate Bills
- 52 **C. Projects & Operations**
- 60 1. **Enterprise Projects Quarterly Report** - Judy Sandberg
2. **Headquarters Facilities** - Linda M. Flores
- 64 3. **Deputy and Fee Rule Update** - Jeremiah Kuntz
5. **BRIEFINGS, DISCUSSION, CONSIDERATION AND POSSIBLE ACTION**
- 65 **A. Texas Transportation Institute (TTI) Report: "Estimating the Cost to Process Vehicle Registration and Title Transactions in Texas Counties" - Jeremiah Kuntz**
- B. Licensing, Administration, Consumer Affairs and Enforcement (LACE) Replacement Project Contracts - Judy Sandberg**
- 121 **C. Commercial Property Lease Renewal for Waco Regional Service Center - Linda M. Flores**
- 126 **D. Security Services Contract for Regional Service Centers - Linda M. Flores, Jeremiah Kuntz, and Eric Obermier**
- 127 **E. Specialty Plate Design - Jeremiah Kuntz**
- World Wildlife Fund - Vendor Plate (Redesign)
6. **RESOLUTIONS for INDIVIDUAL CONSIDERATION - RULES**
- 129 **A. Adoption of Rules under Title 43, Texas Administrative Code**
1. **Chapter 206, Management - David D. Duncan**
- a. Rule Review, Government Code, §2001.039
(Proposal Published March 6, 2015 - 40 Tex Reg 1111)
- b. Repeals/Amendments
(Proposal Published March 6, 2015 - 40 Tex Reg 1019)
- 163 2. **Chapter 217, Vehicle Titles and Registration - Jeremiah Kuntz**
- Section 217.27 - Vehicle Registration Insignia
(Proposal Published April 3, 2015 - 40 Tex Reg 1963)

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- 172 **3. Chapter 219, Oversize and Overweight Vehicles and Loads - Jimmy Archer**
- Subchapters A - F and H - Amendments
(Proposal Published March 6, 2015 - 40 Tex Reg 1026)
- B. Proposal of Rules under Title 43, Texas Administrative Code**
- 178 **1. Chapter 215, Motor Vehicle Distribution - David D. Duncan, Daniel Avitia, and Bill Harbeson**
- a. Rule Review, Government Code, §2001.039
b. Repeals/Amendments
- 198 **2. Chapter 217, Vehicle Titles and Registration - Bill Harbeson**
New Section 217.193, Delegation of Final Order Authority

7. ADJOURNMENT

The Board will allow an open comment period to receive public comment on any agenda item or other matter that is under the jurisdiction of the Board. No action will be taken on matters that are not part of the agenda for the meeting. For subjects that are not otherwise part of the agenda for the meeting, Board 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.

Agenda items may be presented by the named presenters or other TxDMV staff.

Pursuant to Section 30.06, Penal Code (trespass by holder of license to carry a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (concealed handgun law), may not enter this property with a concealed handgun.

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 Stacy Steenken by telephone at (512) 302-2380.

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

CERTIFYING OFFICIAL: David D. Duncan, General Counsel, (512) 465-5665.



Texas Department of Motor Vehicles

1st Quarter KPI Dashboard for Report to TxDMV Board May 29, 2015

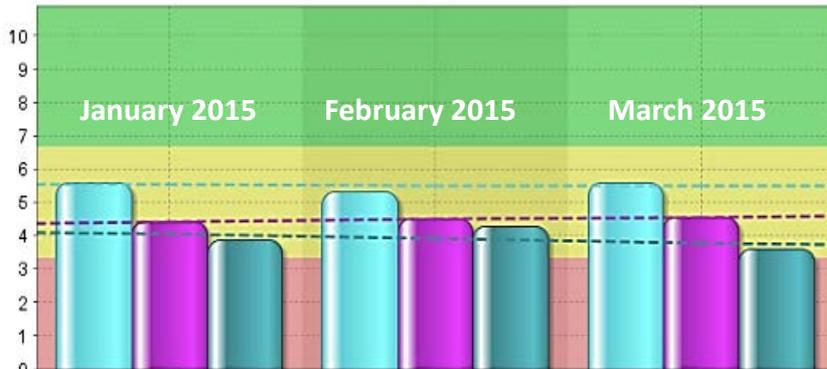


Vision: The Texas Department of Motor Vehicles sets the standard as the premier provider of customer service in the nation.

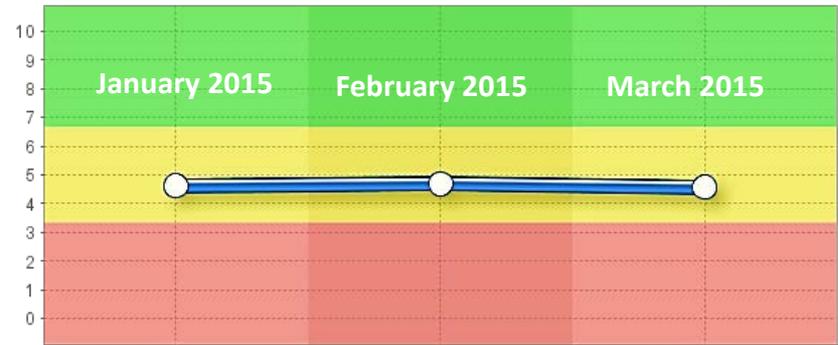
Mission: To serve, protect and advance the citizens and industries in the state with quality vehicle related services.

Goals: Performance Driven – Optimized Services and Innovation – Customer Centric

Vision:



Series Color	Scorecard Object	Organization	Series	January 2015	February 2015	March 2015
Cyan	Performance Driven	TxDMV Agency-wide	Score	5.6	5.33	5.57
Purple	Optimized Services and Innovation	TxDMV Agency-wide	Score	4.42	4.49	4.55
Teal	Customer Centric	TxDMV Agency-wide	Score	3.86	4.26	3.6



Series Color	Scorecard Object	Organization	Series	January 2015	February 2015	March 2015
Blue	TxDMV KPI	TxDMV Agency-wide	Score	4.63	4.69	4.57



Texas Department of Motor Vehicles

FY 2015 Financial Summary for the 2nd Quarter ending February 28, 2015



Presented to: TxDMV Board
By: Finance and Administrative Services Division

FY 2015 Financial Status Highlights

Revenues:

Year-to-Date revenue collections have increased 8.7% or \$62.8 million over the same period last year.

- 6.2% is due to additional registration revenue. The state has experienced a 3.4% increase in the number of vehicles registered compared to the same period last year.
- 2.1% is related oversized/overweight revenue as a result of increased permitting.
- 0.4% is composed of title revenue, commercial transportation revenue, business dealer license revenue and miscellaneous revenue.

Expenditures:

Year-to-date expenditures through February 28, 2015 total \$56,659,545. Approximately 33% of the approved budget has been expended at this point in the year. The majority of the expenditures are in the follow categories:

Salaries (\$18.3 million) – As of February 28, 2015, there were 721 filled positions and 42 vacancies. The estimated salary lapse through the second quarter is approximately \$1.7 million.

Purchased Contract Services (\$10.9 million) – Most of the expenditures are related to MyPlates (\$3.2 million), registration renewal and license plate mailing (\$2.4 million), and the ongoing purchase of license plates (\$5.2 million).

Professional Fees and Services (\$7.1 million) – This line item reflects expenditures for Data Center Services (\$2.7 million) and RTS Refactoring (\$2.6 million).

Postage (\$5.2 million) – This is associated with registration renewal mailings.

Grants (\$2.9 million) – Automobile Burglary and Theft Prevention Authority (ABTPA) grant expenditures.

Capital (\$2.4 million) – This expenditure represents the payment to the Texas Comptroller (CPA) for the Centralized Accounting Payroll/Personnel System Human Capital Management (CAPPS-HCM) implementation. This system will replace the agency's Human Resources Online system.

Reproduction & Printing (\$2.3 million) – This includes for title paper, envelopes and registration inserts.

Encumbrances:

As of February 28, 2015 encumbrances totaled \$58.1 million. The majority of the encumbrances (86%) are in Capital line items (primarily RTS refactoring), license plate manufacturing, and ABTPA grants. Details of the larger encumbrances by budget category are as follows:

Professional Fees and Services (\$14.6 million) – RTS Refactoring and Data Center Services comprise these encumbrances.

Purchased Contract Services (\$17.1 million) – Production of license plates and imaging registration and title documents.

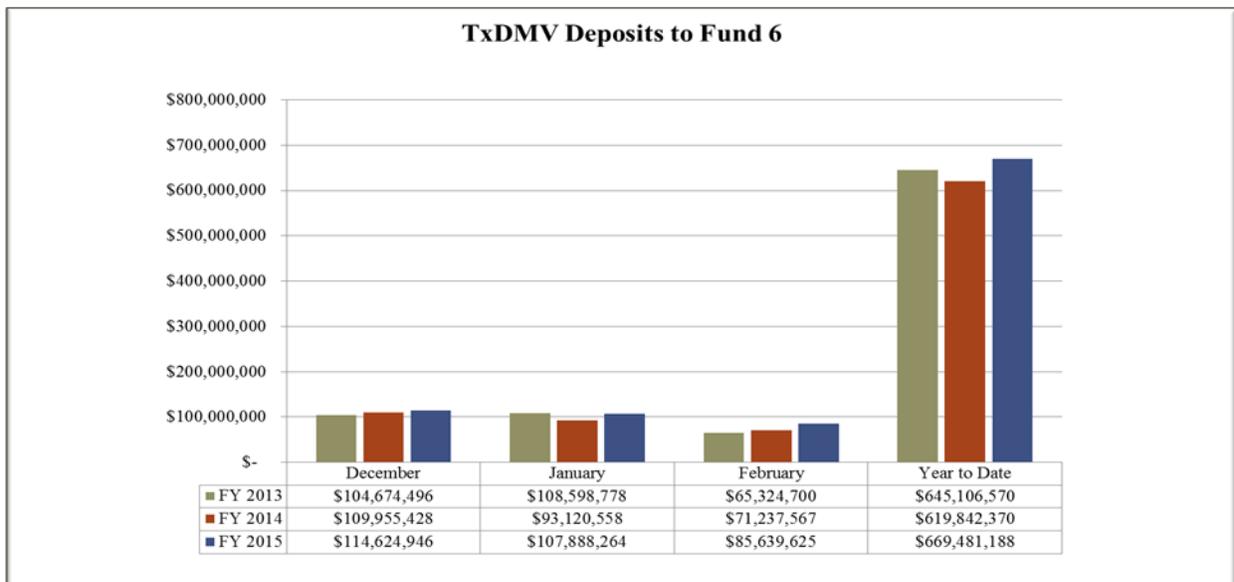
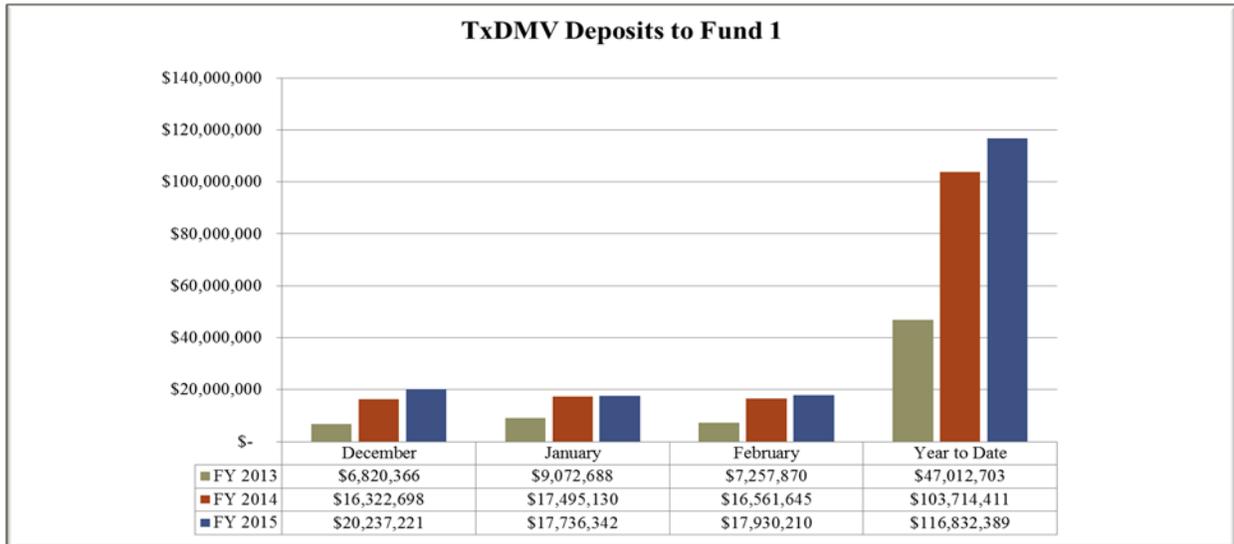
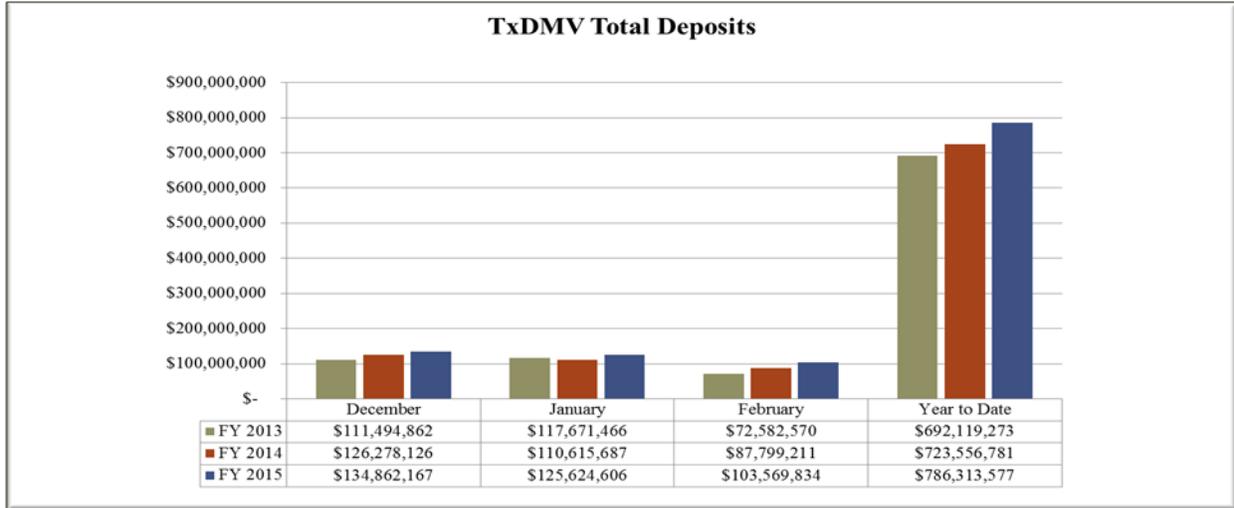
Grants (\$10.9 million) – Automobile Burglary and Theft Prevention Authority grants.

Maintenance & Repair (\$5.9 million) – Software maintenance related to RTS Refactoring.

Reproduction & Printing (\$4.4 million) – Printing for titles, registrations, and envelopes.

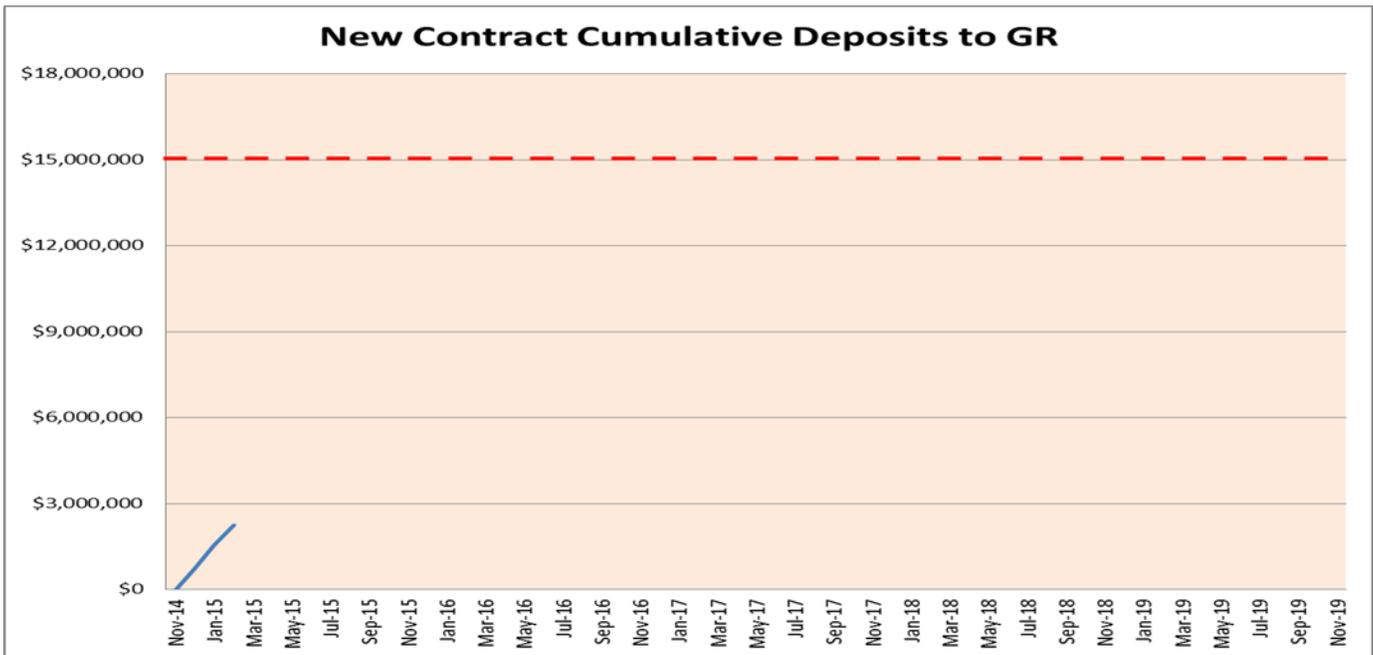
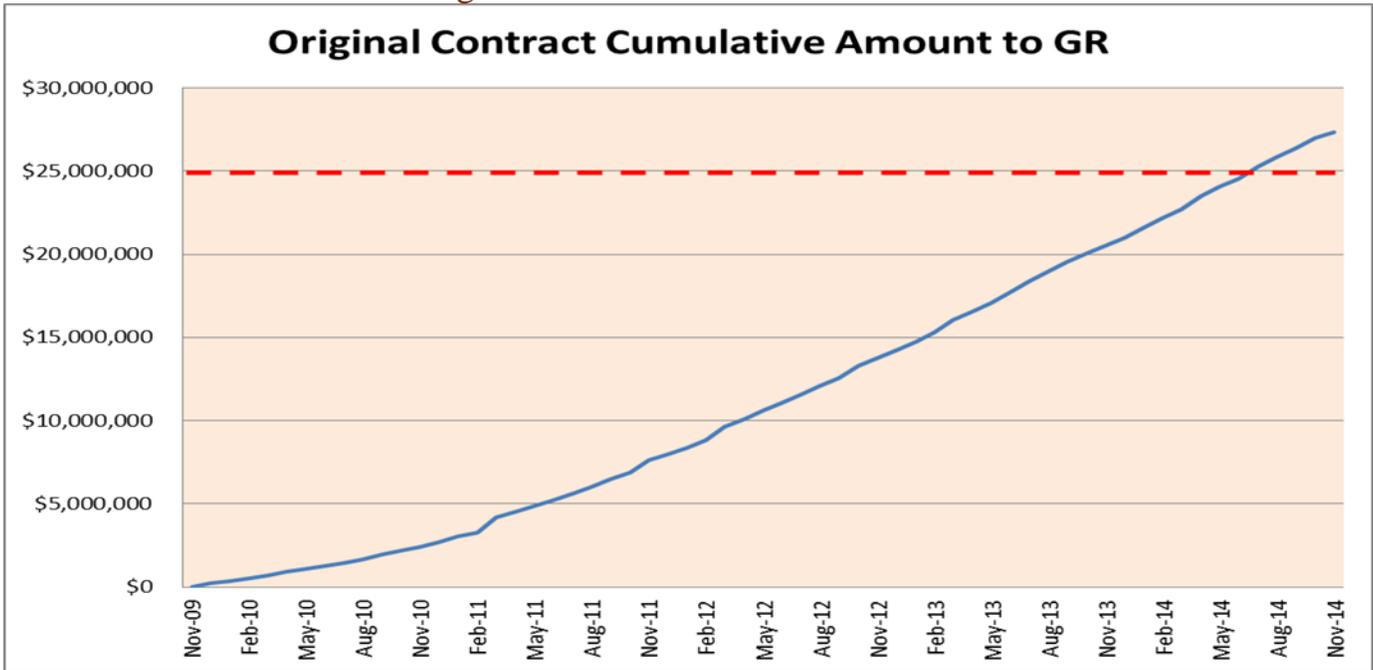
FY 2015 Financial Status Highlights

TxDMV Deposits to Fund 1 & Fund 6



FY 2015 Financial Status Highlights

MyPlates Analysis Original Contract vs. New Contract

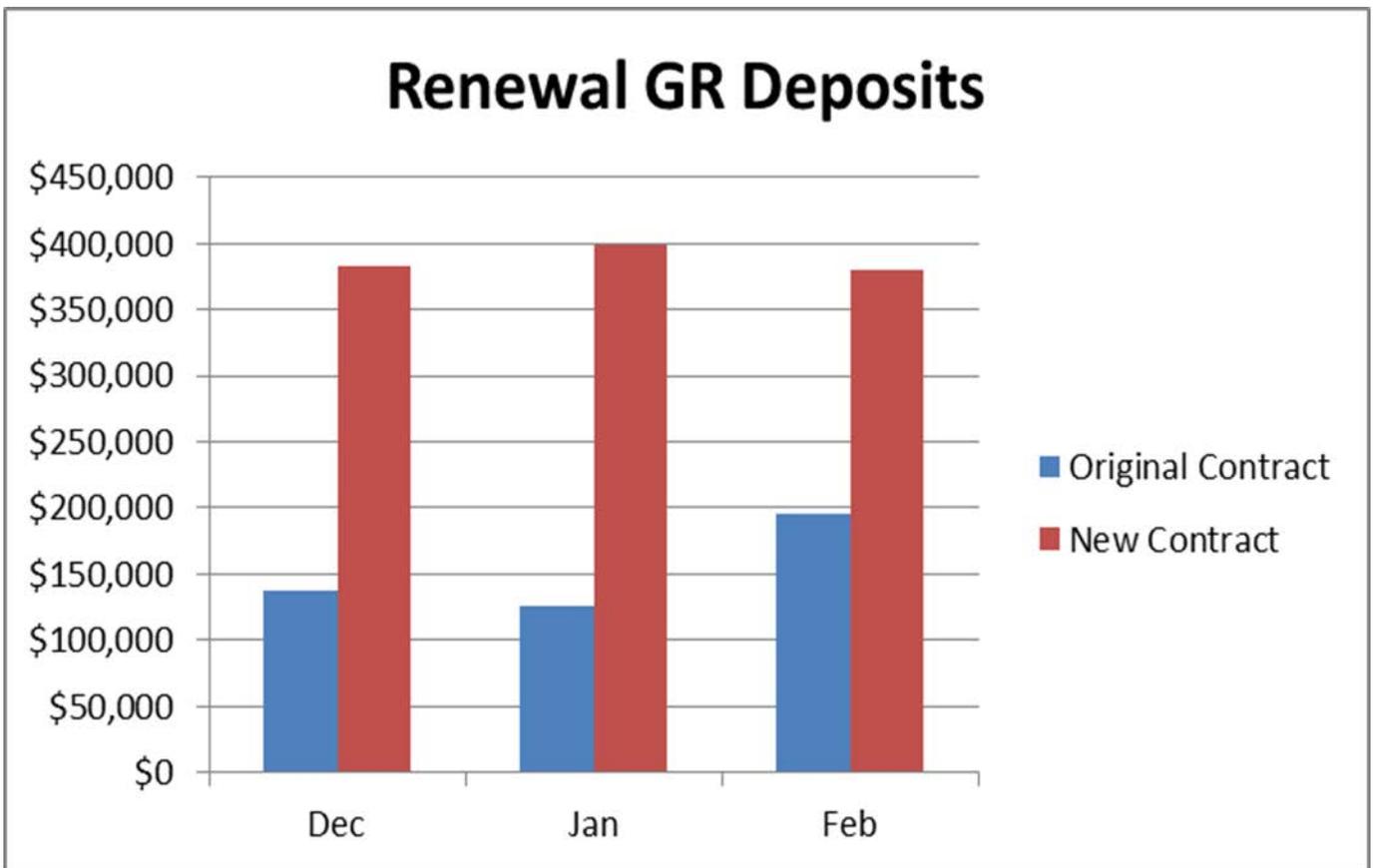
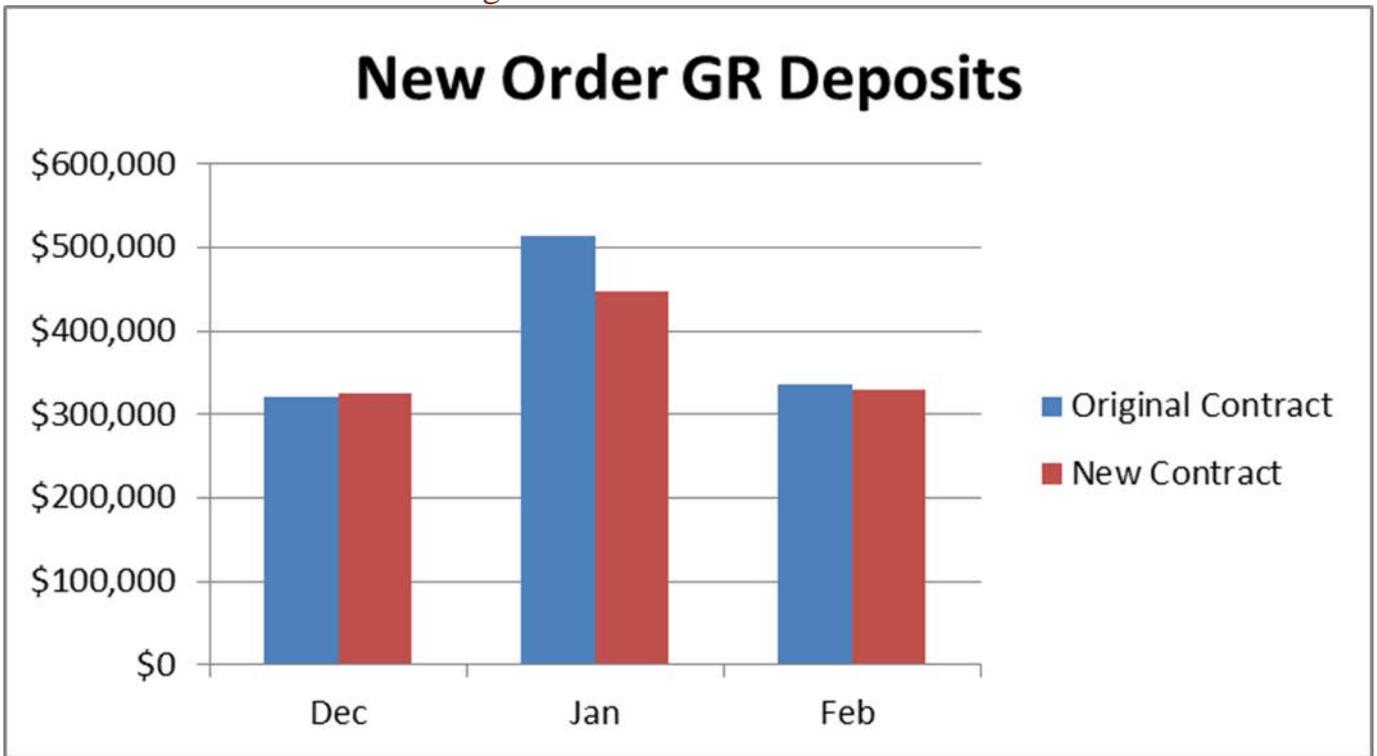


	Total
Cumulative Deposits Original Contract (through November 2014)	\$27,334,769
New Contract Cumulative Deposits to GR through 2/28/15*	\$2,264,966
New Order Deposits to GR	\$1,102,718
Renewal Deposits to GR	\$1,162,248

* Figures exclude refund data and are subject to minimal revision.

FY 2015 Financial Status Highlights

MyPlates Analysis Original Contract vs. New Contract



FY 2015 Financial Status Highlights

Statement of Revenues and Expenditures through February 28, 2015

Revenues:	FY 2015 YTD Projected Revenue	FY 2015 YTD Actual Revenue
Motor Vehicle Certificates	\$ 33,486,629	\$ 36,304,183
Motor Vehicle Registration Fees	\$ 603,353,335	\$ 642,295,172
Motor Carrier - Oversize / Overweight	\$ 83,325,557	\$ 96,609,806
Commercial Transportation Fees	\$ 4,535,770	\$ 4,229,108
Motor Vehicle Business Licenses	\$ 3,167,718	\$ 3,506,751
Miscellaneous Revenue	\$ 3,138,601	\$ 3,368,557
Total DMV Revenue	\$ 731,007,610	\$ 786,313,577

Expenditures:	2015 Approved Adjusted Budget	FY 2015 YTD Expenditures	FY 2015 Encumbrances	FY 2015 Available Budget	FY 2015 % Available Budget
Salaries and Wages	\$ 40,021,230	\$ 18,288,298	\$ -	\$ 21,732,932	54.3%
Other Personnel Costs	\$ 1,277,973	\$ 697,451	\$ -	\$ 580,522	45.4%
Professional Fees and Services	\$ 33,837,531	\$ 7,114,895	\$ 14,622,637	\$ 12,099,999	35.8%
Fuels & Lubricants	\$ 110,000	\$ 25,866	\$ 77,927	\$ 6,207	5.6%
Consumable Supplies	\$ 1,074,257	\$ 608,056	\$ 234,071	\$ 232,130	21.6%
Utilities	\$ 3,761,206	\$ 1,448,145	\$ 939,784	\$ 1,373,277	36.5%
Travel In-State	\$ 537,998	\$ 162,226	\$ -	\$ 375,772	69.8%
Travel Out-of-State	\$ 48,001	\$ 5,441	\$ -	\$ 42,560	88.7%
Rent - Building	\$ 983,378	\$ 331,553	\$ 395,668	\$ 256,157	26.0%
Rent - Machine and Other	\$ 366,430	\$ 130,085	\$ 196,423	\$ 39,923	10.9%
Advertising & Promotion	\$ 1,184,553	\$ 32,185	\$ 841,565	\$ 310,803	26.2%
Purchased Contract Services	\$ 31,374,559	\$ 10,872,764	\$ 17,052,877	\$ 3,448,918	11.0%
Computer Equipment Software	\$ 849,443	\$ 589,314	\$ 151,092	\$ 109,037	12.8%
Fees & Other Charges	\$ 2,678,966	\$ 498,697	\$ 390,916	\$ 1,789,353	66.8%
Freight	\$ 1,486,001	\$ 321,276	\$ 945,619	\$ 219,105	14.7%
Maintenance & Repair	\$ 9,855,100	\$ 2,111,267	\$ 5,875,765	\$ 1,868,068	19.0%
Memberships & Training	\$ 456,074	\$ 90,321	\$ 5,959	\$ 359,794	78.9%
Other Expenses	\$ 6,907,004	\$ 139,211	\$ 30,284	\$ 6,737,509	97.5%
Postage	\$ 8,682,025	\$ 5,235,600	\$ 501	\$ 3,445,924	39.7%
Reproduction & Printing	\$ 6,973,322	\$ 2,266,888	\$ 4,423,755	\$ 282,679	4.1%
Services (Electronic Subscriptions/Cleaning/Janitorial)	\$ 818,254	\$ 327,655	\$ 383,727	\$ 106,872	13.1%
Grants	\$ 13,800,000	\$ 2,892,344	\$ 10,907,656	\$ -	0.0%
Other Capital	\$ 4,378,722	\$ 2,470,009	\$ 577,517	\$ 1,331,196	30.4%
Total	\$ 171,462,026	\$ 56,659,545	\$ 58,053,743	\$ 56,748,738	33.1%

YTD February Net Surplus (Deficit)

\$ 729,654,032	Less
	Projected Expenditures \$ (34,064,647)
	Est Automation Capital
	UB to 2016 \$ (9,608,801)
	Anticipated Obligations
	(previous page) \$ (6,194,479)
	Projected 2015 Lapse at Mid-Year \$ 6,880,811

Budget Adjustments

CVISN Capital UB	\$ 453,761 (1)
2% Salary Adjustment	\$ 704,377 (2)
Regional Office Security Capital UB	\$ 573,000 (1)
Regional Office Remodeling Capital UB	\$ 39,780 (1)
County RTS Capital UB	\$ 2,281,539 (1)
Automation Adjustment	\$ (302,371)(3)
Total adjustment to original budget of \$167.7 million	\$ 3,750,086

- 1) Authorized by S.B. 1, GAA, Article IX, Section 14.03(i) – Limitations on Expenditures – Capital Budgets
- 2) Authorized by S.B. 1, GAA, Article IX, Section 17.06(a) – Appropriation for Salary Increase for General State Employees
- 3) Automation adjustment after 2014-15 project true-up

PRIOR YEAR:					
Expenditures:	FY 2014 Approved Budget	FY 2014 YTD Actual Expenditures	FY 2014 Available Budget	FY 2014 Total Projected Expenditures	FY 2014 Available Budget
Salaries and Wages	\$ 39,098,232	\$ 14,469,631	\$ 24,628,601	\$ 36,296,855	\$ 2,801,377
Other Personnel Costs	\$ 1,323,982	\$ 660,832	\$ 663,150	\$ 1,330,653	\$ (6,671)
Professional Fees and Services	\$ 61,496,656	\$ 13,716,790	\$ 47,779,867	\$ 29,695,007	\$ 31,801,649
Fuels and Lubricants	\$ 110,000	\$ 21,962	\$ 88,038	\$ 100,860	\$ 9,140
Consumable Supplies	\$ 1,153,887	\$ 301,339	\$ 852,548	\$ 1,081,680	\$ 72,207
Utilities	\$ 4,830,366	\$ 1,418,507	\$ 3,411,859	\$ 4,620,015	\$ 210,351
Travel, In-State	\$ 554,848	\$ 125,640	\$ 429,208	\$ 419,253	\$ 135,595
Travel, Out of State	\$ 42,351	\$ 5,206	\$ 37,145	\$ 20,950	\$ 21,401
Rent - Building	\$ 924,478	\$ 231,407	\$ 693,071	\$ 911,884	\$ 12,594
Rent - Machine and Other	\$ 371,774	\$ 136,925	\$ 234,849	\$ 330,957	\$ 40,817
Other Operating Expenses	\$ 62,166,167	\$ 24,551,210	\$ 37,614,956	\$ 59,530,662	\$ 2,635,504
Grants	\$ 13,795,383	\$ 2,522,353	\$ 11,273,030	\$ 13,795,383	\$ -
Other Capital	\$ 9,930,243	\$ 4,531,837	\$ 5,398,406	\$ 9,489,949	\$ 440,294
Total	\$ 195,798,367	\$ 62,693,638	\$ 133,104,729	\$ 157,624,108	\$ 38,174,259
			Less		
				Capital UB to 2015	\$ (31,974,657)
				Data Center Shortfall	\$ (1,143,947)
				Est DCS Payments to TxDOT	\$ (1,853,000)
				2014 Estimated Lapse at Mid-Year	\$ 3,202,655

* Please note when comparing FY 2014 to FY 2015 that with the implementation of CAPPs, the encumbrance process is being used in place of manual projections.

FY 2015 Financial Status Highlights

Capital Project Status

Regional Office Remodeling

Interior remodeling includes \$50,000 for exterior building signs. Purchasing developed specifications for an Invitation to Bid (IFB) for the signage portion of the project and a purchase order was issued in August 2014. Purchase orders were issued in 2014 for the remodeling of both the Wichita Falls and Austin service centers, with substantial work completed in the first quarter of FY 2015. Painting and new flooring is scheduled to be completed for the Wichita Falls service center in March 2015.

Technology Replacements and Upgrades - County Support

This appropriation provides funding to deploy and maintain printers, computers, monitors, laptops, cash drawers, etc. utilized at county Tax Assessor/Collector offices throughout the state. Approximately \$6.4 million remains in this item. The majority of the funding is obligated for Regional Office Communication Infrastructure Project, which is in the process of completing cabling and communication upgrades for regional offices. Other expenditures year-to-date have been for the HQ Communications project, and toner and technology support for County Tax-Assessor Collector offices.

TxDMV Automation System

The TxDMV capital project provides for the continued development of information technology assets to improve customer services and improve access to agency programs for customers and the public. The majority of the project expenses are for the RTS Refactoring project, which is estimated to be \$19.7 million for the fiscal year ending in August 2015.

RTS system testing is underway in Workstream 2, which addresses the development of the refactored RTS to a Java web-based program. Workstream 3, which covers enterprise reporting and the development of reporting tools, is in the construction phase and will continue into the third quarter of FY 2015. An updated maintenance support and operations plan has been implemented in Workstream 1 for the maintenance of the legacy RTS. The utilization of County Tax Assessor/Collector Offices in RTS testing began in the second quarter of FY 2015. Other projects in the TxDMV Automation System include the LACE Replacement project – a scope of work for that project was completed, and a solicitation process has been initiated. The Web Dealer project expenditures year-to-date through February 2015 total \$401,735, and that project is continuing with dealer implementation and enhancement testing. Web Dealer is also being evaluated for other enhancement opportunities in the future.

The available balance estimated for year end is \$4.5 million in unallocated funds. The entire balance of \$4.5 million will be carried forward to FY 2016 to fund costs for RTS Refactoring.

Growth and Enhancement – Agency Operations Support

This budget provides funds to acquire hardware/software to support agency operations. Year-to-date expenditures for this project through the end of February 2015 totaled \$424,381, with the majority of that total for the purchase of software and replacement computers.

Commercial Vehicle Information Systems and Networks (CVISN) Grant

The Commercial Vehicle Information Systems and Networks (CVISN) is a federal grant that focuses on safety enforcement on high-risk operators; integrating systems to improve the accuracy, integrity, and verifiability of credentials; improving efficiency through electronic screening and enabling online application and issuance of credentials. The contract with Southwest Research Institute was signed in March 2014 and initial work has begun, with the first invoice processed in June 2014. Total expended in 2014 was \$191,843 and FY 2015 year-to-date expenditures total \$213,469.

Regional Office Security

This capital appropriation includes the purchase and installation security features such as cameras, badge entry, emergency door release, courier service, credit/debit card equipment, security monitoring, and security alert systems to notify law enforcement. A purchase order for armored car services was issued in August 2014 and services began October 1st, 2014 for the Dallas, San Antonio, Fort Worth, Houston, and El Paso Regional Service Centers. Purchasing and Information Technology are reviewing equipment specifications for the security systems to ensure compatibility with regional office communication equipment.

Data Center Services

The Data Center Services (DCS) program enables state agencies to access data center computing as a managed service. State agencies are billed for the amount of services used. Direct payments for DCS charges totaled \$2.7 million through the end of the February and are estimated to be approximately \$6.1 million by year end. Measures will be taken during the course of FY 2015 to transfer savings from other budget categories to DCS to address the projected deficit.

Centralized Accounting and Payroll Personnel System (CAPPS)

CAPPS provides a single software solution for financial and Human Resources (HR)/Payroll administration for Texas state agencies. Approximately 93% of the budgeted \$3 million has been paid to the Comptroller for this project. The financial module of CAPPS went live on September 2, 2014 and work continues toward the implementation of the HR module, which is scheduled to go live in May 2015.

FY 2015 Financial Status Highlights

Statement of Capital Project Expenditures through February 28, 2015

Capital Projects	2015 Approved Adjusted Budget	FY 2015 YTD Expenditures	FY 2015 Encumbrances	FY 2015 Available Budget	FY 2015 % Available Budget
Centralized Accounting & Payroll Personnel System (CAPPS)	\$ 3,043,752	\$ 2,843,752	\$ 200,000	\$ -	0.0%
Commercial Vehicle Information Systems & Network (CVISN)	\$ 453,761	\$ 213,469	\$ 158,292	\$ 82,000	18.1%
Data Center Consolidations	\$ 3,992,695	\$ 2,691,143	\$ 1,297,006	\$ 4,546	0.1%
Growth & Enhancements - Agency Operations Support	\$ 1,208,468	\$ 424,381	\$ 184,230	\$ 599,857	49.6%
Regional Office Security	\$ 813,000	\$ -	\$ -	\$ 813,000	100.0%
Technology Replacement & Upgrades - County Support	\$ 9,670,012	\$ 1,375,957	\$ 1,878,897	\$ 6,415,158	66.3%
TXDMV Automation System Project	\$ 30,097,844	\$ 3,263,541	\$ 15,865,890	\$ 10,968,413	36.4%
Regional Office Remodeling	\$ 39,780	\$ -	\$ 10,795	\$ 28,985	72.9%
Total	\$ 49,319,312	\$ 10,812,244	\$ 19,595,110	\$ 18,911,958	38.3%

PRIOR YEAR:

Capital Projects	FY 2014 Adjusted Budget	FY 2014 YTD Actual Expenditures	FY 2014 Available Balance	FY 2014 Total Projected Expenditures	FY 2014 Projected Year End Balance
Centralized Accounting & Payroll Personnel System (CAPPS)	\$ 4,317,884	\$ 2,014,132	\$ 2,303,752	\$ 4,317,884	\$ -
Commercial Vehicle Information Systems & Network (CVISN)	\$ 1,700,000	\$ -	\$ 1,700,000	\$ 1,700,000	\$ -
Data Center Consolidations	\$ 3,808,156	\$ 2,104,998	\$ 1,703,158	\$ 4,952,103	\$ (1,143,947)
Growth & Enhancements - Agency Operations Support	\$ 949,498	\$ 289,247	\$ 660,251	\$ 559,213	\$ 390,285
Regional Office Security	\$ 573,000	\$ -	\$ 573,000	\$ 573,000	\$ -
Technology Replacements & Upgrades - County Support	\$ 5,500,000	\$ 477,015	\$ 5,022,985	\$ 3,811,070	\$ 1,688,930
TxDMV Automation System Project	\$ 57,038,743	\$ 15,680,064	\$ 41,358,680	\$ 27,143,301	\$ 29,895,442
Regional Office Remodeling	\$ 141,000	\$ -	\$ 141,000	\$ 141,000	\$ -
Total	\$ 74,028,281	\$ 20,565,455	\$ 53,462,827	\$ 43,197,570	\$ 30,830,711

* Please note when comparing FY 2014 to FY 2015 that with the implementation of CAPPS, the encumbrance process is being used in place of manual projections.

FY 2015 Financial Status Highlights

Statement of TxDMV Automation Project Expenditures through February 28, 2015

TxDMV Automation Project Appropriations	FY 2015
Unexpended Balance Carry Forward from FY 2014	\$ 30,097,844
Fiscal Year 2015 Appropriation	\$ -
Total Automation Appropriations	\$ 30,097,844

TXDMV Automation	2015 Approved Adjusted Budget	FY 2015 YTD Expenditures	FY 2015 Encumbrances	FY 2015 Available Budget	% Available Budget
813003 HQ Communication Infrastructure (Automation)	\$ 552,975	\$ -	\$ 114,855	\$ 438,120	79.2%
813006 Active Directory	\$ 154,000	\$ 21,684	\$ 22,183	\$ 110,133	71.5%
813009 AMSIT	\$ -	\$ 74	\$ 294	\$ (368)	0.0%
813010 RTS Refactoring	\$ 19,718,404	\$ 2,290,125	\$ 14,224,129	\$ 3,204,149	16.2% ⁽¹⁾
813013 RTS Data Purification/Name Address	\$ 912,766	\$ 58,173	\$ 38,906	\$ 815,687	89.4%
813014 RTS Data Purification/Data Only	\$ 293,984	\$ 1,713	\$ 4,033	\$ 288,239	98.0%
813015 WebDealer E-Titles	\$ 2,612,729	\$ 401,735	\$ 689,967	\$ 1,521,028	58.2%
813020 LACE	\$ 4,790,206	\$ 47,845	\$ 223,200	\$ 4,519,162	94.3%
814025 Temporary Permits	\$ 51,808	\$ 19,694	\$ 18,416	\$ 13,698	26.4%
814025 Single Sticker	\$ 1,010,972	\$ 422,499	\$ 529,908	\$ 58,565	5.8% ⁽²⁾
TXDMV Automation Total	\$ 30,097,844	\$ 3,263,541	\$ 15,865,890	\$ 10,968,413	36.4%
TXDMV Other Projects					
813001 RO Communications (County)	\$ 1,662,315	\$ 407,679	\$ 1,026,869	\$ 225,261	13.6%
813003 HQ Communication Infrastructure (County)	\$ 884,346	\$ 77,104	\$ 278,628	\$ 501,793	56.7%
814023 CAPPs	\$ 3,043,752	\$ 2,843,752	\$ 200,000	\$ -	0.0%
814026 Chameleon Carriers	\$ 80,000	\$ -	\$ -	\$ 80,000	100.0%
814027 Single Sticker (Remaining Operational)	\$ 100,000	\$ -	\$ 77,350	\$ 22,650	22.7% ⁽²⁾
TXDMV Total	\$ 35,868,257	\$ 6,592,076	\$ 17,448,738	\$ 11,798,116	32.9%

Notes

All Adjusted Budget amounts were based on an estimate of 2015 expenditures.

(1) - The RTS Refactoring project includes encumbrances for Deloitte contract (\$12.4m); Greentree IV & V contract (\$155k), and contracts for project contractors.

(2) As mentioned in the IQ report, the Single Sticker project is undergoing revisions to add it to the list of Automation projects as it falls within the guideline of a capital project. Most budget and expenditure adjustments have been completed, as shown by the Single Sticker project under the Automation umbrella.

Definition of capital project includes assets acquired from consultants/contracted service providers: Information resource technologies or other assets developed or acquired through a consultant or contracted services. This applies to assets that will ultimately be owned by a state agency, regardless of whether the asset is operated by a state agency or a contractor. Examples include:

-A consultant designs a generic licensing system that a state agency will own, operate and maintain.

- A state agency contracts with a vendor to provide automated fraud detection services. When the contract for services ends, the state agency owns the automated system.



2015 Mid-Year Review

2015 Mid-Year Review

The Mid-Year Review is an estimate of anticipated year end balances based on accumulated salary lapse and anticipated obligations for the remainder of the year. The projected year-end balance was adjusted for anticipated agency obligations for the remainder of the year. The majority of the remaining year-end balances consist of capital budget remaining from County Technology and Replacement Upgrades line item.

Projected Year End Balances	Operating	Capital	Total
Salaries	\$ 2,501,763	\$ -	\$ 2,501,763
Operating	4,320,450	-	4,320,450
Capital	-	6,253,077	6,253,077
Total Projected Year End Balances	\$ 6,822,213	\$ 6,253,077	\$ 13,075,290
Less Anticipated Obligations			-
Previously Approved Merits and Intern Program	\$ (394,479)	\$ -	\$ (394,479)
Data Center Shortfall	(1,064,235)	(735,765)	(1,800,000)
Estimated DCS Payments to TxDOT from DCS	(1,500,000)	-	(1,500,000)
License Plates	(2,500,000)	-	(2,500,000)
Estimated Available Lapse	\$ 1,363,499	\$ 5,517,312	\$ 6,880,811
Approved Mid Year Items			-
Capital Items	\$ -	\$ (1,172,000)	\$ (1,172,000)
Operating	(1,021,194)	-	(1,021,194)
Estimated 2015 Lapse	\$ 342,305	\$ 4,345,312	\$ 4,687,617

TxDMV divisions submitted requests for items funded by 1) projected balances identified in their operating budgets or 2) agency lapse identified through the mid-year process. A total of \$2,778,194 was requested: \$1,562,000 in Capital requests, funded from Growth and Enhancements and County RTS; and \$1,216,194 in Operating (\$700,000 self-funded, the remaining from agency lapses).

The Executive Director approved the use of \$2,193,194. This includes \$1,172,000 in capital items and \$1,021,194 in operating activities. Balances remaining in operating will be used to purchase additional license plates and capital balances will be used in other capital budget categories.



Texas Department *of* Motor Vehicles

Legislative Appropriations Request Update

Finance and Admin Services Division
Texas Department of Motor Vehicles
5/20/2015

Legislative Appropriations Request Update

Fiscal Notes Completed

During the second quarter, TxDMV staff has been busy completing requests from the Legislative Budget Board (LBB) for fiscal notes related to bills introduced by the 84th Texas Legislature. The agency was requested to complete a fiscal note for any bill that may impact the agency's operations or services provided to the motoring public. TxDMV has completed 174 fiscal notes as of May 20, 2015. The TxDMV completed a total of 147 fiscal notes during the 83rd legislative session.

Included in the fiscal note requests is the creation of the TxDMV Fund. SB 1512 by Senator Hancock (District 9 Dallas/Tarrant/North Richland Hills, Texas) creates the fund and transfers current annual collections of approximately \$100 million from General Revenue to the TxDMV Fund. Additionally the bill includes a one-time transfer of \$23 million from General Revenue for 2016. HB 6 (the funds consolidation bill) by Representative Otto (District 18 Liberty/ San Jacinto/Walker) is being closely monitored to ensure that the TxDMV Fund is not abolished. The funds consolidation bill is passed every session and which previously abolished the TxDMV fund last session.

Legislative Appropriations Request Update

The Conference Committee met on May 20, 2015. Below is a listing of TxDMV revised exceptional items and the recommendations of the committee.

Recommended Items

New Facilities

- TxDMV Headquarters –\$57,995,000 to the Texas Facility Commission in the form of revenue bonds to construct the TxDMV headquarters. In addition there is \$903,750 In Article VII for debt service payments related to the revenue bonds.
- Bull Creek Relocation - \$1.5 million. This was a new item recommended by the committee.

Information Technology

- Application Migration Server Infrastructure Transformation (AMSIT) - \$7.5 million
- Data Center Services - \$2.5 million

Items not recommended

- Cyber-Security Services - \$1.4 million
- Enhanced Enforcement Capability - \$610,000
- Replacement Vehicles - \$686,721
- CVISN (*Commercial Vehicle Information System and Networks*) - \$1 million
- Regional Service Centers - \$1.4 million
- Enhanced County Support Services and Fraud Prevention - \$962,026
- ABTPA Grants - \$10 million
- Request for 16 additional FTE's

Legislative Appropriations Request Update

TxDMV Appropriation Recommendations

The following represents recommendations from the Legislature at this point in time. Final approval by the Legislature should occur no later than June 1, 2015.

		Item Description	TxDMV Baseline Request			Conference Committee		
			FY 2016	FY 2017	Biennial Total	FY 2016	FY 2017	Biennial Total
TxDMV Baseline			162,282,106	137,929,209	300,211,315	157,662,480	143,003,867	300,666,347
Exceptional Items								
1	TxDMV HQ Move - NEW CONSTRUCTION/ LEASING ¹	Adjusted request (based on TFC assessment of the agency's needs and the current market) to purchase land and construct a building for the TxDMV headquarters and Austin regional service center. Request also included a lease option of \$19 million.	55,997,500	2,667,967	58,665,467			57,995,000
2	Restoration of TxDMV Automation System - Capital	Restoration of baseline funding reduced in the TxDMV Automation Capital project. These funds will be used to update agency technology assets to improve operational efficiencies. This item would also provide funding necessary for the AMSIT (Application Migration & Server Infrastructure Transformation) initiative, specifically the separation of TxDMV servers, infrastructure and data from TxDOT.	7,353,955		7,353,955	7,353,955		7,353,955
3	Data Center Consolidation Services	Funding for additional agency initiatives including costs to transfer servers from TxDOT shared environment and those servers in the local data center to the consolidated state data center. This item is necessary for TxDMV to avoid penalties assessed by DIR for failing to consolidate servers. These penalties range from approximately 50% to 300% of current server charges depending on the type of servers and level of disaster recovery preparedness. Staff estimates there are 64 servers yet to be consolidated. These servers include TxDMV and those that are shared with TxDOT.	2,675,687	2,259,801	4,935,488	1,996,266	474,129	2,470,395

Legislative Appropriations Request Update

	Item Description	TxDMV Baseline Request			Conference Committee			
		FY 2016	FY 2017	Biennial Total	FY 2016	FY 2017	Biennial Total	
Exceptional Items								
4	Cyber-security Services	Funding for cybersecurity tools to protect personal information contained in motor vehicle records. The item also assures protection of assets, which includes data, desktops and servers.	996,272	425,236	1,421,508			-
5	Enhanced Enforcement Capability	Funding to enhance the agency's enforcement capability in response to the growing demand for oversize/overweight violation investigations, and taking action against motor carriers that may be operating in the state without current credentials.	324,871	285,746	610,617			-
6	Replacement Vehicles	Request to replace 21 vehicles that will exceed 150,000 miles during the 2016/17 biennium.	686,721		686,721			-
7	Restoration of CVISN (<i>Commercial Vehicle Information Systems and Networks</i>)	Restore \$1,000,000 (\$500,000 federal and \$500,000) in state match for the CVISN grant reduced from the agency baseline.	1,000,000		1,000,000			-
8	Regional Service Centers	This item will fund the relocation of two mid-size regional service centers.	1,167,518	256,018	1,423,536			-
9	Agency New Vehicles	Request to add 22 new fleet vehicles to aid field investigators in the agency's enforcement program.	719,422	56,170	775,592			-
10	Enhanced County Support Services and Fraud Prevention	Funding to provide 8 additional FTE to work with the county tax assessor-collectors to implement best practices and registration and titling processes and to reduce fraud.	480,813	481,213	962,026			-
11	ABTPA Grants (#1 priority of ABTPA Board)	Funding for grants to allow the ABTPA task forces to expand current activities related to the prevention of vehicle burglary and theft.	5,000,000	5,000,000	10,000,000			-
12	Bull Creek Relocations (new)				-		1,494,687	1,494,687
GRAND TOTAL			238,684,865	149,361,360	388,046,225	167,012,701	143,477,996	369,980,384

Notes:

1. The Conference Committee \$57,995,000 million in Revenue Bond proceeds to the Texas Facilities Commission during the 2016-17 biennium for the acquisition and relocation to new headquarters for the TxDMV. In addition there is \$903,750 in Article VII debt service payments for the revenue bond proceeds.
2. The Conference Committee did not approve any additional FTE's for TxDMV.

Legislative Appropriations Request Update

Exceptional Item Descriptions

1. New Construction/Lease of TxDMV Headquarters (\$58.7/\$19.1 million)

TxDMV headquarters is located on two TxDOT properties in Austin known as the Camp Hubbard Campus and the Bull Creek Campus. Additionally, the agency's Austin Regional Service Center (RSC) and approximately 2,500 square feet of secured and climate-controlled warehouse space in Austin is on TxDOT owned property. Because of changes to TxDOT's real estate and facilities portfolio, the need for TxDMV to plan for its own facilities has been accelerated.

First, TxDOT has sold the Bull Creek Campus (the sale should close this month, February 2015). The Bull Creek Campus houses about 120 TxDMV employees. A two-year lease-back was negotiated with TxDOT that will allow TxDMV to remain on the property until May 2017 to give TxDMV the opportunity to secure an appropriation for a new location. It is not possible to relocate these staff to the Camp Hubbard Campus because the site is considered beyond maximum capacity already. The Bull Creek employees will have to be relocated to new office space before the end of this biennium. Secondly, TxDOT has indicated that it may need the Camp Hubbard Campus for its own staff as soon as 2017. If TxDMV is required to leave the Camp Hubbard Campus, new office space for nearly 450 employees will need to be found.

The possible need to relocate the TxDMV's employees housed at Camp Hubbard coupled with the definite need to relocate the Bull Creek Campus before the end of the upcoming biennium prompted the TxDMV board to recommend the agency's entire Austin area operations be consolidated in a new location. The TxDMV is requesting funds in this exceptional item to purchase land and construct a new headquarters building or to lease a new headquarters facility. The exceptional item request also includes the re-location of the Austin RSC and TxDMV warehouse if the new headquarters facility is funded.

TxDMV worked with the Texas Facilities Commission to review space needs and provide the agency with updated cost estimates. In November 2014, the O'Connell Robertson architectural firm released new information regarding the acquisition of a new facility. The revised cost estimate is approximately \$9.1 million more than the original request of \$49.6 million. The difference is due primarily to two factors:

- The original cost estimate was based on 2012 data, which was the most current available at the time of the original request submission. The revised cost estimate uses the information from the most recent analysis, which identified an additional need for approximately 9,000 square feet of space.
- The revised cost estimate used specific geographic areas which allowed for more accurate determination of current market rates.

Legislative Appropriations Request Update

TxDMV's revised request totals approximately \$58.7 million for the purchase of land and the construction of a new headquarters. Another option would be leasing enough space for the headquarters operations at a biennial cost of approximately \$19.1 million. The agency currently receives no appropriations to pay for facilities on TxDOT property. Therefore, regardless of the decision made about the TxDMV headquarters facilities request, the Bull Creek Campus must be relocated in FY 2017, and the cost to do that (estimated to be \$1.12 million with \$551,000 in annual cost and \$574,000 in one-time costs) is something the agency cannot afford with current resources.

2. TxDMV Automation System Funding (\$7.4 million)

TxDMV is requesting \$7.4 million over the biennium to restore the funding for TxDMV's Automation Project. In addition to continuing the separation of the agency's technology infrastructure from TxDOT, the Automation Project is modernizing TxDMV's IT systems and applications to streamline operations and provide better customer service. The recommended appropriations in HB 1 are insufficient to allow the Automation Project to continue for many of the agency's systems that agency stakeholders and the public utilize on a daily basis. This will create serious issues because the current infrastructure is out of date and subject to increasing service reliability problems.

Some of the key application systems requiring immediate upgrade to avoid service outages that will directly impact the public include:

- Electronic Tags
- Motor Carrier Credentialing System
- Electronic Lien Titling System
- Licensing, Administration, Consumer Affairs, and Enforcement (LACE)
- Legal Restraint Owner Retained Salvage Title System

The collection of a \$1 "automation fee" at the time of registration supports the TxDMV Automation Project. Beginning September 1, 2013, all revenue from the automation fee is deposited to the General Revenue Fund. The estimated collections for the fee for the 2016-17 biennium are approximately \$51.9 million. However, the recommended appropriation in HB 1 for the Automation Project is only \$16.1 million, \$35.8 million less than what the automation fee will generate. Approving this, and the below, exceptional item request will further ensure the "automation fee" is used for its intended purposes.

Legislative Appropriations Request Update

3. Data Center Consolidation (\$4.9 million)

TxDMV is required by statute to participate in the Data Center Services (DCS) program managed by the Department of Information Resources (DIR). DIR operates the statewide technology centers and assesses a fee on state agencies for the services provided. TxDMV is requesting an additional \$4.9 million for the biennium to ensure the agency can complete the transfer of its servers from both TxDOT and other local data centers to the consolidated state data center. This funding is necessary to avoid paying penalties assessed by DIR for failing to consolidate servers. Penalties range from 50% to 300% of current server charges depending on the type of servers and level of disaster recovery preparedness. If this exceptional item request is not met, the actual cost to the agency will be even higher. It is estimated that the agency has 64 servers still needing to be consolidated.

4. Cyber Security Services (\$1.4 million)

As part of TxDMV's continuing infrastructure separation from TxDOT, the agency is requesting \$1.4 million for cyber security services. These tools and services, some previously but no longer provided by TxDOT, are necessary to maintain the confidentiality and integrity of the personal information in motor vehicle records entrusted to the agency. The first layer of these protections are software and systems to monitor, block, and alert for known malware, data leaks, and compromised assets, and also mobile device security at the user interface level. Another layer of these protections are monitoring and analysis services of security log and intrusion detection/intrusion prevention system events. These services report suspected malicious activity through alerting and initiating intervention as a first response in cyber security incident management. Additionally, in order to maintain the high level of customer service and minimize service interruption, updated network infrastructure and communications circuits will be needed to keep pace with evolving technologies and cyber security threats.

5. Enhanced Enforcement Capability (\$611,000)

TxDMV is requesting funding in the amount of \$611,000 for the biennium for five additional FTEs for its Enforcement Division to address increased activity in the motor carrier sector.

Three of the FTEs would be oversize/overweight (OS/OW) investigators. Because the number of violations of OS/OW laws has increased, together with the number of OS/OW vehicles using the state's highways, particularly in the oil and gas exploration industry, more investigators are needed. Since 2011, OS/OW annual permit issuances have increased from 590,980 to 836,259 in FY 14, an increase of more than 40%. The department receives 4,000 to 5,000 citations per month from DPS that are reviewed to set up audits of motor carriers to determine compliance with the OS/OW laws. Based on those audits, the department initiated 254 contested cases in FY 2014, an increase

Legislative Appropriations Request Update

from 196 filed in 2013. The department also investigated 23 “bridge hits” in FY 2014, and, to date in FY 2015, has investigated 13 incidents. Governments at all levels are concerned about road deterioration caused by OS/OW traffic. Additional investigators are needed to increase enforcement efforts to keep pace with increased OS/OW traffic and violations and to ensure compliance with OS/OW permitting laws.

Two additional legal personnel are requested. Currently, there is one attorney and one support employee handling, on an annual basis, more than 7,000 motor carrier cases (including insurance, credentialing and oversize/overweight permit violations). When the OS/OW enforcement functions were moved from TxDOT to TxDMV in 2012, legal and litigation support resources were not part of the transfer. While civil penalties collected from these type cases have increased from \$692,543 in FY 2012 to \$2,498,728 in FY 2014, completion times for these cases remain unacceptably high (an average of 255 days for OS/OW).

6. Replacement Vehicles (\$687,000)

TxDOT is requesting \$687,000 to replace 21 fleet vehicles which will exceed 150,000 miles during the biennium. The vehicles to be replaced support the activities in the Regional Service Centers. The vehicles would be used to deliver daily bank deposits for the agency, travel to county offices to conduct training, audits, inventories, and emergency delivery of license plates, and allow enforcement personnel to travel to conduct investigations of licensee activities. The high mileage, usage and age of the vehicles result in increased maintenance costs to the agency. Additionally, as these vehicles age, out-of-service time becomes more frequent, impacting the ability of employees to perform their job duties.

7. Commercial Vehicle Information Systems and Networks Program (\$1 million)

TxDOT is requesting \$1 million for the restoration of Commercial Vehicle Information System and Networks (CVISN) funds. Of this amount, \$500,000 would be state funds and the other \$500,000 would be a federal matching grant. CVISN is a one-for-one state and federal matching program that provides safety information on a daily basis to and from all 50 states to get unsafe motor carriers off the road. In addition to TxDOT, three other state agencies participate in the program: the Comptroller of Public Accounts, the Department of Public Safety, and TxDOT. CVISN provides critical data both between and within agencies for use in identifying “out-of-service” carriers. The program funds the installation of the Advance Bridge Clearance Warnings Systems in Texas to reduce bridge hits. The program also develops methods to identify vehicles running without the required oversize/overweight permits and identifies “chameleon” carriers (unsafe carriers taken out of service but continue to operate under a different name). CVISN is a key component of the Federal Motor Carrier Safety Administration’s drive to improve commercial vehicle safety and safety on the highways and is an integral component of Texas’ Intelligent Transportation System.

Legislative Appropriations Request Update

8. Relocation of Regional Service Centers (\$1.4 million)

TxDMV is requesting funding to relocate two Regional Service Centers (RSC) from TxDOT-owned facilities to independent TxDMV facilities at a cost of \$1,423,536 for the biennium. While the RSCs to be relocated have not yet been determined, the exceptional item would allow two mid-size facilities to be moved.

During FY 2014, TxDMV was required to relocate its Houston RSC when TxDOT sold the location the RSC occupied. In October 2013, TxDMV received official notification to vacate the property in Houston, which housed approximately 30 staff. The agency was provided a one year period to secure a new location and immediately engaged Texas Facilities Commission to assist in the endeavor. The Houston RSC relocation was unfunded because TxDMV was unaware of TxDOT plans to sell the property and did not have the opportunity to request funding for such a move during the 83rd session. Agency operating budgets were reprioritized to pay for the relocation itself and the on-going annual costs of approximately \$354,000 for the new Houston RSC location.

TxDMV anticipates that additional RSCs housed on TxDOT property may have to be vacated and relocated. As TxDOT moves forward with evaluating its real estate portfolio, TxDMV must develop plans to relocate additional RSCs to avoid what transpired with the Houston RSC.

9. New Agency Vehicles (\$776,000)

TxDMV is requesting \$775,592 to purchase 22 new fleet vehicles, thereby increasing the agency's fleet size to 65. Of the new vehicles, 21 will be used by field investigators. Currently, investigators are required to use their personal vehicles, or rent vehicles, in order to execute field investigations. The lack of access to vehicles has caused delays in investigations and raises safety concerns for investigators. Because investigations occur in high risk areas often with unlicensed operators in the various businesses the agency regulates, a marked, fleet vehicle represents to the public and local law enforcement that the driver is a state official. The other new vehicle will be for the agency's motor pool. There are currently six motor pool vehicles shared among headquarters staff for out-of-town travel and for use by the newly created Office of Administrative Hearings to travel to case hearings across the state.

Legislative Appropriations Request Update

10. Enhanced County Support Services and Fraud Prevention (\$962,000)

TxDMV is requesting \$962,026 for an additional eight FTEs to serve as field service representatives to review county operations in the 254 tax assessor- collectors' offices across the state. The purpose of these field service representatives is to 1) ensure the integrity of the agency's assets located within each county tax office, 2) audit county operations for potential theft and fraud and 3) ensure the collection of state revenue. These activities improve customer service in the TAC offices by ensuring consistency in delivering title and registration services to the public.

1. Automobile Burglary and Theft Prevention Authority (\$10 million)

The Automobile Burglary Theft Prevention Authority (ABTPA) is part of the TxDMV but has its own, governor-appointed policy making board. The ABTPA Board recommended only one exceptional item request for an additional \$5 million per year of the biennium, for a total of \$10 million, to be used for grants. This additional funding will allow the ABTPA grantees to expand current activities throughout the state. Equipment needs for all grantees continues to rise, and the need for vehicles, surveillance equipment, license plate readers, and bait equipment is a growing across the state. The increase in funding would allow ABTPA to award grants for new equipment for law enforcement and for statewide auto burglary and theft prevention initiatives.

ABTPA is funded by a statutorily required fee of \$2.00 charged on automobile insurance policies in the state. The fee is paid by individual policyholders and collected by insurance companies. TxDMV estimates the fee will generate approximately \$40 million each year of the upcoming biennium. By law, 50% of each fee collected may be appropriated only for ABTPA purposes, but the HB 1 recommendation appropriates less than 75% of that amount. The requested funding increase ensures the fee is used for the purposes for which it was collected.



TxDMV Internal Audit Division Status Update – May 29, 2015

To: TxDMV Board Members
 John H. Walker, III, Chair
 Laura Ryan, Vice-Chair
 Raymond Palacios, Jr., Chair, Finance and Audit Committee
 Blake Ingram, Finance and Audit Committee Member
 William Marvin Rush, Finance and Audit Committee Member
 Joseph O. Slovacek, Finance and Audit Committee Member
 Robert “Barney” Barnwell
 Luanne Caraway
 Victor Rodriguez

From: Sandra Vice, Internal Audit Director

cc: Whitney Brewster, Executive Director
 Shelly Mellott, Deputy Executive Director

Status of the Fiscal Year 2015 Internal Audit Plan

- In progress: Audit of Titling Processes
- Notification of audit start: Audit of the TxDMV’s Administration of Agency Rules and Statutes through Tax Assessor-Collectors (engagement letter attached)

Quality Assurance and Improvement Program of the TxDMV’s Internal Audit Division

- Report on the Quality Assurance Review of the TxDMV Internal Audit Division (peer review)

External Audit Coordination

Engagement Topic	Finding
<p><i>State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2014</i></p> <p>State Auditor’s Office (SAO Report No. 15-555, Feb. 20, 2015)</p> <p>Audit Cost: \$82,206</p>	<p>FY 2014 Finding: The TxDMV should improve its processes for approving changes to tables in the Registration and Titling System.</p> <p>Recommendation: The TxDMV should develop and implement a process for reviewing, approving, and documenting changes to the registration fee tables in RTS.</p> <p>Management Response: The Accounting Operations Section will implement a structure request form and its related processes by Feb. 28, 2015.</p> <p>Follow-up on FY 2013 Finding: The TxDMV should improve access controls to certain information technology.</p> <p>Status: Corrective action was taken.</p>



April 17, 2015

Ms. Whitney Brewster, Executive Director
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, TX 78731

Subject: Engagement Letter for An Audit of the Texas Department of Motor Vehicles'
Administration of Agency Rules and Statutes through Tax Assessor-Collectors

Dear Ms. Brewster:

The Internal Audit Division (IAD) will be auditing the TxDMV's administration of agency rules and statutes through tax assessor-collectors (TAC). The audit objectives are to:

- Evaluate internal controls the TxDMV has established to administer agency rules and statutes to register and title motor vehicles through TACs.
- Compile TACs' practices for the TxDMV Titling and Registration Working Group's consideration in developing the TAC gold standard. For purposes of this audit, a gold standard is a model level of performance that demonstrates leadership, quality, customer service, and fiscal responsibility.

Our work will include work at both TxDMV and TACs. At TxDMV, auditors will gain an understanding of controls for administering agency rules and statutes related to registering and titling motor vehicles. Auditors will also gain an understanding of TAC processes related to registering and titling motor vehicles. TACS will be provided the opportunity to share information about their processes through surveys and on-site visits. We will conduct the audit in accordance with generally accepted government auditing standards and the Institute of Internal Auditors *International Professional Practices Framework*.

Audit fieldwork is tentatively scheduled from May 2015 to July 2015. We expect to release the audit report in August 2015.

We will meet periodically with management to discuss interim and final audit results. Before releasing the audit report, we will provide management with a confidential draft, and we will request formal written responses. These responses should objectively address the audit results and should include a corrective action plan, if necessary. The responses should be submitted to IAD within ten working days. The audit report will include management's formal responses. We will provide the TxDMV Titling and Registration Working Group an opportunity to review the draft audit report to ensure information in the report is accurate.

If you have any questions, please contact me at (512) 465-4118. We look forward to working with the TACs and TxDMV divisions.

Sincerely,

Sandra Vice, CIA, CGAP, CISA
Internal Audit Director

Ms. Whitney Brewster
April 17, 2015
Page 2

Attachments

cc: John Henry Walker III, Chairman, TxDMV Board
Laura Ryan, Vice-Chairman, TxDMV Board
Shelly Mellott, Deputy Executive Director
Jeremiah Kuntz, VTR Director
Linda Flores, Chief Financial Officer
Tax Assessor-Collectors Association of Texas Officers and Directors
TxDMV Titling and Registration Working Group



MEMORANDUM FROM THE TXDMV INTERNAL AUDIT DIVISION

To: John H. Walker III, Chair, TxDMV Board
Laura Ryan, Vice-Chair
Raymond Palacios Jr., Chair, Finance and Audit Committee
Blake Ingram, Finance and Audit Committee Member
William Marvin Rush, Finance and Audit Committee Member
Joseph O. Slovacek, Finance and Audit Committee Member
Robert Barnwell III
Luanne Caraway
Victor Rodriguez

From: Sandra Vice, Internal Audit Director

Date: May 29, 2015

cc: Whitney Brewster, Executive Director
Shelly Mellott, Deputy Executive Director

Subject: A Report on the Quality Assurance and Improvement Program of the TxDMV's Internal Audit Division

Attachment: *Report on the Quality Assurance Review of the TxDMV Internal Audit Division*

SUMMARY OF RESULTS

We have completed the annual review of internal audit's Quality Assurance and Improvement Program, which included an Internal Audit Self-Assessment Review and an External Quality Assurance Review (peer review).

Both the internal self-assessment and the external peer review concluded that the TxDMV Internal Audit Division complies with the (1) Institute of Internal Auditors *International Professional Practices Framework* (IIA Standards), the definition of internal auditing, and the IIA's *Code of Ethics*; (2) U.S. Government Accountability Office's (GAO) *Government Auditing Standards* (GAS); and (3) Texas Internal Auditing Act, Texas Government Code, Chapter 2102 (Act).

The internal self-assessment that internal audit conducted identified one deficiency related to report language. As part of our commitment to continuous improvement, we also identified one opportunity for internal audit to formalize its internal processes for record retention and release of audit documentation. Internal audit implemented changes to its reporting language and policies as a result of its internal self-assessment.

The external peer review conducted by a peer review team gave internal audit a rating of "pass" out of three possible ratings: pass, pass with deficiencies, or fail. In its report, the peer review team identified one opportunity for improvement about considering adding audit resources whose primary expertise is

auditing technology. Internal audit staff will increase their knowledge of technology, request a contractor worker with IT knowledge if necessary to perform an audit, and consider opportunities to hire an auditor with technology expertise.

BACKGROUND

Auditing standards require that the director of internal audit develop and maintain a Quality Assurance and Improvement Program that includes both internal and external assessments of the internal audit activity. The IIA *Standards* require that the results of these periodic assessments be communicated to the governing board at least annually. The IIA *Standards* and the GAO *GAS* require that internal audit's Quality Assurance and Improvement Program include:

- Internal assessments that include ongoing monitoring of the performance of the internal audit activity, as well as periodic reviews performed through self-assessment.
- External assessments conducted every three years by a qualified, knowledgeable peer review team independent of the agency. The peer review issues a public report rendering an overall opinion on whether internal audit's Quality Assurance and Improvement Program provides reasonable assurance that internal audit complies with applicable professional standards in all material aspects.

INTERNAL SELF-ASSESSMENT

The TxDMV Internal Audit Division maintains an ongoing Quality Assurance and Improvement Program and performs ongoing monitoring as required. As part of this program, internal audit completed an annual internal self-assessment in January 2015 with an internal audit employee who was not responsible for conducting the audit work or project management on the projects reviewed.

Based on the self-assessment results, the TxDMV Internal Audit Division complies with the IIA *Standards*, the definition of internal auditing, the IIA's *Code of Ethics*, the GAO *GAS*, and the Act with one deficiency related to report language. The results also identified one opportunity for internal audit to formalize its internal processes for record retention and release of audit documentation. Internal audit has implemented changes detailed below to address its reporting language and policies.

Deficiency: The Internal Audit Division Cited Compliance with IIA *Standards* Prior to Receiving a Peer Review. Internal audit released two audit reports during calendar year 2014 with the following statement:

This audit was also conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

The IIA *Standards* state that the above language should not be used until internal audit has passed its external peer review. As internal audit had not yet received an external peer review at the time the reports were released, internal audit should not have stated that the audits were conducted in conformance with the IIA *Standards*.¹ Internal audit amended its report language in a subsequent report released prior to completion of its peer review.

¹ Internal audit may cite conformance with another set of auditing standards (the GAO's generally accepted government auditing standards).

Opportunity for Improvement: The Internal Audit Division Could Formalize its Retention and Release of Audit Documentation Practices by Developing a Policy. Internal audit's practice on the retention and release of audit documentation to both internal and external parties was in compliance with the *Standards*, but the practice was not formalized in the *TxDMV Internal Audit Policies and Procedures Manual*. Internal audit developed a policy to formally document its record retention and release policies as a result of the self-assessment.

EXTERNAL PEER REVIEW

The TxDMV Internal Audit Division completed its inaugural peer review in March 2015, and the peer review team released its report on April 1, 2015, which rated the TxDMV Internal Audit Division as "pass". The following is an excerpt from the peer review report's overall opinion:

Based on the information received and evaluated during this external quality assurance review, it is our opinion that the Texas Department of Motor Vehicles (TxDMV) Internal Audit Division receives a rating of "pass" and is in compliance with the Institute of Internal Auditors (IIA) International Professional Practices Framework (effective January 1, 2013) and Code of Ethics, the United States Government Accountability Office (GAO) Government Auditing Standards (December 2011 Revision), and the Texas Internal Auditing Act (Texas Government Code, Chapter 2102). This opinion, which is the highest of the three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function.

The report noted one opportunity for improvement; the opportunity and the Internal Audit Director's response is as follows:

Opportunity for Improvement:

In evaluating the impact of technology on the Agency's future resource needs, consideration should be given to additional audit resources whose primary expertise and responsibility is auditing technology, including the complexities of contracts required for technology projects.

Director's Response:

The Director agrees with the above opportunity for improvement. Current staff will take steps to increase their technology skills and knowledge through professional development. If an audit requires technical skills the audit team does not possess, the Division will request approval to hire a temporary contract IT auditor. Also, the Internal Audit Division will seek an auditor with information technology experience when it has a vacancy or if additional resources are assigned to the division.

The report also noted several best practices in the Division's Quality Assurance and Improvement Program (see *Report on External Quality Assurance Review of TxDMV Internal Audit Division*, page 7).



The Internal Audit Division of the Texas Department of Motor Vehicles

Receives a rating of

Pass

In compliance with the Institute of Internal Auditors' International Professional Practices Framework, Government Auditing Standards, and the Texas Internal Auditing Act

This opinion is based on a quality assessment review conducted by members of the Texas State Agency Internal Audit Forum during the period of February 2015 through March 2015. The review was based on the methodology developed by the Texas State Agency Internal Audit Forum



Handwritten signature of Hector Lozano in black ink.

Hector Lozano, CPA
Senior Internal Auditor
Texas Department of Family and Protective Services



Handwritten signature of Luis Solis in blue ink.

Luis Solis, CGAP, CRMA
Audit Manager
Texas Workforce Commission

**REPORT ON THE
EXTERNAL QUALITY ASSURANCE REVIEW
OF THE TEXAS DEPARTMENT OF MOTOR
VEHICLES**

INTERNAL AUDIT DIVISION

April 2015



PERFORMED BY

**HÉCTOR LOZANO, CPA
SENIOR INTERNAL AUDITOR
TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES**

**LUIS SOLIS, CGAP, CRMA
AUDIT MANAGER
TEXAS WORKFORCE COMMISSION**

**PERFORMED IN ACCORDANCE WITH THE
STATE AGENCY INTERNAL AUDIT FORUM
PEER REVIEW POLICIES AND PROCEDURES EFFECTIVE
FEBRUARY 2013**

TEXAS DEPARTMENT OF MOTOR VEHICLES
INTERNAL AUDIT DIVISION
EXTERNAL QUALITY ASSURANCE REVIEW - April 2015

OVERALL OPINION

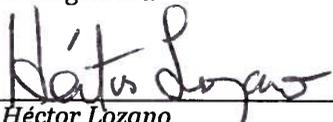
Based on the information received and evaluated during this external quality assurance review, it is our opinion that the Texas Department of Motor Vehicles (TxDMV) Internal Audit Division receives a rating of “pass” and is in compliance with the Institute of Internal Auditors (IIA) *International Professional Practices Framework (effective January 1, 2013)* and Code of Ethics, the United States Government Accountability Office (GAO) *Government Auditing Standards (December 2011 Revision)*, and the Texas Internal Auditing Act (*Texas Government Code, Chapter 2102*). This opinion, which is the highest of the three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function.

We found that the Internal Audit Division is independent, objective, and able to render impartial and unbiased judgments on the audit work performed. The staff members are qualified, proficient, and knowledgeable in the areas they audit. Individual audit projects are planned using risk assessment techniques; audit conclusions are supported in the working papers; and findings and recommendations are communicated clearly and concisely.

The Internal Audit Division is well managed internally. In addition, the Division has effective relationships with the Board and is well respected and supported by management. Surveys and interviews conducted during the quality assurance review indicate that management considers Internal Audit a useful part of the overall agency operations and finds that the audit process and report recommendations add value and help improve the Agency’s operations.

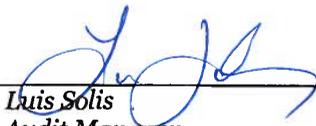
ACKNOWLEDGEMENTS

We appreciate the courtesy and cooperation extended to us by the Internal Audit Director, Internal Audit staff, the Chairman of the Board and Finance and Audit Committee Chairman, the Executive Director, and the senior managers who participated in the interview process. We would also like to thank each person who completed surveys for the quality assurance review. The feedback from the surveys and the interviews provided valuable information regarding the operations of the Internal Audit Division and its relationship with management.



Héctor Lozano
Senior Internal Auditor
Texas Department of Family and
Protective Services
SAIAF Peer Review Team Leader

4/1/15
Date



Luis Solis
Audit Manager
Texas Workforce Commission
SAIAF Peer Review Team Member

4/1/15
Date

TEXAS DEPARTMENT OF MOTOR VEHICLES
INTERNAL AUDIT DIVISION
EXTERNAL QUALITY ASSURANCE REVIEW - April 2015

BACKGROUND

The Institute of Internal Auditors (IIA) *International Professional Practices Framework*, U.S. Government Accountability Office (GAO) *Government Auditing Standards*, and the Texas Internal Auditing Act require that internal audit functions obtain external quality assurance reviews to assess compliance with standards and the Act and to appraise the quality of their operations. *Government Auditing Standards* require these reviews at least every three years. A periodic external quality assurance review, or peer review, of the internal audit function is an essential part of a comprehensive quality assurance program. This quality assurance review was performed in accordance with *State Agency Internal Audit Forum (SAIAF) Peer Review Process Manual* (February 2013).

OBJECTIVES, SCOPE, AND METHODOLOGY

The primary objective of the quality assurance review was to evaluate the Texas Department of Motor Vehicles Internal Audit Division's compliance with auditing standards and the Texas Internal Auditing Act. Additional objectives included identifying best practices as well as areas where improvement may be needed. The review covered all completed audit and non-audit service projects performed by the Texas Department of Motor Vehicles Internal Audit Division from February 2014 through February 2015.

The work performed during the review included:

- Review, verification, and evaluation of the self-assessment prepared by the Internal Audit Division according to SAIAF guidelines.
- Review and evaluation of 15 responses to 17 e-mailed surveys completed by management.
- Interviews with the Internal Audit Director, Internal Audit Division staff, Executive Director, Deputy Executive Director, General Counsel, four Division Directors, Chairman of the Board, Finance and Audit Committee Chairman, and a former external auditor with knowledge of the Internal Audit Division.
- Review and evaluation of audit working papers for one audit project included in the self-assessment and the most recently completed audit project in February 2015.
- Review of Internal Audit's policies and procedures, annual risk assessment, annual audit plan, and other relevant documents.

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EXTERNAL QUALITY ASSURANCE REVIEW - April 2015

DETAILED RESULTS

The results of the quality assurance review for the Texas Department of Motor Vehicles Internal Audit Division are presented in the order of the *International Standards for the Professional Practice of Internal Auditing (Standards)*. No significant weaknesses were identified during the review that would prevent the Division from fulfilling its responsibilities. The detailed results include identification of best practices.

IIA Code of Ethics

Internal Audit relies on and practices its policy for professional conduct which is consistent with the tone at the top that has been established by the Board and Executive Management regarding ethics and integrity in achieving the Agency's mission and goals. The Internal Audit Director shares articles with staff about ethical behavior. Also, the Agency has sent out memorandums to division directors reminding them of ethical and professional behavior requirements for the Agency. Internal Audit's charter states that Internal Audit will abide by the Code of Ethics. In conducting its work, Internal Audit communicates to the divisions the importance of ethical behavior in conducting operations.

Standard 1000: Purpose, Authority, and Responsibility

The purpose, authority, and responsibility of Internal Audit have been defined in a charter that is consistent with auditing standards. The current charter was signed by the Chairman of the Board, Finance and Audit Committee Chairman, and the Executive Director in March 2014. It defines the nature of audit and consulting services and grants the Internal Audit Division authorized access to agency records, property, and personnel when performing their official duties.

Standard 1100: Independence and Objectivity

The Internal Audit Division is independent in terms of the agency's organizational structure and the Division's practices. To assure the independence of the internal audit function, the Internal Audit Director reports functionally to the Board and its Finance and Audit Committee and administratively to the Executive Director. Removal of the Internal Audit Director requires Board approval.

The charter helps ensure continued independence by specifying that internal auditors must remain free of operational and management responsibilities that could impair their ability to make independent reviews of all areas of the Agency's operations. None of the internal auditors has prior responsibility for any areas that the Division audits. In addition, auditors are required to evaluate and attest to the status of their independence on each audit performed.

Standard 1200: Proficiency and Due Professional Care

The internal auditors individually and collectively possess the knowledge, skills, and abilities to perform their responsibilities. Staff accreditations with professional organizations include the Institute of Internal Auditors, Information Systems Audit and Control Association, and the Association of Certified Fraud Examiners. All auditors are required to obtain at least 40 hours of continuing education every year, for a minimum total of 80 hours of each two-year reporting period.

As part of the documentation obtained by the Peer Review Team, the Agency's Strategic Plan for Fiscal Years 2015 - 2019 was reviewed, noting that the Texas Department of Motor Vehicles is establishing technology strategies to respond to key factors that will affect the

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Agency over the next five years. The Agency's technology is intricately intertwined with that of the Texas Department of Transportation. This is a major factor affecting the Agency's

ability to become fully independent and agile enough to meet future needs. Furthermore, there were 19 business process analysis initiatives identified as part of the Texas Automation Systems Project that was conducted in Fiscal Year 2011.

Given the strategic priority and impact that technology will have on the Agency's future and day-to-day operations, the internal auditors will require knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work in an expanding technological and contract environment. Enhancing this area of audit proficiency would help the Agency in its strategy to mitigate the risks associated with complex technology initiatives and projects that are at the core of the Agency's business operations.

Opportunity for Improvement:

In evaluating the impact of technology on the Agency's future resource needs, consideration should be given to additional audit resources whose primary expertise and responsibility is auditing technology, including the complexities of contracts required for technology projects.

Director's Response:

The Director agrees with the above opportunity for improvement. Current staff will take steps to increase their technology skills and knowledge through professional development. If an audit requires technical skills the audit team does not possess, the Division will request approval to hire a temporary contract IT auditor. Also, the Internal Audit Division will seek an auditor with information technology experience when it has a vacancy or if additional resources are assigned to the division.

Standard 1300: Quality Assurance and Improvement Program

The Internal Audit Director implemented a quality assurance and improvement program to help ensure that Internal Audit adds value, improves the Agency's operations, and provides assurance that the Division complies with *Standards* and the IIA Code of Ethics.

The cornerstone of Internal Audit's quality assurance and improvement program is the experience, knowledge, and competency of its Internal Audit Director and audit staff. Under the Internal Audit Director's leadership, Internal Audit hired auditors with the skill sets needed to audit the Agency's operations in a timely and professional manner.

Another hallmark of quality assurance resides in the interpersonal and listening skills of the Internal Audit Director and her staff to ensure that risks and concerns of the Board and management are considered in the planning, field work, and reporting phases of an audit engagement. Feedback from auditees is sought and thoughtfully considered by Internal Audit in writing audit reports, developing audit findings that are easily understood, and providing recommendations that are agreeable to the auditee, reasonable, and can be implemented.

Standard 2000: Managing the Internal Audit Activity

The Internal Audit Director conducted an annual risk assessment that formed the basis for the Fiscal Year 2014 Annual Audit Plan, which was approved by the Board. Each internal audit report addressed risk and control issues within the Agency. The Director developed policies and procedures to guide the internal audit activity in accordance with the *Standards*. The Director reported the Division's performance relative to the Fiscal Year 2014 Annual Audit Plan in the Fiscal Year 2014 Annual Report on Internal Audit submitted to the

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Executive Director, Deputy Executive Director, Board, and external oversight agencies, including the Governor's Office, Legislative Budget Board, Sunset Advisory Commission, and the State Auditor.

Standard 2100: Nature of Work

Internal Audit evaluates risks related to financial and operating information as well as the effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws and regulations. The Division also evaluates the extent to which operating and program objectives have been achieved. Internal Audit attends various governance and steering committee meetings to stay informed on Agency matters and initiatives that could have an impact on the nature of Internal Audit's work.

To comply with the January 2013 revision to the IIA *Standards* that requires Internal Audit to contribute to the organization's risk management and governance processes, the Division provides information and assistance to Executive Management and the Board about how the accomplishment of goals is monitored and how accountability is ensured. Internal Audit is included in the agenda of the Finance and Audit Committee Meetings to help ensure that the Board is kept informed of audit related issues.

Standard 2200: Engagement Planning

During planning, internal auditors consider the scope and objectives of the activity being reviewed and the related risks and controls. A project plan, which is prepared and documented in the work papers, includes the assignment of audit staff, milestones, and budget required for achieving the audit's objectives. Audit criteria and risk assessments are documented and used to develop the objectives of each audit.

Entrance conferences and engagement letters are documented and communicated to the auditees to help ensure the objectives of audits are clearly understood by the auditees, and auditees have an opportunity to provide input and feedback during the planning phase of the audit. Planning procedures, the project plan, and the audit procedures to be performed during field work are reviewed and approved by the Director and documented in the work papers.

Standard 2300: Performing the Engagement

The Internal Audit Director ensures that the auditors assigned to the project have the skills to perform the engagement, and the Director and Deputy Director closely supervise field work. The Director and Deputy Director review work papers as appropriate to ensure compliance with the *Standards*. Internal auditors gather, organize, and evaluate audit evidence that is sufficient, reliable, and relevant to their audit objectives and can support audit conclusions. Work papers are neat, legible, and well organized, including sources, purpose, procedures, results, and conclusions that make it easy for a reviewer to determine what the purpose of the work paper is.

Standard 2400: Communicating Results

Audit results are communicated in a timely manner, and the Peer Review Team was told in interviews that Internal Audit is very approachable, and it is easy to discuss potential findings and other audit issues with the auditors. The Peer Review Team was also told during interviews that Internal Audit is willing to listen to auditees to ensure that findings are accurate, complete, and understandable, incorporating wording changes when deemed necessary and appropriate. Internal Audit also gives management the opportunity to provide management responses to findings and recommendations. Auditees who were interviewed described Internal Audit's recommendations as reasonable for implementation.

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Internal Audit has excellent templates for summarizing audit issues and preparing audit reports that are well organized and visually formatted. Audit reports contain the audit objectives, results, conclusions, recommendations, and management's responses and action plans. The results of our surveys and interviews with Board members and management indicated that internal audit reports are timely, accurate, clear, complete, and objective. The Internal Audit Director distributes internal audit reports to the Board, Executive Management, and management of the activity being audited. In addition, the Internal Audit Director complies with House Bill 16 (83rd Legislature, Regular Session), which amended the Texas Internal Auditing Act by adding the requirement that within 30 days of approval, an entity should post its audit plan and internal audit annual report on its Internet Web site.

Standard 2500: Monitoring Progress

The Agency has a system and database for monitoring the disposition of audit issues. Internal Audit tracks recommendations made to the Agency regardless of the source and periodically conducts an audit to follow up on the status of the implementation of the recommendations. Internal Audit will report to the Board annually on the *"Percent of Audit Recommendations Implemented."*

Standard 2600: Resolution of Senior Management's Acceptance of Risks

During the quality assurance review, no instances were identified of management accepting an inappropriate level of risk that would require the Internal Audit Director to notify the Board.

TEXAS DEPARTMENT OF MOTOR VEHICLES
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EXTERNAL QUALITY ASSURANCE REVIEW - April 2015

BEST PRACTICES

Internal Audit is a progressive division that is dedicated to continuous improvement. During the quality assurance review, we observed a number of practices that demonstrate outstanding commitment and professionalism. These leading practices include the following:

- The Internal Audit Director and staff have effective working and reporting relationships with the Board, executive management, and division management based on mutual respect, trust, and commitment to improving controls within the agency.
- Internal Audit offers a proactive perspective on business risks and how to mitigate them through its advisory role on the governance team, executive steering committees, and workgroups.
- The Internal Audit Director and staff have significant experience and expertise in governmental auditing and a working knowledge of the state government environment. The Director was appointed to the U.S. Government Accountability Office's Advisory Council on Government Auditing Standards, which reviews standards and recommends necessary changes.
- The internal auditors are professional and proficient. They are knowledgeable of and have a firm grasp of government and internal audit standards. They collectively hold professional certifications, including Certified Internal Auditor, Certified Government Auditing Professional, Certified Information Systems Auditor, and Certified Fraud Examiner.
- All internal audit staff members obtain at least 80 hours of continuing professional education each two-year period provided by recognized, professional auditing organizations. The division staff is implementing a succession plan that includes providing the deputy director with management and leadership training.
- There is an excellent and automated system for tracking and reporting the status of prior audit recommendations and communicating the percent of recommendations implemented on an annual basis.
- Internal Audit developed the *TxDMV Internal Audit Policies and Procedures Manual* and an audit template that incorporates procedures, excellent guides that provide direction to staff auditors, assuring consistent internal audit practices and compliance with audit standards.
- The Internal Audit Director participates in the State Agency Internal Audit Forum (SAIAF) and its Peer Review Committee. SAIAF is an organization designed to promote the role and importance of internal auditing and advancement of the internal auditing profession.
- Internal Audit uses audit software to manage, plan, execute, and report the results of audit engagements in a timely, efficient and effective manner.
- Internal Audit coordinates external audit engagements to assist management in responding to requests for information in a timely and complete manner.

REPORT DISTRIBUTION LIST

John H. Walker, III, Chairman of the Board

Raymond Palacios, Jr., Chairman of the Finance and Audit Committee

Whitney Brewster, Executive Director

Sandra Vice, Chief Audit Executive



Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

84th Legislative Session Update

Texas Department of Motor Vehicles Board Meeting

Agenda Item 4.B.

May 29, 2015

Texas Department of Motor Vehicles (TxDMV) staff has been working diligently analyzing the operational and fiscal impacts of filed legislation; providing information requested by lawmakers and their staffs; and continually coordinating with our stakeholders on legislative initiatives.

As of today, 3 days remain in the 84th Legislature's Regular Session. The remaining deadline for the Legislature is the last day for conference committee reports to be adopted, which is Sunday, May 31. On the last day of the regular session, Monday, June 1, only "corrections" are allowed before the Legislature will adjourn Sine Die.

Today I will cover three groups of legislation to include bills filed related to the 84th Legislative Agenda adopted by the TxDMV Board; bills impacting TxDMV operations; and specialty license plate related bills.

Agency Priority Bills

- HB 2701 by Pickett and SB 1043 by Nichols include the TxDMV clean-up and omnibus language. While HB 2701 appeared on the House Calendar May 12; which was 2 full days prior to the May 14 deadline for House Bills to be heard on the House Floor; it was brought up for consideration by midnight on May 14. Subsequently, SB 1043 was set for consideration by the Senate on May 19, then again on May 21.
- HB 4115 by Pickett and SB 1512 by Hancock contain language to recreate the TxDMV Fund. SB 1512 has passed the Senate and was voted out of the House on May 22. It is now on its way to the Governor for further consideration. In addition, the TxDMV Fund recreation language is included in HB 6 by Otto, the funds consolidation bill. Please note than in addition to recreating the TxDMV Fund, HB 6 also exempts it from the funds consolidation provision in the bill. HB 6 was voted out of Senate Finance May 22.
- HB 1788 by Walle and SB 1504 by Garcia include the salvage occupational licensing clean-up language. Both bills have been heard in committee but have not yet been voted out.

HB 1 by Otto contains the state budget and the HB 1 Conference Committee met May 20 to discuss recommendations. As noted by our CFO, Linda Flores, the recommendation of the conference committee is to go with the Senate version allowing for a \$57.9 million purchase option through a revenue bond to be issued by the Texas Facilities Commission for a new headquarters facility. In addition, we have received

Impact Bills

We have identified several bills which would impact department operations which are listed in the table provided. Some of those bills include:

- HB 439 by Gonzales and SB 449 by Bettencourt which would define “autocycles” as motorcycles for the purpose of registration and titling. SB 449 passed both chambers and would accommodate vehicles such as the Polaris Slingshot. This bill has been sent to the Governor for signature.
- HB 735 by Israel would require TxDMV to annually produce a report on alternatively fueled vehicles, such as hybrids and fully electric vehicles. This bill has been reported from Senate Transportation to the Senate for further consideration.

Specialty License Plate Bills

Of the 32 bills filed related to the creation of specialty license plates for different interests or recognizing various military awards and accomplishments, nine have passed out of their chamber of origin for further consideration by the Legislature. Five of those bills are related to recognizing military accomplishments and create more than one license plate, and the other four are related to various initiatives including:

- HB 199 by Huberty allowing for current elected county officials to obtain a specialty license plate.
- HB 315 by Raymond would create an “In God We Trust” license plate with revenues dedicated to the Texas Veterans Commission.

- HB 792 by Clardy which would allow for buses to receive an antique vehicle license plate.
- SB 742 by Ellis creating a Texas Medical Center license plate.

Many of these bills contain language allowing for a delayed implementation date of January 1, 2016 to accommodate the RTS Refactoring project schedule. For those bills not including such language, we have visited with the legislative offices to explain these will not be available starting September 1, 2015, so they are aware of our situation.

Conclusion

We continue to work with members of the legislature, their staff, and stakeholders to ensure a comprehensive, thorough analysis and discussion of legislation. Through the continued leadership and support of TxDMV executives and staff, we are well on our way to experiencing another successful legislative session.

84th Legislature Bills of Interest

Bill	Subject	Companion	Heard in Committee of Origin	Passed out of Committee	Floor Action in Chamber of Origin	Heard in 2nd Committee	Passed out of Committee	Floor Action in 2nd Chamber	Conference Committee Appointed	Conference Report Adopted
SB 1043 by Nichols	TxDMV Clean-up/Omnibus	HB 2701 by Pickett	1-Apr	1-Apr	21-May					
SB 1512 by Hancock	TxDMV Fund	HB 4115 by Pickett	7-Apr	9-Apr	20-Apr	14-May	14-May	22-May		
HB 1 by Otto	GAA	SB 2 by Nelson	24-Mar	24-Mar	1-Apr	8-Apr	9-Apr	14-Apr	House 4/22 Senate 4/23	Estimated 5/22
HB 6 by Otto	Funds Consolidation	SB 1736 by Hinojosa	9-Apr	15-Apr	28-Apr	22-May				
HB 7 by Darby	Dedicated Revs/Funds	SB 1276 by Nelson	9-Apr	15-Apr	28-Apr	14-May	18-May	21-May		
SB 449 by Bettencourt	Autocycle Definition	HB 439 by Gonzales	25-Mar	1-Apr	9-Apr	4-May	5-May	12-May	PORTION IN SB 1043	N/A
HB 735 by Israel	Alt Fueled Vehicles Rpt	N/A, Ellis Sponsor	26-Mar	2-Apr	5-May	18-May	19-May		PORTION IN HB 2701	
HB 2115 by Phillips	Inspection period for CFB	N/A, Nichols Sponsor	9-Apr	13-Apr	29-Apr	11-May	12-May	20-May	IN HB 2701	N/A
HB 2154 by Dutton	SOAH Sunset Bill, PFDs final	SB 216 by Birdwell	7-Apr	9-Apr	29-Apr	7-May	8-May	13-May	House Concurred	N/A
HB 2424 by Thompson	ABTPA fees	N/A, Eltife Sponsor	15-Apr	22-Apr	5-May	14-May	15-May	22-May		
HB 75 by Gonzalez	Farmers Coop reg exemption	SB 658 by Rodriguez	5-Mar	19-Mar	9-Apr	11-May	12-May	14-May	N/A	N/A
HB 833 by Clardy	Motor home dealer license	SB 1948 by Nichols	23-Mar	30-Mar	20-Apr	29-Apr	12-May	21-May	N/A	N/A
HB 1360 by Isaac	Exempts US Coast Guard vehicles from registration	N/A, Zaffirini Sponsor	20-Apr	23-Apr	8-May	20-May				

84th Legislature Bills of Interest

Bill	Subject	Companion	Heard in Committee of Origin	Passed out of Committee	Floor Action in Chamber of Origin	Heard in 2nd Committee	Passed out of Committee	Floor Action in 2nd Chamber	Conference Committee Appointed	Conference Report Adopted
SB 562 by Nichols	Annual permits for carrying electric poles	HB 1368 by Phillips	11-Mar	16-Mar	24-Mar	29-Apr	29-Apr	30-Apr	N/A	N/A
HB 1542 by Paddie	RSCs Digital messaging	N/A	8-Apr	15-Apr	12-May	20-May			PORTION IN HB 2701	
HB 2076 by Oliveira	Clarifies notification on mechanics liens	N/A	7-Apr	16-Apr	12-May	21-May				
SB 971 by Perry	Implements of husbandry definition	HB 2202 by Kacal	15-Apr	20-Apr	30-Apr	6-May	6-May	7-May	N/A	N/A
HB 2400 by Bohac	Eligibility for manufacturer plates	SB 1125 by V. Taylor	24-Mar	2-Apr	29-Apr	6-May	6-May	15-May	N/A	N/A
HB 2592 by Phillips	Ready-mixed concrete trucks clarifying language	N/A	16-Apr						IN HB 2701	
SB 272 by Hancock	contribution on vehicle reg	HB 2756 by Burkett	15-Apr	21-Apr	30-Apr	7-May	7-May	13-May	N/A	N/A
HB 3103 by Murphy	Operation of golf carts, commerical utility vehicles	N/A	16-Apr	22-Apr	5-May					
SB 20 by Nelson	State agency contracting	HB 3241 by Price	19-Mar	25-Mar	31-Mar	8-May	8-May	19-May	5/21 - Senate	
HB 3283 by Zerwas	registry donation on registration	SB 1561 by Zaffirini	2-Apr	15-Apr	23-Apr	20-May				
SB 1561 by Zaffirini	registry donation on registration	HB 3283 by Zerwas	8-Apr	13-Apr	16-Apr					
SB 754 by Watson	Motorcycle reg fee for motorcycle training	HB 3862 by Zedler	22-Apr	27-Apr	5-May	8-May	8-May	22-May		
HB 2085 by Munoz	Issue permits for local corridors	SB 1424 by Lucio	20-Apr	23-Apr	5-May				IN HB 2701	

84th Legislature Bills of Interest

Bill	Subject	Companion	Heard in Committee of Origin	Passed out of Committee	Floor Action in Chamber of Origin	Heard in 2nd Committee	Passed out of Committee	Floor Action in 2nd Chamber	Conference Committee Appointed	Conference Report Adopted
SB 1307 by Menendez	Occupational licensing for military	N/A	1-Apr	8-Apr	29-Apr	20-May	20-May			
SB 1171 by Nichols	Timber permit changes	N/A	1-Apr	7-Apr	29-Apr	18-May	18-May	22-May		
SB 1173 by Nichols	Operation of commercial motor vehicles	HB 2714 by Phillips	25-Mar	7-Apr	15-Apr	4-May	4-May	Postponed to 22-May		
SB 1756 by V. Taylor	Driver License Renewals	N/A, Phillips sponsor	15-Apr	16-Apr	28-Apr	12-May	12-May	22-May		

**84th Legislature
Specialty License Plates Placards Bills**

Bill	Subject	Companion	Heard in Committee of Origin	Passed out of Committee	Floor Action in Chamber of Origin	Heard in 2nd Committee	Passed out of Committee	Floor Action in 2nd Chamber	Conference Committee Appointed	Conference Report Adopted
SB 193 by Creighton	SLP for 4 added military medals	HB 67 by Gonzalez	11-Mar	16-Mar	1-Apr	29-Apr	29-Apr	5-May	N/A	Effective 9/1
HB 127 by McClendon	SLP for commendation medal	N/A	25-Feb	22-Apr	8-May	18-May	19-May			
HB 199 by Huberty	SLP for TACs	N/A	7-Apr	13-Apr	1-May					
HB 315 by Raymond	SLP for "In God We Trust"	N/A	26-Mar	6-Apr	16-Apr	11-May	12-May	20-May		
HB 612 by S. Davis	SLP for female DVs	N/A	18-Mar	25-Mar	20-Apr	5/18, pulled				
HB 789 by R. Miller	SLP for retired military	N/A	11-Mar	25-Mar	20-Apr	11-May	12-May	14-May	House Concurred	N/A
HB 792 by Clardy	SLP for antique buses	N/A	10-Mar	26-Mar	26-Apr	11-May	12-May	20-May		
HB 830 by Larson	SLP for Alamo	SB 1721 by Campbell	Scheduled 4/7, pulled; scheduled 4/20	23-Apr	8-May	18-May	19-May			
HB 923 by Flynn	SLP for 36th Infantry Division	N/A	11-Mar	26-Mar	30-Apr	11-May	12-May	14-May	House Appointed 5/18	
HB 1128 by Fletcher	SLP for Combat Action Badge	N/A	11-Mar	1-Apr	12-May	20-May	20-May			
HB 1273 by Farias	SLP for 17 added military designations	N/A	11-Mar	1-Apr	30-Apr	18-May	19-May			
HB 1364 by R. Miller	SLP for Defense Meritorious Service Medal	N/A	22-Apr	29-Apr	12-May	20-May	20-May			

84th Legislature
Specialty License Plates Placards Bills

Bill	Subject	Companion	Heard in Committee of Origin	Passed out of Committee	Floor Action in Chamber of Origin	Heard in 2nd Committee	Passed out of Committee	Floor Action in 2nd Chamber	Conference Committee Appointed	Conference Report Adopted
HB 1702 by Blanco	Eliminates fee for Gold Star SLPs	N/A	22-Apr	29-Apr	8-May	20-May	21-May			
SB 742 by Ellis	SLP for Texas Medical Center	HB 2905 by S. Davis	18-Mar	23-Mar	9-Apr	29-Apr	29-Apr	6-May	N/A	Effective 9/1
HB 3610 by Collier	SLP for Juneteenth	N/A	23-Apr	28-Apr	5-May	18-May				
HB 4099 by Fletcher	SLP for K9s4Cops	N/A	7-Apr	13-Apr	15-May	18-May	19-May			
SB 1987 by Menendez	SLP for hearing impaired	N/A	22-Apr	27-Apr	5-May	18-May	18-May	22-May		

Enterprise Projects Update – Revised

05/29/2015



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Closed Projects

100% finished on time. 3 finished under budget.

- ▣ Active Directory/e-Mail Password Sync – 4.6.2015
- ▣ Single Sticker Phase 1 – 3.31.2015
- ▣ Communications Program / HQ Project – 2.28.2015
- ▣ Temp Permits – 10.27.2014

Award Nominees

2 TxDMV Projects Nominated for Best of Texas Awards

- NMVTIS – Nominee for Best Application Serving the Public

- Temp Permit – Nominee for Best Application Serving an Agency’s Business Needs
 - 50,000+ permits issued so far



Single Sticker Phase 2

Schedule

May 12, 2015 – March 1, 2016

Budget

- ✓ Estimated at \$2.1M
- ✓ Agency funds identified

Impacts

New legislation TBD by mid-June 2015

Completed Actions

- ✓ Approved by Governance Team
- ✓ Assigned Business Analyst

Next Steps

- Organize Project Teams
 - TxDMV
 - Consortium of Stakeholder Agencies
 - TACs Advisors
- Hire Project Manager
- Define Scope
- Gather business requirements /new legislative requirements
- Develop Project Plan and Schedule



WebDealer Project – Green

Available Statewide

- ✓ New Cars
- ✓ Used Cars
- ✓ Document Management
- ✓ Commercial Fleet Buyers

Adoption Trends

- 100,000th title issued
- Total Dealer Title Applications thru WebDealer = 5.56% (Target = 5%)

Future Phases

- Salvage
- E-Tags
- Centralized Payments
- E-Titles
- Private Party Sales



RTS Refactoring Phase I - GREEN

RTS Application Used by TACs

- Rollout Schedule: May 18,2015 thru July 6,2015 is still a "Go"

- Completed
 - Phase 1A.1 (7 RSC + HQ) May 18
 - Phase 1A.2 (9 RSCs) May 22, May 26

- On Schedule
 - Phase 1B – June 1
 - Phase 2 – June 8
 - Phase 3 – June 22
 - Phase 4 – July 6

- Contingency Plans
 - Rollback Plan Developed



RTS Refactoring Phase II - Yellow

Move Data Off Mainframe to Servers

No Impact to Phase I

Aug 3, 2015

- Integration Testing behind (Deloitte)
 - Missed end date (3.15.15)
 - Projected end date is 6.10.15
 - 98% Done
 - 2% Remaining is highly complex
 - Estimated end date is 6.10.15
- Systems Testing (DMV)
 - Missed end date (5.20.15)
 - DMV agreed to start before Deloitte finished Integration Testing
 - 68% Done
 - DMV hired 2 more contractors to help
 - Deloitte's projected end date 6.19.2015
- User Acceptance Testing (UAT)
 - Schedule 6.1.15 – 7.3.15 at high risk
 - New projected schedule 6.22.15 – 7.24.15
- Can Deloitte Catch Up?
 - Interim between UAT to Go Live is compressed from 1 month to 7 business days
 - At high risk
- Consequences for Deloitte
 - \$4700 / day after August 3, 2015
 - Covers DMV's daily mainframe cost



LACE Project – Red

- ❑ Project Manager Hired / Started 4.20.2015
- ❑ Procurement Update
 - Agency is working toward an award
 - Software licensing types/costs being determined
 - IV&V statement of work provided to Purchasing
- ❑ Schedule Update
 - Approved End Date is February 2016
 - Projected duration after award: 14 to 18 months
 - **Project will not be completed by February 2016**
- ❑ Budget Update
 - **Combined cost of all contracts exceeds approved budget**
 - **Existing agency capital funds have been identified**
 - **Board is asked to authorize Executive Director to increase budget and to sign contracts**



Facilities Update

Texas Department of Motor Vehicles

May 29, 2015

- Austin Headquarters – Page 1
- Legislative Update- Pages 1 - 3
 - House Bill 1
 - Senate Bill 1
 - Conference Committee
- Sale of Bull Creek – Pages 3 - 4

Austin Headquarters

Architectural Firm Recommendations: The architectural firm, O'Connell Robertson, estimated the agency would require approximately 146,000 square feet of office space, support operations and 610 parking spaces (80 percent of FTEs at 505 staff spaces; 90 visitor spaces; and 15 fleet vehicle spaces in accordance with TxDMV's current headquarters fleet). The report included a minimum of a 9-acre site to house a new free-standing 5-story building; chiller plans, water-quality detention and parking related needs; and would be located in northern Travis or southern Williamson counties. The estimates included costs for site development, office building, a central plant, land and a project contingency of 6 percent. FY 2014 construction costs are \$55 million and a total adjusted project cost of \$69 million for a 2020 occupancy date.

In addition to the architect's recommendation, the TxDMV requested 3 new staff and operating costs to handle facilities and maintenance related needs associated with a new building. These positions include a contract administrator, space planner and day to day operations manager skilled in maintenance, servicing and repair of building, utility HVAC, electrical, plumbing, cabinetry, furniture and equipment.

Legislative Update



House Bill 1 appropriates \$11.9 million in FY 2017 to TxDMV for the purpose of acquiring and maintaining new leased facilities for the relocation and consolidation of the TxDMV headquarters and other department offices and regional facilities located

in Austin, Texas. The recommended appropriation includes \$3.95 million for furniture and equipment and to establish a climate controlled data center.

Senate Bill 2 appropriates \$57.9 million in FY 2016 to the Texas Facilities Commission to acquire property and construct a building for the TxDMV. The amount included in this bill includes operating costs needed by the TxDMV to move and operate the facility. The Texas Facilities Commission is authorized to issue revenue bonds for the acquisition and construction of facilities for the TxDMV headquarters.

Senate Bill 2 also appropriates \$1.4 million for capital and operating costs to relocate two regional service centers in the upcoming biennium.

Conference Committee Recommendations: A joint House/Senate conference committee deliberated the differences between the two bills. The committee may not alter, amend or omit text that is not in disagreement nor may the committee add items not included in either version of the bill.

Conferees for House and Senate appropriations committees met on Wednesday, May 20, 2015 and recommend the acquisition and construction of new Department of Motor Vehicles Building at a cost of \$57,995,000. The Committee also authorizes the Texas Public Finance Authority to issue \$58.0 million in Revenue Bond Proceeds for the acquisition and building of the new headquarters.

In addition, the committee recommends approximately \$1.5 million in General Revenue to relocate the TxDMV Austin Bull Creek facilities.

House Conferees are:

John Otto, Chair (District 18-Liberty, San Jacinto, Walker),

Sylvester Turner (District 139-Harris),

Trent Ashby (District 57-Lufkin),

Larry Gonzales (District 52-Williamson), and

Sarah Davis (District 134-Harris).

Senate Conferees are:

Jane Nelson, Chair (District 12-Tarrant & parts of Denton),

Charles Schwertner (District 5-Brazos, Milam, Walker),

Lois Kolkhorst (District 18-Aransas, Victoria, Nueces, various),

Chuy Hinojosa (District 20-Brooks, Jim Wells, parts of Hidalgo and Nueces), and

Joan Huffman (District 17-parts of Brazoria, Fort Bend, Harris).

The general appropriations bill will be finalized no later than Monday June 1, 2015, the last day of the 84th Legislature, Regular Session. After the appropriations bill is certified by the comptroller and signed by the governor, it is implemented over the next two years. The appropriations bill takes effect on September 1 of each odd-numbered year. Although the budget does not appear in Texas' statutes or codes, it is law and agencies are bound by it.

Sale of Bull Creek Property



In February 2015, TxDMV was unofficially notified that Texas Department of Transportation (TxDOT) had closed on the sale of the property to Milestone Community Builders, Austin's largest locally owned homebuilding firm, who was the top bidder for 75 acres of prime land located at Bull Creek that includes the five buildings currently occupied by TxDMV staff.

While TxDMV was notified that the lease-back option had



been included in the property sale, it wasn't until March 2015 after the 84th legislative session was already in progress that both the agency and the legislature were informed that the final lease back option is a three year term, providing TxDMV approximately three years (thru February 23, 2018) to occupy the property (at a cost of \$1 per year from TxDOT) to Milestone and with TxDOT bearing costs associated with maintenance and repairs during this period.

In accordance with TxDMV's current Memorandum of Understanding (MOU) with TxDOT, the agency would need to notify TxDOT 12 months in advance of TxDMV's intent to vacate the property.

Agenda Item 4. C. 3. - Deputy and Fee Rule Update
May 29, 2015

A rider to HB1 will create a dedicated fund from which TxDMV must fund its operations. Following are important deadlines TxDMV must observe to ensure rulemaking is complete by **January 1, 2016** for related items (including the creation of a unified processing and handling fee, setting deputy tax assessor-collector fees, and related programming.) Board meetings (in bold) are subject to change.

Step	Date	T-Minus Days
VTR notifies OGC of agenda item	6/15/2015	200
VTR provides complete proposal to OGC	6/29/2015	186
Code freeze is lifted and ITS begin programming begins to implement P&H and redirect RTS receipts to TxDMV fund	8/3/2015	151
VTR provides OGC with briefing book documents for board meeting	8/4/2015	150
Board approves proposal publication	8/14/2015	140
OGC submits proposal to Texas Register	8/24/2015	130
Texas Register publishes rule proposal	9/4/2015	119
ITS begins testing its new programming	9/28/2015	95
Public comment deadline	10/5/2015	88
VTR provides adoption package to OGC	10/12/2015	81
ITS testing concludes	10/28/2015	65
Board approves adoption publication	11/13/2015	49
OGC submits adoption to Texas Register	11/20/2015	42
Texas Register publishes rule adoption	12/4/2015	28
Rules take effect, ITS implements	1/1/2016	0

*The first deposits of revenue into the TxDMV fund would not be made until after February 1, 2016.

Estimating the Cost to Process Vehicle Registration and Title Transactions in Texas Counties

Technical Report

Prepared by the Texas A&M Transportation Institute

May 2015

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1.0 Executive Summary

This report provides an evaluation of the costs associated with processing and handling vehicle registration and title transactions by Texas county tax assessor-collectors and their deputies. The study was requested by the Texas Department of Motor Vehicles (TxDMV).

In 2013, the 83rd Legislature, through House Bill 2202, authorized the TxDMV to set a processing and handling fee for vehicle registration transactions. The legislation also authorized the TxDMV to set fees for registration and title transactions performed by deputies. After a competitive bidding process, the TxDMV contracted with the Texas A&M Transportation Institute (TTI) to conduct research to serve as the basis for establishing a fee structure at an amount sufficient to cover transaction expenses. Currently, Texas counties retain \$1.90 per registration transaction (including permits, exchanges, etc.) and \$5.00 per title transaction; limited-service deputies receive \$1. Counties receive an additional \$1.00 fee for registration transactions processed by mail and online to cover the cost of returning the registration sticker or license plate by mail. The research team interviewed county officials in ten Texas counties, observed and gathered transaction time data where appropriate, and met with and observed limited and full-service deputies to determine the current costs associated with processing registration and title transactions. Results of the analysis show the following estimated transaction costs using the average transaction time for counties, full-service and limited-service deputies:

- (1) the current amount retained by counties for processing vehicle registration and title transactions is not sufficient to cover the costs associated with walk in transactions.
- (2) full-service deputy operations are based on a different business/operations model that includes profit whereas as the county model does not;
- (3) the estimated cost to process vehicle registration and title transactions using the average transaction time are as follows:

County Tax Assessor-Collector (TAC):

The cost per:

- walk-in vehicle registration transactions: \$2.59.
- online vehicle registration transactions: \$1.36.
- mail-in vehicle registration transactions: \$1.97.
- vehicle title or registration purposes only transactions: \$8.20.

Full-Service Deputies:

The cost per:

- walk-in vehicle registration transactions: \$4.06.
- vehicle title or registration purposes only transactions: \$12.88.

**Limited-Service Deputies:
The cost per:**

- vehicle registration transactions: \$1.11.

2.0 Introduction

HB 2202, 83rd Regular Legislative Session, authorized the TxDMV to establish a processing and handling fee for vehicle registration transactions.¹ This bill allows the processing and handling fee to be set by rule in an amount sufficient to cover expenses associated with collecting vehicle registration fees, “by the department; a county tax assessor-collector; a private entity with which a county tax assessor-collector contracts under Section 502.197; or a deputy assessor-collector that is deputized in accordance with board rule under Section 520.0071.”² The processing and handling fee will be collected from walk-in, mail-in, and online registration transactions performed by a county tax assessor-collector directly, as well as for registration transactions performed by those private entities and deputies mentioned above.³

HB 2202 also required the TxDMV board to adopt rules which prescribe classification types, duties and obligations of deputies, along with the allowable types and amounts of required bonds, and the fees they may charge for the services they provide.⁴

TxDmv contracted with Texas A&M Transportation Institute (TTI) to determine an estimate of the costs associated with processing vehicle registration and title transactions by counties and deputies. As background information, the TTI research team was furnished with historical and current fee information as well as a previous study relative to the cost of processing transactions. With this information, the team began to identify potential cost elements. Data regarding transactions and commissions retained by counties for processing registration and title transactions was based on information supplied to the research team from the TxDMV. The team then conducted on-site interviews with TxDMV officials in Austin, county tax assessor-collector staff in ten counties, three full-service deputies, and two limited-service deputies. Once all data was compiled from TxDMV and in-person interviews were completed, TTI conducted an analysis of actual expenditures and costs associated with registration and title transactions in each of the selected counties for the purpose of determining average transaction cost.

In an attempt to establish a representative sample, counties included in the case studies were chosen based on the number of registered vehicles in the county and geographical location around the state. Those counties included in the study were Brewster, Dallas, El Paso, Harris⁵, Hidalgo, Howard, Jasper, Refugio, Wheeler, and Williamson counties. Bexar, El Paso, Hidalgo

¹ House Research Organization Bill Analysis, HB 2202. Accessed June 25, 2014 at <http://www.legis.state.tx.us/tlodocs/79R/billtext/pdf/HB02202F.pdf#navpanes=0>

² Codified at Texas Transportation Code §502.1911.

³ Deputized by the county, full-service deputies (private entity) and subcontractors are authorized to complete registration renewals and/or title transactions for the county. The fees and laws associated are discussed in Section 5.

⁴ Codified at Texas Transportation Code §520.0071.

⁵ Harris County was added to the study in September of 2014 by TxDMV.

and Travis counties also provided data for full-service deputies⁶. (In total, 12 counties participated in the study in some form or another. The research team made site visits to the 10 counties mentioned above, plus collected data from full-service deputy facilities in Bexar and Travis Counties.) A list of questions was developed for use as a guide for each county visit and to facilitate the gathering of consistent data.

Limitations of the Study

The goal of this study was to develop an estimate of the transaction cost of each of the various transactions covered in the study. As such, the actual transaction cost for any one county may be different from the statewide average reported here. There can be many reasons for this possible variation including county size, economies of scale, varying degrees of automation across counties, wage rate differentials, and sample error, among others. Nonetheless, weighted averages reported here are believed to represent a reasonable estimate of the transaction costs for the transactions types covered in the study.

The research team visited various full-service deputy locations in El Paso, Bexar, and Travis counties as well as requested information via e-mail from Hidalgo County. El Paso and Hidalgo County full-service deputies did not provide comparable expenditure data for fiscal year 2014.

⁶ Selected full-service deputies from Bexar and Travis Counties were included in the study. TAC operations in these counties were not included.

3.0 State Registration and Title Fees and Fees Retained by Counties

Current State Registration and Title Fees

The prior state registration fee structure varied depending on vehicle class, weight, and other factors; however, legislative changes simplified those fees.

The statute governing state registration fees was amended with the enactment of HB 2553 in 2009.⁷ Among other provisions, HB 2553 standardized registration fees for vehicles by weight in lieu of a structure based on model year and weight. Heavy weight classification registration fees were reduced from over 1,600 possible weight/fee combinations to seven different fee levels based on weight classification. Other items included in HB 2553 were the elimination of the reflectorization fee⁸ and the extension of the \$1.00 automation fee to all counties that did not previously collect such a fee.⁹ Table 1 illustrates the registration fees and weight classification changes as a result of HB 2553.

⁷ Texas House Bill 2553. 81st Legislative Session (2009). Accessed on August 15, 2014 at <http://www.capitol.state.tx.us/Search/DocViewer.aspx?ID=81RHB025535B&QueryText=%22HB+2553%22&DocType=B>

⁸ The annual thirty cent reflectorization fee was used to purchase reflective license plate sheeting. This fee was included in all registration renewals and license plate transfers.

⁹ Texas Department of Motor Vehicles. News. "New simplification vehicle registration fee structure starts in September." July 2011. Accessed August 15, 2014.

Table 1: State Registration Fee Schedule Before and After HB 2553 (81st Legislature)

Fee Description	Fees Before 09/01/2011	Effective 09/01/2011 HB 2553-New Fees (Current)
Registration Fees (previously more than 79 fees simplified to 4)		
Motorcycles and Mopeds	\$30.00	\$30.00
Trailers (6,000 lbs. and less)	\$26.00-\$45.00	\$45.00
Passenger Vehicles	\$40.80, \$50.80, \$58.80	\$50.75
Light Trucks (6,000 lbs. and less)	Avg. \$54.54	\$50.75
Heavy Weight Classification Registration Fees (previously more than 1,600 different fees simplified to 7)		
6,001-10,000 lbs.	\$45.00-86.00	\$54.00
10,001-18,000 lbs.	\$86.00-\$164.00	\$110.00
18,001-25,999 lbs.	\$134.00-\$254.00	\$205.00
26,000-40,000 lbs.	\$182.00-\$421.00	\$340.00
40,001-54,999 lbs.	\$266.00-\$566.00	\$535.00
55,000-70,000 lbs.	\$354.00-\$740.00	\$740.00
70,001-80,000 lbs.	\$446.00-\$840.00	\$840.00
Miscellaneous Fees (standardized automated fee across all counties and eliminated separate reflectorization fee)		
Automated System Fee	\$1.00 (certain counties)	\$1.00 (all counties)
Reflectorization Fee	\$0.30	\$0

Source: Chart adapted from TxDMV¹⁰

Other state and county fees currently in place include optional county fees as well as fees for online and mail-in vehicle registrations. Also included is the Department of Public Safety (DPS) fee which goes to the Financial Responsibility Verification Program (TexasSure).¹¹ Table 2 summarizes the current state and local fee structure.

¹⁰ Texas Department of Motor Vehicles. Joint Public Hearing. 2010. *Vehicle Sales, Registration and Titling Fee Information*. Accessed August 15, 2014 at <http://www.senate.state.tx.us/75r/senate/commit/c640/wtpdf/20100201-TexasDMV.pdf>.

¹¹ Financial Responsibility Verification Program (TexasSure) is a combined effort by the Texas Departments of Insurance, Public Safety, Motor Vehicles, and Information Resources which connects registered vehicles in Texas by its license plate, vehicle identification number, and insurance policy. Information is accessible by law enforcement and tax assessor-collectors to verify if a vehicle is insured. TexasSure. Accessed December 11, 2014. <http://www.texassure.com/Insuranceverification.html>.

Table 2: Optional County and Miscellaneous Current Registration Fees

Type	Amount	Notes
DPS/Insurance Fee	\$1.00	State fee. Financial Responsibility Verification Program (TexasSure). Transportation Code 502.357
Optional County Fee-Road & Bridge	\$0-\$10.00	Optional county fee, set and retained by county. Transportation Code 502.401
Optional County Fee for Child Safety	\$0-\$1.50	Optional county fee, set and retained by county. Transportation Code 502.403
Optional Regional Mobility Fee	\$0-\$20.00	Optional county fee, set and retained by county. Certain counties only (some may set up to \$20 with voter approval). Transportation Code 502.402
Online Fee	\$2.00	Transaction fee paid to credit card vendor. Transportation Code 502.191 (The mail in fee is also charged for online transactions)
Mail-In Fee	\$1.00	Transaction fee. Retained by county. Transportation Code 502.197 and 43 TAC 217.29d
Limited-Service Deputy	\$1.00	Transaction fee. Retained by deputy (Ex: grocery store). 43 TAC 217.161
Full-Service Deputy	\$5.00	Transaction fee. Retained by deputy. 43 TAC 217.161

Source: Chart adapted from TxDMV¹²

Table 3 presents the various title fees. The fee for a title application in Texas is \$33 for those living in ozone non-attainment and affected counties and \$28 for all other counties. A non-attainment area is defined by the Environmental Protection Agency and the Clean Air Act, Part A, Section 107d as “any area that does not meet (or that contributes to ambient air quality in a nearby area that does not meet) the national primary or secondary ambient air quality standard for the pollutant.” For the purposes of this study, non-attainment case study counties include Dallas, El Paso, and Harris.¹³ Likewise, an attainment area is “any area (other than an area identified in the above clause) that meets the national primary or secondary ambient air quality standard for the pollutant.”¹⁴ Additional fees include salvage fees, bonded title application fee, and others collected by TxDMV.

¹² TxDMV. *The Make-Up of a Vehicle Registration Fee*. April 2014.

¹³ EPA. Current Nonattainment Counties for All Criteria Pollutants as of July 2014. Accessed November 21, 2014, <http://www.epa.gov/oaqps001/greenbk/ancl.html>

¹⁴ EPA. Clean Air Act: Title I: Air Pollution Prevention and Control. *Part A- Air Quality and Emission Limitations*. Accessed October 6, 2014 at <http://epa.gov/air/caa/title1.html>

Table 3: Title Fee Chart

Type	Amount	Notes
Title Application	\$33.00 (non-attainment county) \$28.00 (other, attainment county)	\$5 Retained by county, remainder goes to state. Transportation Code 501.138
Rebuilt Salvage	\$65.00	Performed by county and remitted to state. Transportation Code 501.100 & 501.097
Salvage Vehicle Title (TxDMV only)	\$8.00	
Nonrepairable Vehicle Title (TxDMV only)	\$8.00	
Certified Copy of Texas Certificate of Title (TxDMV only)	\$2.00 (mailed in) \$5.45 (in person)	See above. Transportation Code 501.134 & Tex. Admin. Code
Certified Copy of Texas Salvage Vehicle Title (TxDMV only)	\$2.00 (mail in is the only option)	See above
Certified Copy of Texas Nonrepairable Vehicle Title (TxDMV only)	\$2.00 (mail in is the only option)	See above
Bonded Title Application Fee (TxDMV only)	\$15.00	See above
Mechanic's Lien Foreclosure Notification Fee	\$25.00	Performed by county which retains all fees

Source: Chart adapted from TxDMV¹⁵

County Retained Fees and Commissions

Retained fees associated with processing registration and title transactions, and commissions at the county are divided into two different parts: (1) fees retained by counties, and (2) commissions paid to the counties for registration and title transactions.

State law allows the county to retain a portion of the registration fees collected. The remaining amounts collected will be remitted to the state.¹⁶ Specifically, Section 502.1911(c) reads in part, the county tax assessor-collector, a private entity with which a county tax assessor-collector contracts under Section 502.197, or a deputy assessor-collector that is deputized under 520.0071

¹⁵ TxDMV. *Motor Vehicle Title Manual*. July 2014. Accessed September 8, 2014 at <http://www.txdmv.gov/motorists/buying-or-selling-a-vehicle>

¹⁶ H.B. 2202, 83rd Legislature, Regular Session, established a new Texas Department of Motor Vehicles Fund, a fund inside the State Treasury but outside of the General Revenue Fund, and requires revenue from certain fees collected by or on behalf of the TxDMV that were previously deposited to the State Highway Fund to be deposited to the new fund beginning in fiscal year 2014. However, due to the enactment of H.B. 6, 83 Legislature, Regular Session, the funds consolidation bill, the new fund was abolished and all revenues dedicated to that fund are instead deposited to the General Revenue Fund.

may retain a portion of the fee collected, as provided by board rule. Ultimately, these legislative changes allow counties and their deputies, upon authorization by board rule, the ability to keep a portion of the processing and handling fee that is collected. Table 4 shows what the county currently retains for processing vehicle registration and title transactions.

Table 4: Fees Retained by Counties

Transaction by Type	Retained Fee
Registration	\$1.90
Title application	\$5.00
Special plate	\$0.50
Replacement registration insignia	\$2.50
Registration transfer	\$1.25
Mail-in registrations	\$1.00
Duplicate registration receipt	\$2.00
Mechanic's lien foreclosure notification	\$25.00

Source: Chart adapted from TxDMV¹⁷

Fees retained by counties are based on a four tier formula detailed in Section 502.198 of the Transportation Code. According to TxDMV, “The first tier allows the county to retain the first \$60,000 of registration fees collected. The next tier allows the county to retain \$350 for each mile of road maintained by the county up to a maximum of 500 miles. The third tier allows 5 percent of motor vehicle sales taxes and penalties collected during the previous calendar year in the county to be retained.¹⁸ Once the above amounts have been retained, the final tier allows the county to retain half of the registration fees collected until the amount retained by the county equals \$125,000. After the county retains that last \$125,000, 100 percent of the registration fees are remitted to the state.”¹⁹ Table 5 is an example of the county registration-related fees formula and the maximum amount that can be retained by the county.

¹⁷ TxDMV. *County Share of Registration and Title Related Fees*.

¹⁸ 5 % sales tax collected under 502.1981.

¹⁹ Kuntz, Jeremiah. TxDMV. *The TxDMVs Role in Transportation Funding*. Testimony before the House Select Committee on Transportation Funding, Expenditures & Finance. May 2014.

<http://www.legis.state.tx.us/tlodocs/83R/handouts/C4762014050609001/bdaaa8e6-944f-44cd-9df6-cfa3371ddc7b.PDF>.

Table 5: County Share of Registration Related Fees Example

\$60,000	Registration fees retained for county road and bridge fund
+ \$175,000	\$350 for each mile of road maintained by county (If 500 road miles max is maintained: \$350 X 500 = \$175,000)
+ \$200,000	The portion of the 5% motor vehicle sales tax commission retained from registration fees
+ \$125,000	Half of the registration fees collected and retained by the county after above amounts are met up to \$125,000
\$560,000	Maximum total retained by example county for the year

Source: Chart adapted from TxDMV¹⁹

Furthermore, several changes occurred in 2013 during the 83rd Legislative Session which altered the current fee structure. Specifically, HB 2202 granted TxDMV the authority to collect a processing and handling fee that will cover all the necessary expenses. According to Transportation Code, Section 502.1911(a), “the [Texas Department of Motor Vehicles] may collect a fee, in addition to other registration fees for the issuance of a license plate, a set of license plates, or another device used as the registration insignia, to cover the expenses of collecting those registration fees, including a service charge for registration by mail.” Section 502.1911(b) further stipulates that the TxDMV board²⁰ is authorized to adopt a fee that . . . is sufficient to cover the expenses associated with collecting registration fees by: (A) the department; (B) a county tax assessor-collector; (C) a private entity with which a county tax assessor-collector contracts under Section 502.197; or (D) a deputy assessor-collector that is deputized in accordance with board rule under Section 520.0071. Transportation Code Section 501.138 sets the amount retained by the county for title applications at \$5.00.²¹

Historical Cost and Revenue Studies

Studies have been conducted that reviewed various cost elements associated with some of the legislative changes. Two studies were completed, in 2007 and 2008, by Cambridge Systematics on behalf of the Texas Department of Transportation’s (TxDOT), Vehicle Title and Registration (VTR) Division. These studies, “Vehicle Titles and Registration Fee Study: Alternative Revenue Distribution Formula” and “Vehicle Titles and Registration Fee Study: A Rationale for Changes to VTR Fees,” compiled information from the VTR Division and identified several issues and related recommendations. Among them were the following:

²⁰ The TxDMV nine-member board is appointed by the governor. “By law, board members must include 1 county tax assessor-collector, 2 franchised auto dealers, 1 independent auto dealer, 1 representative from the vehicle manufacturing or distribution industry, 1 representative from the motor carrier industry, 1 county or city law enforcement representative, and 2 customer (public) representatives.” TxDMV. Accessed December 12, 2014 at <http://www.txdmv.gov/about-us>

²¹ Texas Transportation Code Section 501.138

- Simplification and uniformity of Texas registration fee structure (more in depth fee structures will be reviewed in the Section 5.0 of this report).
- Fee structure changes made outside of the legislative process to allow for prompter modification of fees.
- Update of registration fees (last updated 1985) to keep track with inflation.

Both studies were reviewed in preparation for this study.

4.0 Selection of Counties

To select the case study counties, Texas' 254 counties were ranked by number of registered vehicles in fiscal year 2014 based on county statistics compiled by TxDMV. The list of 254 counties was divided into thirds (as a means of selecting large, medium, and small counties). The research team then selected three counties from each third for inclusion in the study with the intent of achieving a representative population and geographic distribution. To achieve geographic distribution, five large counties, two medium counties, and three small counties were selected. The five large counties selected to achieve the best possible geographic distribution included Dallas in the north, El Paso in the west, Hidalgo in the south, Harris in the southeast, and Williamson in central Texas. Next, the research team reviewed counties in the middle third (i.e., counties ranked 85th – 169th in terms of the number of registered vehicles) and selected Jasper in the east and Howard in the west. Finally, three small counties (i.e., counties ranked 170th – 254th in terms of total registered vehicles per county) were selected: Wheeler in the north, Refugio in the south, and Brewster in the west. Table 6 below summarizes the county tax assessor-collector offices selected as case studies for analysis.

**Table 6: Registration Transactions (Fiscal Year 2014)
for Selected Case Study Counties**

County	Category Size	Number of Registration Transactions ²²
Harris	Large	3,693,867
Dallas	Large	2,205,473
El Paso	Large	950,099
Hidalgo	Large	600,698
Williamson	Large	415,695
Jasper	Medium	41,649
Howard	Medium	31,389
Brewster	Small	10,460
Wheeler	Small	9,133
Refugio	Small	8,270

Source: Chart adapted from TxDMV²³

In Bexar and Travis counties, a total of eight full-service deputies were interviewed regarding their operations, costs, and fees collected. With the addition of meeting with two full-service deputies in El Paso County, a total of ten full-service deputies were interviewed for this study.²⁴ Table 7 shows the selected full-service deputies.

²² The number of registration transactions includes full-service and limited-service deputy transactions.

²³ TxDMV. Vehicle Registration and License Fees by County fiscal year September 2013 to August 31, 2014.

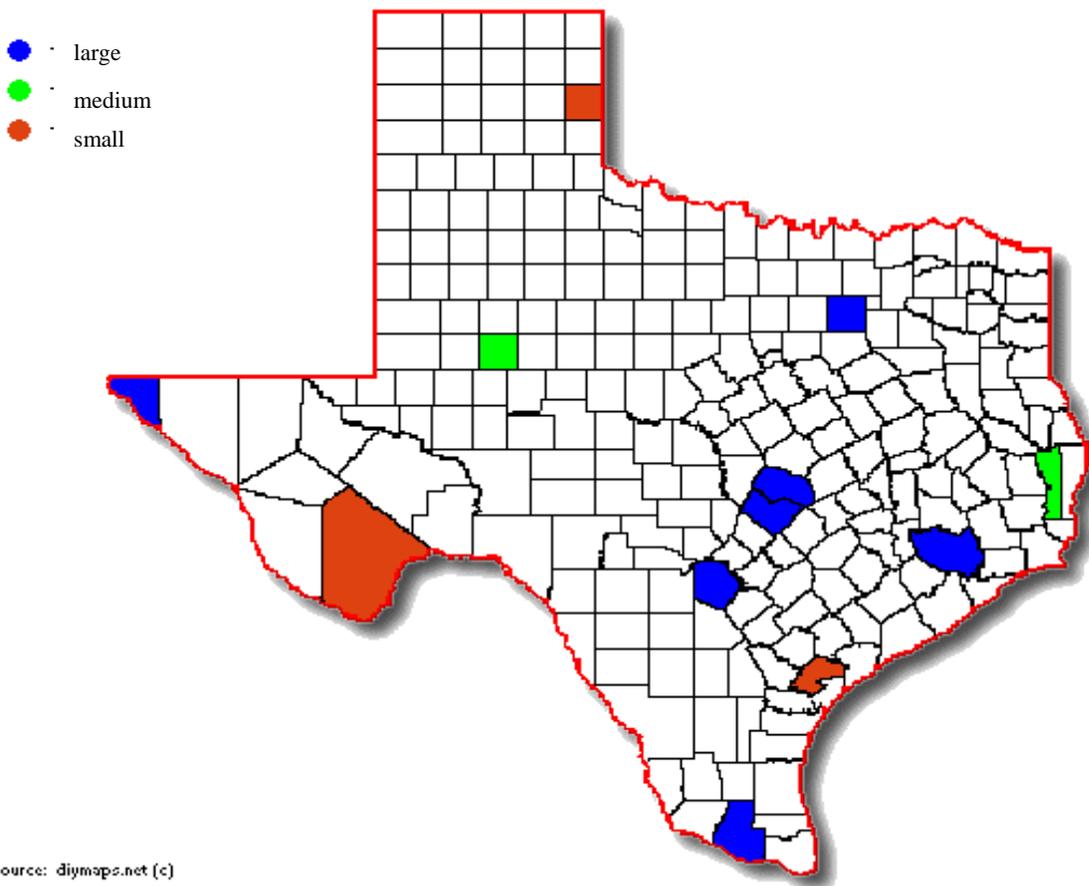
²⁴ See pages 18 and 19 of this report for a description of full-service deputies.

**Table 7: Registration Transactions (Fiscal Year 2014)
for Selected Case Study Counties with Full-Service Deputies²⁵**

County	Category Size	Number of Registration Transactions
Bexar	Large	1,538,790
Travis	Large	1,011,620
El Paso	Large	950,099
Hidalgo	Large	600,698

Source: Chart adapted from TxDMV

Figure 1 shows the selected Texas counties represented by three different colors. Small counties, Brewster, Refugio, and Wheeler are shown in orange; medium counties, Howard and Jasper are shown in green; and large counties Bexar, Dallas, El Paso, Harris, Hidalgo, Travis and Williamson are shown below in blue.



Source: diymaps.net (c)

Figure 1: Map of Selected Texas Counties²⁶

²⁵ Includes TAC, full-service deputy and limited-service deputy registration transactions.

²⁶ Texas DIY Mapping Utility. Accessed July 28, 2014 at <http://diymaps.net/tx.htm>.

Total Registrations by Case Study County

Table 8 shows the total number of registration and title transactions in fiscal year 2014. Data originated from TxDMV RTS summary reports in fiscal year 2014.²⁷ The table is ordered from most to least registration transactions completed by the case study counties.

**Table 8: Registration and Title Transactions
(Total Fiscal Year 2014)²⁸**

County	Registration Transactions	Title Transactions
Harris	3,693,867	997,667
Dallas	2,205,473	609,381
El Paso	950,099	271,350
Hidalgo	600,698	163,538
Williamson	415,695	101,608
Jasper	41,649	5,940
Howard	31,389	5,575
Brewster	10,460	1,329
Wheeler	9,133	1,613
Refugio	8,270	895
STATE TOTAL	24,375,551	5,719,951
Percentage of State Total	33%	38%

Source: Chart adapted from TxDMV data²⁹

²⁷ TxDMV summary reports 9353 and 9362.

²⁸ Title transactions do not include titles processed by TxDMV.

²⁹ County Registration and Title Summary Reports 9353 and 9362 provided by TxDMV fiscal year 2014.

5.0 Background Information

State

The research team conducted in-person interviews with TxDMV subject matter staff in addition to reviewing current registration fees, title fees, and fees retained by county tax assessor-collectors. These subject matter experts were interviewed because they had first-hand knowledge of the costs associated with collecting and processing registration and title transactions. Provided in this section are summarized interviews with TxDMV staff and major themes that arose from the meetings. Based on these interviews, several key points emerged.

- **Purpose of this Study.** TxDMV staff noted the purpose for this project is primarily to address new changes as a result of HB 2202, enacted into law in 2013.
- **Equipment provided by TxDMV.** TxDMV provides equipment to county tax assessor-collectors, including printers, toner, routers, computers, sticker paper, and other necessary items for the Registration and Title System (RTS) transaction process.
- **Historical Cost Studies.** Two historical cost studies, conducted by Cambridge Systematics in 2007 and 2008, provided a review of historical cost information. TxDMV provided these studies to the research team.
- **Limited-Service Deputies.** Also known as subcontractors, limited-service deputies only process registration renewal transactions. Section 520.0071 of the Texas Transportation Code states, “A county assessor-collector, with the approval of the commissioners court of the county, may deputize an individual or business entity to perform titling and registration services in accordance with rules adopted under Subsection (a).” The county retains \$1.90 of the base registration fee.
- **Full-Service Deputies.** A full-service deputy “may accept any application for registration, registration renewal, or title transfer that the county assessor-collector may accept.” For registration or title transactions performed by a full-service deputy, the county retains \$5.00 of the title application fee and \$1.90 of the base registration fee. Full-service deputies may charge and retain \$5.00 in addition to a registration fee.
- **Dealer Title Application (DTA).** TxDMV staff noted that county authorized dealers may load transactions on a flash drive for submission to the county. Counties may also authorize dealers to issue license plates, registration stickers, and receipts for each registered vehicle. Dealers then have 30 days to take the transaction to the county where it is entered into RTS and then submitted to the TxDMV. DTA is expected to be fully replaced by webDEALER.

- **webDEALER.** webDEALER, an online portal, provides dealers with the ability to electronically process registration and title transactions on new and used vehicles rather than using mail, DTA, or waiting in line at county tax assessor-collector's offices. This program also allows for electronic title records (known as eTitles) to be created, stored, and transferred electronically.

County

The research team developed a questionnaire to be used as a guide when meeting with county tax assessor-collectors, full-service deputies, and limited-service deputies. All questions were supplied in advance to tax assessor-collector officials in each county. The list of questions asked of each county tax assessor-collector and appropriate staff members as well as the interview questions asked of full-service deputies and limited-service deputies are included in Appendix A.

Members of the research team traveled to each county to meet in person with the tax assessor-collectors and their staff. Depending on the size of the county, these meetings typically lasted a half-day to two-days at the main county tax office and branch offices where appropriate. The meeting agenda for the day included an in-depth discussion of the vehicle registration renewal and title transaction processes specific to the case study county, a tour of the office space, and a discussion of state and county purchased equipment used in the office.

Processing time studies were conducted in Dallas, Harris, and Williamson counties. Research team members timed registration and title transactions, and those times were used in calculating an average cost per transaction at the county level. Transaction times were taken at the main office and at selected branch offices in each county.

Based on interviews with tax assessor-collector officials, the following major issues emerged:

- **Mailing License Plates and Postage Needs.** One of the larger costs incurred by county tax assessor-collectors are costs associated with mailing license plates to customers. Often, this can be a relatively labor-intensive process that can incur high shipping costs. The county retains \$1.00 from the customer for mail-in registration renewals.
- **Average Transaction Times.** Based on the time study completed as a part of this research effort, the average transaction time for processing a registration transaction is approximately 2 minutes and 51 seconds. The average transaction time per title averaged 9 minutes and 2 seconds.
- **County Process for Determining Vehicle Title and Registration Needs.** Tax assessor-collector officials expressed concern that the compensation process for vehicle title and registration does not match increases in transaction volume. This is especially true in high-growth counties. In the event county retained fees are increased, some tax assessor-collector officials were concerned that they would not see an increase in their budgets

because this increase in fee revenue would go to county general treasury accounts. This was viewed by the research team as a local issue and not germane to the study.

- **County Employee Shortage.** Several tax assessor-collector officials noted there is more vehicle registration and title work than available employees. Many property tax employees are often cross-trained in vehicle transactions to fill in when needed. This was viewed by the research team as a local issue and not germane to the study.
- **Scofflaw Verification.** Section 502.010 of the Texas Transportation Code states that “a county assessor-collector or the department may refuse to register a motor vehicle if the assessor-collector or the department receives information the owner of the vehicle: (1) owes the county money for a fine, fee, or tax that is past due; or (2) failed to appear in connection with a complaint, citation, information, or indictment in a court in the county in which a criminal proceeding is pending against the owner.”³⁰ For the county to verify scofflaw violations, additional time is required to process the transaction. If the customer is found to be a scofflaw violator, a hold is placed on the record and the customer is required to satisfy the outstanding violation and then return to the tax office to complete the vehicle transaction. The process in turn creates additional work for the county as well as a longer transaction times. Similar to issues associated with staffing levels and county fund allocations, this issue is viewed as a local matter, not under the control of the TxDMV.
- **Full-Service Deputies.** In 2014, TxDMV proposed an administrative rule stating that full-service deputies could not charge or retain an additional fee exceeding \$5 for each vehicle title transaction processed as well as an additional fee not exceeding \$1 for other transactions or services related to vehicle title and registration.³¹ TxDMV received public comments on the rule expressing concern from the deputies and the public they serve, “that the proposed additional fees that deputies could charge for providing title and registration services were too low, so that many deputies would be put out of business or refuse to continue to provide title and registration services as deputies.”³² The concern discussed was specific to “increased financial and workflow burdens on the county tax assessor-collectors...inconvenience those customers who prefer the convenience, additional services, and improved efficiency that a deputy may offer.”³³ Subsequently, adoption of the proposed rule was withdrawn until this study could be conducted. There

³⁰ Texas Transportation Code. Section 502.010

³¹ TxDMV board. Adoption Publication of 43 TAC Chapter 217, New Subchapter H, Deputies, Section 217.111, Deputies.

http://content.govdelivery.com/attachments/TXDMV/2014/09/30/file_attachments/328683/Final%2BAadopt%2B217%2BNew%2BH.pdf

³² Id.

³³ Id.

remains a concern on the part of full-service deputies that they will not be allowed to charge a rate sufficient to maintain a profitable business. In addition, concern was expressed by some tax assessor-collectors that, if full-service deputies are not allowed to remain in business, the clientele they have been serving will now have to be served by the county who, in turn, does not have the resource with which to serve them.

While each of these issues does not apply to all counties included in the study, the list above represents the primary issues raised relating to the registration and title process.

Limited and Full-Service Deputies

This section describes the business models of limited and full-service deputies utilized by counties. Transportation Code Section 520.0071 (b) states, “a county assessor-collector, with the approval of the commissioners court of the county, may deputize an individual or business entity to perform title and registration services in accordance with rules adopted under Subsection (a),” which describes that, “the board by rule shall prescribe: (1) the classification types of deputies performing title and registration duties; (2) the duties and obligations of deputies; (3) the type and amount of any bonds that may be required by a county assessor-collector for a deputy to performing title and registration duties; and (4) the fees that may be charged or retained by deputies.”

Limited-Service Deputy

A limited-service deputy, also referred to as subcontractor, only provides registration renewal services. Limited-service deputies are utilized by counties of all sizes for the convenience of their customers. The county continues to retain \$1.90 of the base registration fee per registration transaction performed by a limited-service deputy. Grocery stores are the most common limited-service deputy. An additional fee of \$1.00 is added to the registration fee at the time of payment and is retained by the deputy as their compensation for performing the registration renewal.

Prior to 2013, limited-service deputies were provided leased equipment from TxDMV via the county. The equipment, known as Remote Sticker Printing System (RSPS), included standard items such as a laptop, bar code reader, printer, software, support, and two flash drives.³⁴ All RSPS units were replaced with WebAgent-Subcontractor (WebSub) by December 31, 2012. WebSub “is a web-enabled application that provides real-time registration functions to agents (subcontractors) of the TACs.”³⁵ As a part of the web-enabled application, subcontractors provide their own equipment, including computers and printers. The county, in which the

³⁴ TxDMV. Exhibit “A” to Amendment One, State of Texas.

³⁵ TxDMV. *WebAgent: WebSub Information Sheet*. 2012. <http://www.txdmv.gov/contractors-vendors>

subcontractor is located, continues to provide registration sticker paper to the deputy free of charge.

Full-Service Deputy

As a private, for-profit company, full-service deputies strive to achieve a sufficient return on investment for providing registration and titling services. As a result, there are additional fees charged by these entities in exchange for providing the service that are not otherwise charged by the county. (Note: As mentioned earlier, limited-service deputies provide vehicle registration renewal services only. Full-service deputies provide both title and registration services. They may also provide services related to mechanic liens, bonded titles and other transactions.) In return for the higher fees, customers may be provided with extended service hours, shorter lines, and additional locations. The county continues to retain \$1.90 per registration transaction and \$5.00 per title transaction for each transaction performed by a full-service deputy.

Table 9 shows the amount charged per registration and title transaction by a county tax assessor-collector, limited-service deputy, and full-service deputy. Important items to note concerning the fees shown below: 1) the registration fee listed below is based on a passenger vehicle or light truck of 6,000 pounds or less and excludes other state fees and optional county fees; the title fee is based on the processing county; 2) fee for vehicle registration at a limited-service deputy includes the additional fee of \$1; 3) fees listed for the full-service deputy include the additional fees charged and retained by the full-service deputy. As shown in Table 9, full-service deputies charge a minimum of \$5 and a maximum of \$15 extra for processing a vehicle registration and an extra fee ranging from \$15 to \$40 for processing vehicle title applications.

Table 9: Comparison of Fees

	TAC	Limited-Service Deputy	Full-Service Deputy
Registration	\$50.75	\$51.75	\$55.75-\$65.75
Title	\$28-\$33	n/a	\$43-\$73

Six counties utilize full-service deputies: Bexar, Cameron, El Paso, Hidalgo, Travis, and Wilson counties. The research team visited various full-service deputy locations in El Paso, Bexar, and Travis counties as well as requested information via e-mail from Hidalgo County. El Paso and Hidalgo County full-service deputies did not provide comparable expenditure data for fiscal year 2014. The expenditure data for Bexar and Travis County full-service deputies were used for the purposes of calculating the cost per transaction. Table 10 reports annual registration and title transaction data for all full-service deputies located in the four counties from which the research team received data.

Table 10: Full-Service Deputy Annual Registration and Title Data (Fiscal Year 2014)

Full-Service Deputy	Registration	Title
Bexar County		
Alamo and Snow Title Service	73,346	15,654
San Antonio Title Service	93,073	43,946
Sanco Title Service	6,010	4,400
River City Auto Title	24,221	21,383
Other	212,935	94,614
County Total	409,585	179,997
Sample Size of County	48.0%	47.4%
Travis County		
Fry Auto Title Service	23,123	12,362
Auto Title Service of Oak Hill	41,637	33,419
Auto Title Service of Austin	34,354	18,890
Universal Auto Title Service	58,128	33,281
Other	0	0
County Total	157,242	97,952
Sample Size of County	100.0%	100.0%
El Paso County		
Tri Star Auto Title	32,768	17,224
El Paso Auto IV	41,913	13,990
Other	243,340	84,279
County Total	318,021	115,493
Sample Size of County	23.5%	27.0%
Hidalgo County		
Bridgepoint	33,234	15,147
Other	0	0
County Total	33,234	15,147
Sample Size of County	100.0%	100.0%

Table 11 shows a comparison of fee schedules in place at each full-service deputy location included in the study. The fee for registration refers to the additional fee charged for public walk-ins. Likewise, the title fees shown refer to the fee charged for public walk-ins and dealership walk-ins/pick-up.

Table 11: Full-Service Deputy Convenience Fees

Full-Service Deputy	Registration Fee	Title Fees	
		Public	Dealer
Bexar County			
Alamo and Snows Title Service	\$10	\$30	\$5-15
San Antonio Title Service	\$12	\$25-30	\$5
Sanco Title Service	\$10	\$25	\$5-10
River City Auto Title	\$10	\$20	\$10
Travis County			
Fry Auto Title Service	\$10	\$40	\$6-14
Auto Title Service of Oak Hill	\$7	\$21	\$6
Auto Title Service of Austin	\$5	\$20	\$5-20
Universal Auto Title Service	\$6	\$20	\$8
El Paso County			
El Paso Auto IV	\$8	\$15	\$15
Tri Star Auto Title	\$8	\$15	\$15
Hidalgo County			
Bridgepoint	N/A	N/A	N/A

Full-service deputies rely on a sufficient rate-of-return on provided services as all facility, overhead, operation, and personnel costs are part of the business model. As a result, these businesses will often offer a wide variety of services such as notary, insurance, title pick-up and delivery to and from dealerships, surety bonds, and other services/products to ensure a sufficient volume of business to generate an adequate return on investment.

Full-service deputies lease RTS equipment from the TxDMV via the county to perform services. The lease per RTS workstation is \$1,500 annually. Section 520.0093 of the Texas Transportation Code states, “the department may lease equipment and provide related services to a: ... (a) deputy appointed under Section 520.0071.... (b) ... the department may enter into an agreement under which the department leases equipment to the deputy for the use of the deputy in operating the automated registration and title system. The department may require the deputy to post a bond in an amount equal to the value of the equipment... (e) All money collected under the lease shall be deposited to the credit of the TxDMV fund.” Currently the TxDMV does not require a bond for the leased equipment.

The following section analyzes the actual cost to process vehicle registration renewals and title transfers at the county level and by full-service deputies as mentioned above.

6.0 Service Delivery Methods

The following subsections describe the methods of processing registration and title transactions. The service delivery methods in which a transaction can be processed through the county tax assessor-collector include customer walk-in, mail-in, and online transactions. In addition to service delivery methods provided directly by the county, customers may also have the option to visit a limited-service deputy for registration renewals or a full-service deputy for registration and title transactions. Each of the service delivery methods are summarized below.

Service Delivery Method: Tax Assessor-Collector Walk-In

A walk-in transaction at the tax assessor-collector's office for vehicle registration or title transactions may have a wait time which can vary by the time of day, day of the week, day of the month, and month of the year. Once at the service counter, the customer will hand any necessary documentation to the tax assessor-collector representative. The representative will verify the documentation and enter it into the state-provided RTS workstation. The customer will pay the fee associated with the type of service received, and RTS prints the registration receipt with a sticker and/or title receipt. If the customer completes a title application and there are no issues with the transaction, the title is issued seven calendar days after processing. It then takes roughly two to five days for the customer to receive the title in the mail once it is issued. On average, approximately 79% of registration renewal transactions at the tax assessor-collector's office are walk-in transactions.³⁶

Service Delivery Method: Mail-In

Mail-in transactions are an additional delivery method option for registration renewals and title applications.³⁷ A \$1.00 mail-in fee is added to the registration renewal fee for transactions done by mail. Specifically, Section 502.197, Transportation Code, reads in part, "a county assessor-collector may collect a service charge of \$1 from each applicant registering a vehicle by mail. The mail-in fee shall be used to pay the costs of handling and postage to mail the registration receipt and insignia to the applicant."³⁸

³⁶ TxDMV; In the past 12 months (April 2014-March 2015), there were a total of 18,532,134 registration renewals. There were 782,764 mail-in renewals and 2,981,636 internet renewals.

18,532,134 minus 782,764 minus 2,981,636 = 14,767,734 walk-in renewals.

14,767,734 divided by 18,532,134 = 79.69% walk-in registration renewals.

³⁷ Texas titles can be mailed to county tax assessor-collectors if the transaction does not involve a gift. Refer to TxDMV Motor Vehicle Title Manual.

³⁸ Texas Transportation Code, Section 502.197. <http://www.statutes.legis.state.tx.us/Docs/TN/htm/TN.502.htm>. Note that this section is effective until the TxDMV Board adopts rules pursuant to Texas Transportation Code §502.1911.

Upon receipt of the required documents by the tax assessor-collector's office, the renewal is processed through RTS, license plates are issued if needed, and the payment is processed. The new registration sticker is then sealed in a county envelope and mailed to the customer.

Service Delivery Method: Online

Online registration renewal is another option provided by the state for registration renewals. The customer pays a \$2.00 Electronic Processing Fee (paid to Texas.gov) and the \$1.00 mail fee. The specific controlling statute is Texas Transportation Code 520.005(d) and specifically states, "Each county assessor-collector shall process a registration renewal through an online system designated by the department."

To renew registration online, the customer visits <http://www.txdmv.gov/>, clicks on the "Registration Renewal" icon, chooses their county of residence, and enters a license plate number, the last four digits of the vehicle identification number (VIN), and insurance information if it cannot be verified (as shown in Figures 2 and 3 below) otherwise. Once the customer submits a payment for renewal, the county will receive a listing the next business day of all customers who paid for a renewal on the previous business day from the TxDMV. The county then processes the renewal and prepares for mail-out to the customer.

Figure 2: Vehicle Registration Online Renewal Portal

Source: TxDMV

Figure 3: Vehicle Registration Identification Online Renewal Portal

Source: TxDMV

Service Delivery Efficiencies Observed During the Study

In the course of this study, the research team was able to identify several “best practices” for a tax assessor-collector’s motor vehicle department to consider. It should be noted, many of these practices were employed in the larger case study counties due to typically longer wait times resulting from larger volumes of walk-in customers.

For example, many larger counties have purchased equipment which helps to increase customer convenience, maximize efficiency, or minimize wait times. Several counties employ a queuing system along with television monitors in the front lobby to avoid long lines and allow customers to wait while seated. Other counties employ a toggle switch on monitors to allow quick transitions back and forth between the state and county computer on a single monitor. Several counties in the study have an ATM machine on premises to allow the customer to obtain cash on-site if needed. Another way to potentially increase efficiency includes installation of remittance machine which opens mail, scans and processes both checks and registration renewal forms, and prepares funds reports for balancing.

Finally, three counties, Harris, Dallas, and Williamson, maintain a “call center” that offers an additional avenue to answer questions and provide the needed education for customer questions prior to visiting a tax assessor-collector’s office. Additionally, Williamson County has the ability to take payments over the phone for registration renewals and other services the county provides. While the call center is an additional cost for the counties, it also provides a means to avert potential delays for walk-in customers by resolving problems over the phone.

Williamson County also offers a drive-thru window to provide fast and convenient service to a customer renewing the registration of a vehicle.

7.0 Cost Analysis

The final phase of this research effort is to perform an analysis of the cost to process vehicle registration and title transactions at the county level as well as for full and limited-service deputies. The following subsections provide detailed information on equipment costs as well as the methodology used to calculate the specific transaction cost.

RTS Network Equipment and Consumables

A RTS workstation installation includes the following baseline equipment provided by the TxDMV at no cost to the county tax assessor-collector. TxDMV costs are shown in parenthesis.

- Monitor: ViewSonic VA2246M-LED 22" LED LCD (\$131.90)
- Computer tower, keyboard, and mouse: HP Elite Desk 800 F1 SFF (\$614.00)
- **Base total: (\$745.90)**

Most RTS workstations also come with printers and/or cash drawers which are provided at no additional costs to counties. These items are listed below with TxDMV costs shown in parenthesis.

- Printer: HP LJ P3015x (\$769.64)
- Cash Drawer: APG 4000 Series (\$258.97)
- Base total plus printer: (\$1,515.54)
- Base total plus cash drawer: (\$1,004.87)
- **Base total plus printer and cash drawer: (\$1,774.51)**

Some RTS workstations, especially for new sites, will also come with requests for a router or a switch, along with the installation of a dedicated T1 data circuit. TxDMV provides four models based on need, at no additional cost to the counties. These items are listed below with TxDMV costs shown in parenthesis.

- Router: Cisco 1941 router without 9-port card (\$1,200.00) or Cisco 1941 router with 9-port card (\$1,347.75), or
- Switch- Cisco 2960 24-port switch (\$625.00) or Cisco 2960 48-port switch (\$1,145.00)
- T1 Data Circuit (\$374-\$456/mo, plus one-time installation fee of \$397)

A cash drawer, printer, and router or switch are optional components for the county. Some county tax assessor-collector offices use a single network printer, or have RTS workstations that do not handle cash.

To install a new RTS workstation and an Ethernet cable drop for internet and network access, TxDMV contracts with Insight, LLC. Insight charges TxDMV \$399 for RTS workstation setup and \$239 for the cable drop. These are provided at no cost to the county. The RTS software is

updated periodically to fix bugs, upgrades, and compliance with law and rules. The RTS Help Desk service for leased equipment is provided as part of the annual \$1,500 fee per workstation.

The number of workstations allocated to each county is based on the previous calendar year's transaction volume. If the office has more than ten RTS workstations, they will also have a Cisco switch connected to their router, which accommodates an additional 24 to 48 workstations. Large county sites may have more than one Cisco switch connected to their router.

Any additional RTS workstations or equipment must be leased by the county from TxDMV. The Texas Transportation Code, Section 520.0093 states, "the department may lease equipment and provide related services to a: (1) county for the operation of the automated registration and title system in addition to the equipment provided by the department at no cost to the county under a formula prescribed by the department; and (2) deputy appointed under Section 520.0071..."³⁹ Table 12 shows the current RTS lease agreement and the items available to the county.

Table 12: Sample of County Equipment Annual Leasing Costs

Item	Individual Item Cost
Basic RTS Workstation	\$1,500
Printer Laser, HP 4015 (high capacity)	\$1,100
Additional Printer	\$250
Bar Code Reader	\$550
New Site cost (one-time fee)	\$2,500

Source: TxDMV⁴⁰

If additional RTS workstations are needed beyond those provided by the formula, they are invoiced on an annual basis and prorated as installations occur throughout the year. According to the TxDMV 2014 inventory, only 37 HP Laser Jet P4015 printers are at county locations⁴¹ and none were installed with leased equipment. Bar code readers, formerly used by limited-service deputies before WebSub, are rarely requested but still available. The new site cost fee referenced in Table 12 is charged when counties open new locations that require wiring and setup for RTS.

As of the beginning of Fiscal Year 2015, TxDMV managed 2,606 RTS workstations at no charge to counties. In addition, 210 leased RTS workstations were also in place, representing 8% of the total number of workstations managed by TxDMV.

³⁹ Texas Transportation Code, Section 520. <http://www.statutes.legis.state.tx.us/Docs/TN/htm/TN.520.htm>.

⁴⁰ RTS-DTA lease agreement

⁴¹ Primarily in Dallas, Travis, Tarrant, Harris and Bexar counties, with a few in Montgomery, Hidalgo, Collin, Fort Bend, Williamson, Collin, and El Paso counties.

Methodology and Results: County Tax Assessor-Collector Transactions

For the calculation of registration and title costs per transaction, data was gathered from documents supplied by TxDMV and by counties selected for inclusion in the study. The same data categories were collected from full-service and limited-service deputies. Those categories include:

- County **salaries and benefits** within the tax assessor-collector's office and the percentage of time spent on vehicle related work to calculate the portion of the salary and benefits dedicated to vehicle matters. (Note: In most tax assessor-collector's offices, county personnel perform property tax collection and vehicle registration and title activities in the same location. County tax assessor-collector personnel provided salary and benefits cost for personnel who performed vehicle registration and title duties and the percentage of time spent on those duties versus other activities that were not a part of this study.)
- Necessary county-purchased equipment and supplies for motor vehicle operations. These include postage, envelopes, etc. Optional county equipment purchased for the purposes of increasing flow and efficiency of processing such as queue systems, call centers, and remittance machines. Other county overhead expenses are included as well. These are considered as the **operating cost**. (For the purposes of this report, overhead expenses include rent for office space, utilities, general-use equipment, and consumables.)
- The amount of **time** to complete a walk-in registration renewal transaction or title transfer transaction. This data was gathered by conducting time studies in Dallas, Harris, and Williamson counties. A total of 256 timed transactions were recorded.
- **The number of registration and title transactions completed annually** in each county (as shown in Table 8).
- **The annual cost of rent and utilities for the tax assessor-collector's facility space within each county office complex (where applicable).**
- State equipment utilized at each county location and number of units (not used in calculation of cost per transaction as it is not a cost to the county).

A model was developed that utilized the collected data to calculate the estimated cost per registration and title transaction. In the process listed below, "transaction" refers to both registration and title transactions as the same steps were taken to determine a cost per transaction for each category. In brief, the methodology used was as follows:

1. The number of transactions per type (walk-in registration, mail-in registration, online registration, and title) was obtained for each county.
2. During site visits in three counties, transactions were timed and the type of transaction noted.

3. Salary and operation costs were obtained for each county. Where specific costs were directly and solely attributable to vehicle title and registration activities, the entire cost was included. Where costs were shared with other functions (property tax collection, for example) an estimated percentage of costs attributable to vehicle title and registration activities was obtained.
4. Distribution of salary costs was weighted across total processing time by type of transaction.
5. In the case of online and mail-in transactions, postage cost must also be calculated. These costs were determined based on presorted first class postal rates for those transactions that required mailing registration renewal stickers and parcel rates for those transactions that required the mailing of a new license plate. Data was obtained from the TxDMV relative to the number of new license plates in each county. The number of new license plates issued was then distributed proportionally across walk-in, mail-in and online transactions.
6. To calculate the estimated average transaction cost by type, the total county cost allocated to each type of transaction was divided by the total number of seconds by transaction and multiplied by the average time for that transaction.
7. The total average cost per transaction for mail-in, walk-in, and online transactions was calculated for each individual county as well as cumulatively for all counties surveyed.
8. To determine one rate for each type of transaction, the rates for each county were then weighted based on the individual county's proportion of the transaction total (i.e., a weighted average).

Table 13 shows the total weighted average cost per vehicle registration and title transaction using the average transaction time as well as each county's contribution to the total weighted average. As might be expected, the research team found that larger counties generally had a less expensive cost per transaction because of the economies of scale found in the larger volume of transactions processed. Smaller counties had a more expensive cost per transaction due to a smaller number of transactions over which to amortize fixed costs.

The weighted average cost (the last line of Table 13) represents the population weighted average total transaction cost for the various types of transactions and is the rate most indicative of the actual cost of processing vehicle registration and titling transactions across all counties.

Table 13: County Contribution to Total Weighted Average Cost per Transaction Using Average Transaction Times (figures rounded two decimal points)

Weighted by County Population					
County	Size	Registrations			Title
		Walk-In	Mail-In	Online	
Brewster	Small	\$0.01	\$0.01	\$0.01	\$0.04
Dallas	Large	\$0.66	\$0.52	\$0.35	\$2.08
El Paso	Large	\$0.28	\$0.21	\$0.15	\$0.89
Harris	Large	\$1.16	\$0.89	\$0.60	\$3.67
Hidalgo	Large	\$0.21	\$0.16	\$0.12	\$0.65
Howard	Medium	\$0.02	\$0.02	\$0.02	\$0.08
Jasper	Medium	\$0.04	\$0.03	\$0.03	\$0.14
Refugio	Small	\$0.01	\$0.01	\$0.01	\$0.03
Wheeler	Small	\$0.02	\$0.01	\$0.01	\$0.07
Williamson	Large	\$0.17	\$0.13	\$0.08	\$0.55
Total Weighted Average		\$2.59	\$1.97	\$1.36	\$8.20

Methodology and Results: Full-Service Deputy Transactions

The estimates of processing costs for full-service deputy transactions are presented in Table 15. Full-service deputies were able to provide data on the number of transactions and fees in El Paso County (see Tables 10 and 11), but were unable to furnish other information needed to determine costs; however, estimated transaction costs were calculated from data provided by Bexar and Travis County full-service deputies.

To determine estimated costs per transaction, the research team examined financial statements provided by the full-service deputies. To expand on the information provided in the financial statements, interviews were conducted on-site at four different locations. Additionally, the research team hoped to collect transaction times as was done at county facilities. However, an insufficient number of transactions occurred during the time research team members were present so as to provide a sufficient sample. In lieu of transaction times for these particular facilities, the county transaction time for registration and title transactions of 171 and 542 seconds respectively were substituted. Total transactions by transaction type were obtained either as a part of the written financial information or through interviews and verified by

information provided by the TxDMV. In addition, through examination of financial statements or interviews with the business owners, estimates of the cost attributable to each type of transaction and the number of transactions by type, an estimate of transaction cost by type was obtained. To determine the cost per transaction, total transaction by type is multiplied by the average transaction time to arrive at a total number of seconds to perform both of the transaction type. Total seconds is divided by the sum of the total costs reported by each entity to determine a cost per second rate. That rate is then multiplied by the average transaction time for both registration and title transactions to determine a weighted average transaction rate. The results of those calculations are shown in Table 14.

Table 14: Full-Service Deputy Cost per Transaction Using Average Transaction Time⁴²

	Transactions		Time per Transaction (in seconds)		Transaction Time (total seconds)	Total Expense	Cost Per Second	Cost Per Transaction	
	Reg.	Title	Regs.	Title				Regs.	Title
Bexar	177,442	85,385	171	542	76,621,252	\$1,976,656	\$0.0258	\$4.41	\$13.98
Travis	140,199	97,952	171	542	77,064,013	\$1,676,656	\$0.0218	\$3.72	\$11.79
Total	317,641	183,337	171	542	153,685,265	\$3,653,312	\$0.0238	\$4.06	\$12.88

Methodology and Results: Limited-Service Deputy Transactions

Limited-service deputies, almost exclusively found in grocery stores, perform vehicle registration renewals only – and only if the customer has the necessary renewal form. In addition, they also provide a host of other customer services including accepting utility payments, selling event tickets, and check cashing. Two limited service deputies were contacted as a part of this research. These two limited-service deputies account for a total of 1.27 million transactions or approximately 48 percent of all vehicle registration transactions processed by limited-service deputies and 5 percent of all vehicle registration transactions statewide. The research team recorded an average processing time of 79 seconds per transaction at one of the limited-service deputies. The other limited-service deputy provided an average processing time of 60 seconds per transaction for those observed transactions. However, they also report that other factors increase the average processing time to 143 seconds per transaction. Some of those factors include:

- Some counties require a Texas driver license or identification card number to be written on the renewal
- Customer locates identification, provides to cashier, some counties require identification to match registered owner, etc.
- System prompts for insurance verification:

⁴² El Paso and Hidalgo County full-service deputies were unable to provide comparable expenditure data for fiscal year 2014. The expenditure data for Bexar and Travis County full-service deputies were used for the purposes of calculating the cost per transaction.

- Customer searches their purse/wallet or goes out to their car or, tries to locate their insurance information on their cell phone.
- Insurance provided is for wrong vehicle, not registered owner (required in some counties), resulting in additional conversation.
- System prompts for inspection verification:
 - Cashier reviews the Vehicle Inspection Report, searches for Pass/Fail, the date of inspection and inspection type.
 - Cashier keys in the information and selects inspection type from a drop-down menu.
 - Finally some counties do not currently allow manual verification of inspection reports, so customers are referred to the county tax office.
- Some counties require every sticker sold to be logged onto a spreadsheet. This adds additional time above and beyond the steps listed above.

Both limited-service deputies provided estimates of the total cost to process vehicle registration renewals. As shown in Table 15 below, incorporating the times observed and provided as well as the cost data provided by the limited-service deputies, the average transaction cost weighted by transactions is estimated to be \$1.11.

Table 15: Limited-Service Deputy Cost per Transaction Using Average Transaction Time

	Percent Distribution Transactions	Estimated Total Cost	Mean Time (in seconds) per Transaction	Estimated Average Transaction Cost	
	747,159	58.8%	\$875,820	143	\$1.17
	523,774	41.2%	\$529,012	79	\$1.01
TOTAL	1,270,933	100.0%	\$1,404,832		
Weighted Average			117		\$1.11

8.0 Conclusion

Currently, Texas counties retain \$1.90 per registration transaction and \$5.00 per title transaction. To determine the current costs associated with processing registration and title transactions, the research team interviewed county officials in ten Texas counties,⁴³ observed and gathered transaction time data where appropriate, and obtained financial reports from the counties and selected full-service deputies in three counties.⁴⁴ Results of the data analysis show that:

- (1) the current amount retained by counties for processing vehicle registration and title transactions is not sufficient to cover the costs associated with walk in transactions.
- (2) full-service deputy operations are based on a different business/operations model that includes profit whereas as the county model does not;
- (3) the estimated cost to process vehicle registration and title transactions using the average transaction time are as follows:

County Tax Assessor-Collector:

The cost per:

- walk-in vehicle registration transactions: \$2.59.
- online vehicle registration transactions: \$1.36.
- mail-in vehicle registration transactions: \$1.97.
- vehicle title or registration purposes only transactions: \$8.20.

Full-Service Deputies:

The cost per:

- walk-in vehicle registration transactions: \$4.06.
- vehicle title or registration purposes only transactions: \$12.88.

Limited-Service Deputies:

The cost per:

- vehicle registration transactions: \$1.11.

⁴³ Brewster, Dallas, El Paso, Harris, Hidalgo, Howard, Jasper, Travis, Wheeler, and Williamson counties

⁴⁴ Bexar, El Paso, and Travis counties

9.0 Appendix

County Tax Assessor – Collector Interview Questions (for use as a guide)

1. Could you please walk us through your process of collecting, processing, submitting vehicle registration and title transactions by walk-in, mail-in, online, and by a deputy?
2. What are some challenges faced with completing registration and title transactions via:
 - a. Mail-in?
 - b. Walk-in?
 - c. Online? (Do you process online transactions directly or is that sent to TxDMV?)
 - d. Deputies (Dealerships, Retailers, Full-Service)?
 - i. How many do you employ?
3. What businesses or organizations are subcontractors in your county?
4. What are the average costs/components and fees associated with each mail-in transaction? Walk-in transaction? Online transaction? Deputies?
5. What is the amount of time it takes to complete the transaction process from start to finish?
6. On average, how many transactions do you process in a month?
7. Average percentage of returns on mail-in?
8. Do you have financial information readily available you would be willing to supply us?
 - a. Prevailing wage levels
 - i. What is the percentage distribution of salaries between registration fee and title processing?
 - b. Associated expenditures and costs paid by you (not TxDMV)?
9. What is the number and classification of personnel involved in the process?
10. How many registration purpose only (RPO's) do you handle as a percent of your registration and title transactions (RPO's being transactions where the title is held by a lien holder and only registration is issued)?
11. What has been your experience with WebAgent? (For reference, web-agent is a web-enabled application that provides electronic registration and title functions to approved agents of the county TACs). Has it resulted in any additional cost to for you?
 - a. Only applies (webDEALER) to Williamson, El Paso and Dallas
12. Does your county use the dealer title application (DTA) system?
13. What kind of equipment has been provided to you by TxDMV that is involved in the transaction processes?
 - a. What are the acquisition costs?
 - b. Does your county lease any additional equipment and what is the cost to the county?
 - c. What are the maintenance costs?
14. What kind of consumables are used during the transaction process?

15. Any other issues or concerns that affect costs associated with registering and title vehicles that you would like to mention?
16. Does the county currently use an automated mailing system?
 - a. What are the costs associated? Does this save the county money?
 - b. What is the process?
17. Are there any other registration or title services that you provide that we have not covered?
18. Are there any external economic factors to consider in your region?

Full-Service and Limited-Service Deputy Interview Questions (for use as a guide)

1. Could you walk us through your process of collecting, processing, submitting, etc. vehicle registration and title transactions?
2. What are the average costs/components and fees associated with each transaction?
3. What is the amount of time it takes to complete a registration renewal and title transfer transaction process from start to finish?
4. On average, how many transactions do you process in a month? A year?
5. Do you have the following financial information readily available?
 - a. Prevailing wage levels
 - b. Associated expenditures and costs paid to the county
 - c. Rent
 - d. Overhead
 - e. Equipment costs
6. What is the number and classification of personnel involved in the process? Full-time or part-time employees?
7. What kind of equipment has been provided to you by the county that is involved in the transaction processes?
 - a. What are the acquisition/lease costs?
 - b. What are the maintenance costs?
8. What kinds of consumables are used during the transaction process?
 - a. Are any consumables provided by the county (sticker paper, toner, etc.)?
 - b. Do you pay the county for any consumables and if so, how much?
9. What other services does your company provide along with registration renewals and title transfers?
10. What are normal working hours for your operation?
11. Are there any other registration or title services that you provide that we have not covered?

Case Study County Interview Summaries

The following is a list of counties that were visited during the timeframe of June - October 2014 and a brief description of what occurred during each visit. During each county visit, TTI met with the TAC, motor vehicle director, and various other staff as necessary. The focus in Bexar and Travis counties was the full-service deputies, not the county operation; however, TTI still met with the necessary county staff.

County	Date of 2014 Visit	Meeting Location	Notes
Williamson	June 20	Tax office -Round Rock substation	TTI met with Williamson County TAC and Director of Motor Vehicles to discuss the procedure for processing registration and title transactions. These discussions took approximately an hour and a half. County staff conducted an office tour for the research team to further understand the complete transaction process. TTI then conducted a time study, timing vehicle transactions at the main office location and two substations.
Refugio	June 26	Tax office	TTI met with Refugio County TAC to walk through the transaction processes for mail-in, walk-in, and online transactions. The county tax office has a total of four employees, including the TAC, which are responsible for handling both county property tax as well as motor vehicles.
Jasper	July 1	Tax office	TTI met with Jasper County TAC, Director of Motor Vehicles, as well as Director of Property Tax for approximately two hours. All needed information, including the office budget, salary information, and monthly productivity reports were provided to TTI.
Howard	July 9	Tax office	TTI met with Howard County TAC as well as the Chief Deputy. During this time TTI was given an office tour and was provided with salary information and productivity reports. The county budget was provided online.
Hidalgo	July 16	Tax office	TTI met with Hidalgo County TAC and Motor Vehicle Registration Manager for half of a day. County officials were able to provide thorough information including the office budget, salary information,

County	Date of 2014 Visit	Meeting Location	Notes
			<p>and annual productivity reports. TTI was then given a tour of the facility to further understand equipment use and the duties of the employees behind the transaction processes. TTI has since followed up with Hidalgo county concerning detailed salary information as well as questions concerning the full-service deputy in the county.</p>
Dallas	July 30-31	<ul style="list-style-type: none"> -Tax office -Grand Prairie substation -North Dallas substation -Fiesta Mart- Limited-Service deputy 	<p>On day one of the site visit, TTI met with the Director of Motor Vehicles as well as the Motor Vehicle Quality Control Specialist and substation Oak Cliff Branch Manager at the county tax office. County officials discussed the transaction processes and financial data. Data had been prepared by county officials prior to the meeting to allow for an in-depth discussion regarding the information. The research team was then given a tour of the downtown facility (main branch) and were also given the opportunity to meet with the county TAC to discuss TTI's methodology regarding the cost study.</p> <p>In the afternoon, TTI visited the Grand Prairie branch office with county officials. The Branch Manager and her assistant met with TTI to discuss the transaction process at the branch. Researchers then conducted a time study of vehicle transactions.</p> <p>Day two was spent at the North Dallas branch office where TTI again conducted a time study. During the afternoon, the team visited the Manager of Booth Operations at Fiesta Mart, a limited-service deputy (subcontractor) in Dallas County and discussed the role and functions of a limited-service deputy as well conducted a time study of registration renewals.</p>
Wheeler	August 6	Tax office	<p>TTI met with Wheeler County TAC and Chief Deputy. County officials were able to provide thorough information including office budget, salary information, and annual productivity reports which were necessary for the cost-benefit analysis.</p> <p>TTI was then given a tour of the facility to further understand equipment use and the duties of employees behind the transaction processes. The meeting between TTI and Wheeler County tax staff was completed in</p>

County	Date of 2014 Visit	Meeting Location	Notes
El Paso	August 19	<ul style="list-style-type: none"> -Tax office -Ysleta substation -El Paso Auto Registration and Title -Tri Star Auto Title Service 	<p>half of a day.</p> <p>TTI met with the El Paso County TAC, Chief Deputy TAC, as well as the Director of Motor Vehicles. The discussion was centered on the business model El Paso County uses for registration and title transactions. Currently the county has 11 full-service deputies and four county offices. County officials understand that without full-service deputies the county would take on an increase in administrative costs as well as customer “foot traffic” in county motor vehicle offices. The in-depth conversation regarding full-service deputies and the El Paso County business model allowed for TTI researchers to increase their knowledge of the operation while understanding the pros and cons of this type of model. County officials then led a tour of the office. This included understanding scofflaw verification, inventory, title verification, and online transactions.</p> <p>In the afternoon, research team members visited the Ysleta branch office with county officials where they were given a tour of the facility and discussed operating procedures. After the Ysleta tour, team members were taken to two full-service deputies in the area, El Paso Auto IV and Tri Star. El Paso Auto has five locations around the county which serve as a private operation that completes registration and title as well as other services. Tri Star, established over twenty years ago, has one location. The full-service deputies in El Paso County are approved by the Commissioners Court to charge a \$10.00 fee for renewals and a \$15.00 fee for title transfers; however, currently the full-service deputies charge an \$8.00 fee for renewals and \$15.00 for title transfers.</p> <p>The discussion with the TAC, tour of facilities, and visits to two full-service deputies completed the day with the county. The overall visit was in-depth to cover key parts of the study as well as to collect detailed financial data.</p>
Brewster	August 21	Tax office	TTI representatives met with Brewster County TAC and two motor vehicle office deputies. As Brewster is one of the smallest counties

County	Date of 2014 Visit	Meeting Location	Notes
			<p>included in the study, the business model is not as expansive as larger counties. The meeting lasted for most of the morning with discussion including the details of the transaction processes, as well as gathering data such as number of supplies that are ordered.</p> <p>Following the discussion, TTI was then given a tour of the facility to further understand the equipment use behind the transaction processes.</p>
Harris	September 22-23	<ul style="list-style-type: none"> -Tax office -Mickey Leland substation -Distribution warehouse 	<p>The research team met with the Auto Division Director and Manager of Automotive Services. During the visit, which lasted a day and a half, the team visited the downtown Harris County Tax office to discuss in detail the registration and title process specific to Harris County, the role of branch offices and number of registrations and titles that are processed at each, and financials with the tax office bookkeeper. Team members were then shown the automotive division operation in the downtown office as well as the warehouse where county records and supplies are stored to learn about the ordering and distribution process for the motor vehicle department.</p> <p>The following day, team members conducted a time study at the Mickey Leland substation.</p>
Bexar	October 20-21	<ul style="list-style-type: none"> -Sanco Title Service -River City Auto Title -San Antonio Title Service -Alamo/Snow Title Service 	<p>TTI representatives met with four full-service deputies at their place of business, which included Snow Title Service, San Antonio Title Service, Sanco Title Service, and River City Auto Title. Project researchers also met with Bexar County TAC, Chief Deputy of Operations, as well as Motor Vehicle Registration Director. Each day of the visit, the team met with two deputies, as well as members of the county tax office, to collect financial data and learn about the business model of each private title company.</p>
Travis	October 28-30	<ul style="list-style-type: none"> -Fry Auto Title Service -Auto Title Service of Oak Hill -Auto Title Service -Universal Auto Title Service 	<p>TTI met with four full-service deputies at their place of business, which included Fry Auto Title Service, Auto Title Service, Universal Auto Title Service, and Auto Title Services of Oak Hill. Project researchers also met with Travis County TAC, Associate Deputy, Motor Vehicle Supervisor, as well as the attorney representing the four full-service</p>

County	Date of 2014 Visit	Meeting Location	Notes
			deputies. Each day of the visit, researchers met with two deputies, as well as members of the county tax office, to collect financial data and learn about the business model of each private title company.

House Bill 2202

House Bill 2202, enacted during the 83rd Legislative Session, authorized the TxDMV to collect a registration processing and handling fee:

SECTION 19. Subchapter E, Chapter 502, Transportation Code, is amended by adding Section 502.1911 to read as follows:

Sec. 502.1911. REGISTRATION PROCESSING AND HANDLING FEE. (a) The department may collect a fee, in addition to other registration fees for the issuance of a license plate, a set of license plates, or another device used as the registration insignia, to cover the expenses of collecting those registration fees, including a service charge for registration by mail.

(b) The board by rule shall set the fee in an amount that:

(1) includes the fee established under Section 502.356(a); and

(2) is sufficient to cover the expenses associated with collecting registration fees

by:

(A) the department;

(B) a county tax assessor-collector;

(C) a private entity with which a county tax assessor-collector contracts under Section 502.197; or

(D) a deputy assessor-collector that is deputized in accordance with board rule under Section 520.0071.

(c) The county tax assessor-collector, a private entity with which a county tax assessor-collector contracts under Section 502.197, or a deputy assessor-collector may retain a portion of the fee collected under Subsection (b) as provided by board rule. Remaining amounts collected under this section shall be deposited to the credit of the Texas Department of Motor Vehicles fund.

SECTION 44. Subchapter A, Chapter 520, Transportation Code, is amended by adding Section 520.0071 to read as follows:

Sec. 520.0071. DEPUTIES. (a) The board by rule shall prescribe:

(1) the classification types of deputies performing titling and registration duties;

(2) the duties and obligations of deputies;

(3) the type and amount of any bonds that may be required by a county assessor-collector for a deputy to perform titling and registration duties; and

(4) the fees that may be charged or retained by deputies.

(b) A county assessor-collector, with the approval of the commissioners court of the county, may deputize an individual or business entity to perform titling and registration services in accordance with rules adopted under Subsection (a).

BREWSTER COUNTY

	County Transactions	Percent of Sample Transactions	
Sample County Transactions (excludes deputies and Other)			
Brewster	11,789	0.1%	Source: Texas Department of Motor Vehicles
Dallas	2,373,521	29.1%	
El Paso	818,182	10.0%	
Harris	3,717,756	45.5%	
Hidalgo	656,367	8.0%	
Howard	36,964	0.5%	
Jasper	47,589	0.6%	
Refugio	9,165	0.1%	
Wheeler	10,746	0.1%	
Williamson	482,553	5.9%	
Sample County Total	8,164,632	100.0%	
Total Sample County Transactions			
County Walk-In Registration	4,528,505		Source: Texas Department of Motor Vehicles
County Mail-In Registration	584,595		
County Online Registration	1,023,276		
County Walk-In Title	2,028,256		
Limited Service Deputies	1,512,435		
Full Service Deputy Registration	317,922		
Full Service Deputy Title	130,640		
Other (Compensated)	304,076		
Total Sample Transactions	10,429,705		
Brewster County Transactions			
County Walk-In Registration	8,979		Source: Texas Department of Motor Vehicles
County Mail-In Registration	991		
County Online Registration	490		
County Walk-In Title	1,329		
Limited Service Deputies	0		
Full Service Deputy Registration	0		
Full Service Deputy Title	0		
Other (Compensated)	424		
Total County Transactions	11,789		
Transaction Weight Value	0.1%		Calculated Value
Costs			
Salaries and Benefits	\$108,919		Source: County TAC's and TTI
Postage and Envelopes	\$1,299		
Facilities/Utilities/Other Overhead Costs	\$13,922		
Total Cost	\$124,140		
Cost Allocation			
County Walk-In Registration	\$77,356		Source: Calculated Values from Survey Data and County-Provided Data
County Mail-In Registration	\$5,021		
County Online Registration	\$1,895		
County Walk-In Title	\$36,215		
Other (Compensated)	\$3,653		
Total Allocated by Activity	\$124,140		
Mean Processing Time (in seconds)			
Walk-In Registration	171		Source: Transaction Time Data Gathered by TTI
Mail-In Registration	88		
Online Registration	50		
Walk-In Title	542		
Cost Per Transaction			
Walk-In Registration	\$8.62		Calculated Value
Mail-In Registration	\$5.07		
Online Registration	\$3.87		
Walk-In Title	\$27.25		
Cost Per Transaction (weighted by population)			
Walk-In Registration	\$0.01		Calculated Value
Mail-In Registration	\$0.01		
Online Registration	\$0.01		
Walk-In Title	\$0.04		

DALLAS COUNTY

	County Transactions	Percent of Sample Transactions	
Sample County Transactions (excludes deputies and Other)			
Brewster	11,789	0.1%	Source: Texas Department of Motor Vehicles
Dallas	2,373,521	29.1%	
El Paso	818,182	10.0%	
Harris	3,717,756	45.5%	
Hidalgo	656,367	8.0%	
Howard	36,964	0.5%	
Jasper	47,589	0.6%	
Refugio	9,165	0.1%	
Wheeler	10,746	0.1%	
Williamson	482,553	5.9%	
Sample County Total	8,164,632	100.0%	

Total Sample County Transactions			
County Walk-In Registration	4,528,505		Source: Texas Department of Motor Vehicles
County Mail-In Registration	584,595		
County Online Registration	1,023,276		
County Walk-In Title	2,028,256		
Limited Service Deputies	1,512,435		
Full Service Deputy Registration	317,922		
Full Service Deputy Title	130,640		
Other (Compensated)	304,076		
Total Sample Transactions	10,429,705		

Dallas County Transactions			
County Walk-In Registration	1,298,163		Source: Texas Department of Motor Vehicles
County Mail-In Registration	169,959		
County Online Registration	296,018		
County Walk-In Title	609,381		
Limited Service Deputies	441,333		
Full Service Deputy Registration	0		
Full Service Deputy Title	0		
Other (Compensated)	104,169		
Total County Transactions	2,919,023		

Transaction Weight Value 29.1% Calculated Value

Costs			
Salaries and Benefits	\$7,534,265		Source: County TAC's and TTI
Postage and Envelopes	\$272,561		
Facilities/Utilities/Other Overhead Costs	\$392,089		
Total Cost	\$8,198,915		

Cost Allocation			
County Walk-In Registration	\$2,936,990		Source: Calculated Values from Survey Data and County-Provided Data
County Mail-In Registration	\$306,533		
County Online Registration	\$359,040		
County Walk-In Title	\$4,360,679		
Other (Compensated)	\$235,674		
Total Allocated by Activity	\$8,198,915		

Mean Processing Time (in seconds)			
Walk-In Registration	171		Source: Transaction Time Data Gathered by TTI
Mail-In Registration	88		
Online Registration	50		
Walk-In Title	542		

Cost Per Transaction			
Walk-In Registration	\$2.26		Calculated Value
Mail-In Registration	\$1.80		
Online Registration	\$1.21		
Walk-In Title	\$7.16		

Cost Per Transaction (weighted by population)			
Walk-In Registration	\$0.66		Calculated Value
Mail-In Registration	\$0.52		
Online Registration	\$0.35		
Walk-In Title	\$2.08		

EL PASO COUNTY

	County	Percent of Sample	
	Transactions	Transactions	
Sample County Transactions (excludes deputies and Other)			
Brewster	11,789	0.1%	Source: Texas Department of Motor Vehicles
Dallas	2,373,521	29.1%	
El Paso	818,182	10.0%	
Harris	3,717,756	45.5%	
Hidalgo	656,367	8.0%	
Howard	36,964	0.5%	
Jasper	47,589	0.6%	
Refugio	9,165	0.1%	
Wheeler	10,746	0.1%	
Williamson	482,553	5.9%	
Sample County Total	8,164,632	100.0%	
Total Sample County Transactions			
County Walk-In Registration	4,528,505		Source: Texas Department of Motor Vehicles
County Mail-In Registration	584,595		
County Online Registration	1,023,276		
County Walk-In Title	2,028,256		
Limited Service Deputies	1,512,435		
Full Service Deputy Registration	317,922		
Full Service Deputy Title	130,640		
Other (Compensated)	304,076		
Total Sample Transactions	10,429,705		
El Paso County Transactions			
County Walk-In Registration	529,601		Source: Texas Department of Motor Vehicles
County Mail-In Registration	53,559		
County Online Registration	79,165		
County Walk-In Title	155,857		
Limited Service Deputies	0		
Full Service Deputy Registration	287,774		
Full Service Deputy Title	115,493		
Other (Compensated)	25,069		
Total County Transactions	1,246,518		
Transaction Weight Value	10.0%		Calculated Value
Costs			
Salaries and Benefits	\$2,998,526		Source: County TAC's and TTI
Postage and Envelopes	\$84,016		
Facilities/Utilities/Other Overhead Costs	\$92,961		
Total Cost	\$3,175,503		
Cost Allocation			
County Walk-In Registration	\$1,490,774		Source: Calculated Values from Survey Data and County-Provided Data
County Mail-In Registration	\$111,798		
County Online Registration	\$114,710		
County Walk-In Title	\$1,387,654		
Other (Compensated)	\$70,567		
Total Allocated by Activity	\$3,175,503		
Mean Processing Time (in seconds)			
Walk-In Registration	171		Source: Transaction Time Data Gathered by TTI
Mail-In Registration	88		
Online Registration	50		
Walk-In Title	542		
Cost Per Transaction			
Walk-In Registration	\$2.81		Calculated Value
Mail-In Registration	\$2.09		
Online Registration	\$1.45		
Walk-In Title	\$8.90		
Cost Per Transaction (weighted by population)			
Walk-In Registration	\$0.28		Calculated Value
Mail-In Registration	\$0.21		
Online Registration	\$0.15		
Walk-In Title	\$0.89		

HARRIS COUNTY

	County	Percent of Sample	
Sample County Transactions (excludes deputies and Other)	Transactions	Transactions	
Brewster	11,789	0.1%	Source: Texas Department of Motor Vehicles
Dallas	2,373,521	29.1%	
El Paso	818,182	10.0%	
Harris	3,717,756	45.5%	
Hidalgo	656,367	8.0%	
Howard	36,964	0.5%	
Jasper	47,589	0.6%	
Refugio	9,165	0.1%	
Wheeler	10,746	0.1%	
Williamson	482,553	5.9%	
Sample County Total	8,164,632	100.0%	
Total Sample County Transactions			
County Walk-In Registration	4,528,505		Source: Texas Department of Motor Vehicles
County Mail-In Registration	584,595		
County Online Registration	1,023,276		
County Walk-In Title	2,028,256		
Limited Service Deputies	1,512,435		
Full Service Deputy Registration	317,922		
Full Service Deputy Title	130,640		
Other (Compensated)	304,076		
Total Sample Transactions	10,429,705		
Harris County Transactions			
County Walk-In Registration	1,923,106		Source: Texas Department of Motor Vehicles
County Mail-In Registration	271,562		
County Online Registration	525,421		
County Walk-In Title	997,667		
Limited Service Deputies	973,778		
Full Service Deputy Registration	0		
Full Service Deputy Title	0		
Other (Compensated)	139,752		
Total County Transactions	3,857,508		
Transaction Weight Value	45.5%		Calculated Value
Costs			
Salaries and Benefits	\$12,102,729		Source: County TAC's and TTI
Postage and Envelopes	\$471,498		
Facilities/Utilities/Other Overhead Costs	\$1,929,254		
Total Cost	\$14,503,481		
Cost Allocation			
County Walk-In Registration	\$4,896,309		Source: Calculated Values from Survey Data and County-Provided Data
County Mail-In Registration	\$529,348		
County Online Registration	\$687,801		
County Walk-In Title	\$8,034,209		
Other (Compensated)	\$355,814		
Total Allocated by Activity	\$14,503,481		
Mean Processing Time (in seconds)			
Walk-In Registration	171		Source: Transaction Time Data Gathered by TTI
Mail-In Registration	88		
Online Registration	50		
Walk-In Title	542		
Cost Per Transaction			
Walk-In Registration	\$2.55		Calculated Value
Mail-In Registration	\$1.95		
Online Registration	\$1.31		
Walk-In Title	\$8.05		
Cost Per Transaction (weighted by population)			
Walk-In Registration	\$1.16		Calculated Value
Mail-In Registration	\$0.89		
Online Registration	\$0.60		
Walk-In Title	\$3.67		

HIDALGO COUNTY

	County Transactions	Percent of Sample Transactions	
Sample County Transactions (excludes deputies and Other)			
Brewster	11,789	0.1%	Source: Texas Department of Motor Vehicles
Dallas	2,373,521	29.1%	
El Paso	818,182	10.0%	
Harris	3,717,756	45.5%	
Hidalgo	656,367	8.0%	
Howard	36,964	0.5%	
Jasper	47,589	0.6%	
Refugio	9,165	0.1%	
Wheeler	10,746	0.1%	
Williamson	482,553	5.9%	
Sample County Total	8,164,632	100.0%	
Total Sample County Transactions			
County Walk-In Registration	4,528,505		Source: Texas Department of Motor Vehicles
County Mail-In Registration	584,595		
County Online Registration	1,023,276		
County Walk-In Title	2,028,256		
Limited Service Deputies	1,512,435		
Full Service Deputy Registration	317,922		
Full Service Deputy Title	130,640		
Other (Compensated)	304,076		
Total Sample Transactions	10,429,705		
Hidalgo County Transactions			
County Walk-In Registration	435,172		Source: Texas Department of Motor Vehicles
County Mail-In Registration	31,543		
County Online Registration	41,261		
County Walk-In Title	148,391		
Limited Service Deputies	62,574		
Full Service Deputy Registration	30,148		
Full Service Deputy Title	15,147		
Other (Compensated)	20,556		
Total County Transactions	676,923		
Transaction Weight Value	8.0%		Calculated Value
Costs			
Salaries and Benefits	\$2,282,260		Source: County TAC's and TTI
Postage and Envelopes	\$52,443		
Facilities/Utilities/Other Overhead Costs	\$164,688		
Total Cost	\$2,499,391		
Cost Allocation			
County Walk-In Registration	\$1,116,974		Source: Calculated Values from Survey Data and County-Provided Data
County Mail-In Registration	\$61,821		
County Online Registration	\$63,126		
County Walk-In Title	\$1,204,708		
Other (Compensated)	\$52,762		
Total Allocated by Activity	\$2,499,391		
Mean Processing Time (in seconds)			
Walk-In Registration	171		Source: Transaction Time Data Gathered by TTI
Mail-In Registration	88		
Online Registration	50		
Walk-In Title	542		
Cost Per Transaction			
Walk-In Registration	\$2.57		Calculated Value
Mail-In Registration	\$1.96		
Online Registration	\$1.53		
Walk-In Title	\$8.12		
Cost Per Transaction (weighted by population)			
Walk-In Registration	\$0.21		Calculated Value
Mail-In Registration	\$0.16		
Online Registration	\$0.12		
Walk-In Title	\$0.65		

HOWARD COUNTY

	County Transactions	Percent of Sample Transactions	
Sample County Transactions (excludes deputies and Other)			
Brewster	11,789	0.1%	Source: Texas Department of Motor Vehicles
Dallas	2,373,521	29.1%	
El Paso	818,182	10.0%	
Harris	3,717,756	45.5%	
Hidalgo	656,367	8.0%	
Howard	36,964	0.5%	
Jasper	47,589	0.6%	
Refugio	9,165	0.1%	
Wheeler	10,746	0.1%	
Williamson	482,553	5.9%	
Sample County Total	8,164,632	100.0%	
Total Sample County Transactions			
County Walk-In Registration	4,528,505		Source: Texas Department of Motor Vehicles
County Mail-In Registration	584,595		
County Online Registration	1,023,276		
County Walk-In Title	2,028,256		
Limited Service Deputies	1,512,435		
Full Service Deputy Registration	317,922		
Full Service Deputy Title	130,640		
Other (Compensated)	304,076		
Total Sample Transactions	10,429,705		
Howard County Transactions			
County Walk-In Registration	28,945		Source: Texas Department of Motor Vehicles
County Mail-In Registration	1,624		
County Online Registration	820		
County Walk-In Title	5,575		
Limited Service Deputies	0		
Full Service Deputy Registration	0		
Full Service Deputy Title	0		
Other (Compensated)	1,997		
Total County Transactions	38,961		
Transaction Weight Value	0.5%		Calculated Value
Costs			
Salaries and Benefits	\$175,262		Source: County TAC's and TTI
Postage and Envelopes	\$2,493		
Facilities/Utilities/Other Overhead Costs	\$96,850		
Total Cost	\$274,605		
Cost Allocation			
County Walk-In Registration	\$158,639		Source: Calculated Values from Survey Data and County-Provided Data
County Mail-In Registration	\$5,614		
County Online Registration	\$2,763		
County Walk-In Title	\$96,644		
Other (Compensated)	\$10,945		
Total Allocated by Activity	\$274,605		
Mean Processing Time (in seconds)			
Walk-In Registration	171		Source: Transaction Time Data Gathered by TTI
Mail-In Registration	88		
Online Registration	50		
Walk-In Title	542		
Cost Per Transaction			
Walk-In Registration	\$5.48		Calculated Value
Mail-In Registration	\$3.46		
Online Registration	\$3.37		
Walk-In Title	\$17.34		
Cost Per Transaction (weighted by population)			
Walk-In Registration	\$0.02		Calculated Value
Mail-In Registration	\$0.02		
Online Registration	\$0.02		
Walk-In Title	\$0.08		

JASPER COUNTY

	County	Percent of	
	Transactions	Sample	
		Transactions	
Sample County Transactions (excludes deputies and Other)			
Brewster	11,789	0.1%	Source: Texas Department of Motor Vehicles
Dallas	2,373,521	29.1%	
El Paso	818,182	10.0%	
Harris	3,717,756	45.5%	
Hidalgo	656,367	8.0%	
Howard	36,964	0.5%	
Jasper	47,589	0.6%	
Refugio	9,165	0.1%	
Wheeler	10,746	0.1%	
Williamson	482,553	5.9%	
Sample County Total	8,164,632	100.0%	
Total Sample County Transactions			
County Walk-In Registration	4,528,505		Source: Texas Department of Motor Vehicles
County Mail-In Registration	584,595		
County Online Registration	1,023,276		
County Walk-In Title	2,028,256		
Limited Service Deputies	1,512,435		
Full Service Deputy Registration	317,922		
Full Service Deputy Title	130,640		
Other (Compensated)	304,076		
Total Sample Transactions	10,429,705		
Jasper County Transactions			
County Walk-In Registration	38,829		Source: Texas Department of Motor Vehicles
County Mail-In Registration	2,114		
County Online Registration	706		
County Walk-In Title	5,940		
Limited Service Deputies	0		
Full Service Deputy Registration	0		
Full Service Deputy Title	0		
Other (Compensated)	1,774		
Total County Transactions	49,363		
Transaction Weight Value	0.6%		Calculated Value
Costs			
Salaries and Benefits	\$306,510		Source: County TAC's and TTI
Postage and Envelopes	\$3,402		
Facilities/Utilities/Other Overhead Costs	\$148,281		
Total Cost	\$458,193		
Cost Allocation			
County Walk-In Registration	\$291,005		Source: Calculated Values from Survey Data and County-Provided Data
County Mail-In Registration	\$9,495		
County Online Registration	\$3,591		
County Walk-In Title	\$140,807		
Other (Compensated)	\$13,295		
Total Allocated by Activity	\$458,193		
Mean Processing Time (in seconds)			
Walk-In Registration	171		Source: Transaction Time Data Gathered by TTI
Mail-In Registration	88		
Online Registration	50		
Walk-In Title	542		
Cost Per Transaction			
Walk-In Registration	\$7.49		Calculated Value
Mail-In Registration	\$4.49		
Online Registration	\$5.09		
Walk-In Title	\$23.70		
Cost Per Transaction (weighted by population)			
Walk-In Registration	\$0.04		Calculated Value
Mail-In Registration	\$0.03		
Online Registration	\$0.03		
Walk-In Title	\$0.14		

REFUGIO COUNTY

	County Transactions	Percent of Sample Transactions	
Sample County Transactions (excludes deputies and Other)			
Brewster	11,789	0.1%	Source: Texas Department of Motor Vehicles
Dallas	2,373,521	29.1%	
El Paso	818,182	10.0%	
Harris	3,717,756	45.5%	
Hidalgo	656,367	8.0%	
Howard	36,964	0.5%	
Jasper	47,589	0.6%	
Refugio	9,165	0.1%	
Wheeler	10,746	0.1%	
Williamson	482,553	5.9%	
Sample County Total	8,164,632	100.0%	

Total Sample County Transactions			
County Walk-In Registration	4,528,505		Source: Texas Department of Motor Vehicles
County Mail-In Registration	584,595		
County Online Registration	1,023,276		
County Walk-In Title	2,028,256		
Limited Service Deputies	1,512,435		
Full Service Deputy Registration	317,922		
Full Service Deputy Title	130,640		
Other (Compensated)	304,076		
Total Sample Transactions	10,429,705		

Refugio County Transactions			
County Walk-In Registration	7,232		Source: Texas Department of Motor Vehicles
County Mail-In Registration	890		
County Online Registration	148		
County Walk-In Title	895		
Limited Service Deputies	0		
Full Service Deputy Registration	0		
Full Service Deputy Title	0		
Other (Compensated)	390		
Total County Transactions	9,555		

Transaction Weight Value	0.1%	Calculated Value
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Costs			
Salaries and Benefits	\$81,808		Source: County TAC's and TTI
Postage and Envelopes	\$1,009		
Facilities/Utilities/Other Overhead Costs	\$10,115		
Total Cost	\$92,932		

Cost Allocation			
County Walk-In Registration	\$60,693		Source: Calculated Values from Survey Data and County-Provided Data
County Mail-In Registration	\$4,408		
County Online Registration	\$801		
County Walk-In Title	\$23,757		
Other (Compensated)	\$3,273		
Total Allocated by Activity	\$92,932		

Mean Processing Time (in seconds)			
Walk-In Registration	171		Source: Transaction Time Data Gathered by TTI
Mail-In Registration	88		
Online Registration	50		
Walk-In Title	542		

Cost Per Transaction			
Walk-In Registration	\$8.39		Calculated Value
Mail-In Registration	\$4.95		
Online Registration	\$5.41		
Walk-In Title	\$26.54		

Cost Per Transaction (weighted by population)			
Walk-In Registration	\$0.01		Calculated Value
Mail-In Registration	\$0.01		
Online Registration	\$0.01		
Walk-In Title	\$0.03		

WHEELER COUNTY

	County	Percent of	
	Transactions	Sample	
		Transactions	
Sample County Transactions (excludes deputies and Other)			
Brewster	11,789	0.1%	Source: Texas Department of Motor Vehicles
Dallas	2,373,521	29.1%	
El Paso	818,182	10.0%	
Harris	3,717,756	45.5%	
Hidalgo	656,367	8.0%	
Howard	36,964	0.5%	
Jasper	47,589	0.6%	
Refugio	9,165	0.1%	
Wheeler	10,746	0.1%	
Williamson	482,553	5.9%	
Sample County Total	8,164,632	100.0%	
Total Sample County Transactions			
County Walk-In Registration	4,528,505		Source: Texas Department of Motor Vehicles
County Mail-In Registration	584,595		
County Online Registration	1,023,276		
County Walk-In Title	2,028,256		
Limited Service Deputies	1,512,435		
Full Service Deputy Registration	317,922		
Full Service Deputy Title	130,640		
Other (Compensated)	304,076		
Total Sample Transactions	10,429,705		
Wheeler County Transactions			
County Walk-In Registration	8,549		Source: Texas Department of Motor Vehicles
County Mail-In Registration	433		
County Online Registration	151		
County Walk-In Title	1,613		
Limited Service Deputies	0		
Full Service Deputy Registration	0		
Full Service Deputy Title	0		
Other (Compensated)	457		
Total County Transactions	11,203		
Transaction Weight Value	0.1%		Calculated Value
Costs			
Salaries and Benefits	\$180,736		Source: County TAC's and TTI
Postage and Envelopes	\$618		
Facilities/Utilities/Other Overhead Costs	\$47,249		
Total Cost	\$228,603		
Cost Allocation			
County Walk-In Registration	\$135,592		Source: Calculated Values from Survey Data and County-Provided Data
County Mail-In Registration	\$3,806		
County Online Registration	\$1,039		
County Walk-In Title	\$80,918		
Other (Compensated)	\$7,248		
Total Allocated by Activity	\$228,603		
Mean Processing Time (in seconds)			
Walk-In Registration	171		Source: Transaction Time Data Gathered by TTI
Mail-In Registration	88		
Online Registration	50		
Walk-In Title	542		
Cost Per Transaction			
Walk-In Registration	\$15.86		Calculated Value
Mail-In Registration	\$8.79		
Online Registration	\$6.88		
Walk-In Title	\$50.17		
Cost Per Transaction (weighted by population)			
Walk-In Registration	\$0.02		Calculated Value
Mail-In Registration	\$0.01		
Online Registration	\$0.01		
Walk-In Title	\$0.07		

WILLIAMSON COUNTY

	County	Percent of	
	Transactions	Sample	
		Transactions	
Sample County Transactions (excludes deputies and Other)			
Brewster	11,789	0.1%	Source: Texas Department of Motor Vehicles
Dallas	2,373,521	29.1%	
El Paso	818,182	10.0%	
Harris	3,717,756	45.5%	
Hidalgo	656,367	8.0%	
Howard	36,964	0.5%	
Jasper	47,589	0.6%	
Refugio	9,165	0.1%	
Wheeler	10,746	0.1%	
Williamson	482,553	5.9%	
Sample County Total	8,164,632	100.0%	
Total Sample County Transactions			
County Walk-In Registration	4,528,505		Source: Texas Department of Motor Vehicles
County Mail-In Registration	584,595		
County Online Registration	1,023,276		
County Walk-In Title	2,028,256		
Limited Service Deputies	1,512,435		
Full Service Deputy Registration	317,922		
Full Service Deputy Title	130,640		
Other (Compensated)	304,076		
Total Sample Transactions	10,429,705		
Williamson County Transactions			
County Walk-In Registration	249,929		Source: Texas Department of Motor Vehicles
County Mail-In Registration	51,920		
County Online Registration	79,096		
County Walk-In Title	101,608		
Limited Service Deputies	34,750		
Full Service Deputy Registration	0		
Full Service Deputy Title	0		
Other (Compensated)	9,488		
Total County Transactions	492,041		
Transaction Weight Value	5.9%		Calculated Value
Costs			
Salaries and Benefits	\$1,692,972		Source: County TAC's and TTI
Postage and Envelopes	\$75,382		
Facilities/Utilities/Other Overhead Costs	\$167,318		
Total Cost	\$1,935,672		
Cost Allocation			
County Walk-In Registration	\$737,349		Source: Calculated Values from Survey Data and County-Provided Data
County Mail-In Registration	\$111,987		
County Online Registration	\$110,195		
County Walk-In Title	\$948,149		
Other (Compensated)	\$27,992		
Total Allocated by Activity	\$1,935,672		
Mean Processing Time (in seconds)			
Walk-In Registration	171		Source: Transaction Time Data Gathered by TTI
Mail-In Registration	88		
Online Registration	50		
Walk-In Title	542		
Cost Per Transaction			
Walk-In Registration	\$2.95		Calculated Value
Mail-In Registration	\$2.16		
Online Registration	\$1.39		
Walk-In Title	\$9.33		
Cost Per Transaction (weighted by population)			
Walk-In Registration	\$0.17		Calculated Value
Mail-In Registration	\$0.13		
Online Registration	\$0.08		
Walk-In Title	\$0.55		



Texas Department of Motor Vehicles

TxDMV Facilities



4075 Shirley Battey showing new 1955 license plates. April, 1955.



6099 1917 License Plate First Issued By The Texas High-

Finance & Administrative Services

May 29, 2015

TxDMV Facilities

Waco Regional Service Center

Purchase Order Renewal Request for Waco Regional Service Center

Purpose: Requesting the TxDMV Board grant approval or grant the Executive Director the authority to approve the renewal purchase order/contract associated with the Waco Regional Service Center lease for the next five year term.

Authority: In accordance with Government Code, Chapter 2167, the Texas Facilities Commission (TFC) holds authority for leasing and renewing commercially leased property on behalf of state agencies.

Project Timeframe: The new lease would be effective September 1, 2015 through August 31, 2020.

Project Budget/Expenditures:

- Property Location: 2203 Austin Avenue, Waco, Texas 76701
- Square Footage: 2,307
- Monthly lease payment is not all inclusive (utilities, janitorial and general maintenance are handled separately)
- CPI = Consumer Price Index is a clause in the contract, which allows the lessor to request an increase in lease payments due to increased economic changes. CPI is calculated by TFC and added to the monthly payment each year. TxDMV estimates this cost to be about \$1,200 per year.
- Total Projected Cost : \$209,131.80

Renewal Date September 2015	Monthly Rent	Annual Rent	CPI (Estimated \$100 per month)	Total
2015-2016	\$3,185.53	\$38,226.36	\$1,200.00	\$39,426.36
2016-2017	\$3,285.53	\$39,426.36	\$1,200.00	\$40,626.36
2017-2018	\$3,385.53	\$40,626.36	\$1,200.00	\$41,826.36
2018-2019	\$3,485.53	\$41,826.36	\$1,200.00	\$43,026.36
2019-2020	\$3,585.53	\$43,026.36	\$1,200.00	\$44,226.36

Business Operations: The Waco Regional Service Center is the home of 8 TxDMV FTEs (1 Regional Manager, 1 Team Lead and 6 Customer Service Representatives). The Regional Service Centers serve the Texas public by providing:

- Replacement titles;
- Bonded title rejection letters;
- Apportioned registration (IRP credentials and temporary operating authority for established accounts);
- Annual permits (NAFTA);
- Investigating and resolving Texas title errors;
- Etc.

TxDMV Facilities

Photo Gallery 2203 Austin Avenue, Waco, Texas 76701

Street Front



Rear Entrance



TxDMV Facilities

Customer Service Counter



Customer Waiting Area



TxDMV Facilities

Customer Service Representative Work Areas



Employee Break Room





DATE: May 29, 2015
Continued From:
Action Requested:

To: Texas Department of Motor Vehicles Board
From: Jeremiah Kuntz, Director, Vehicle Titles and Registration Division
Agenda Item: 5D
Subject: Security Systems/Services for Regional Service Centers

RECOMMENDATION

To provide security systems/services for the 16 regional service centers.

PURPOSE AND EXECUTIVE SUMMARY

According to the 2013 Crime in Texas report, 28% of all burglaries were business/commercial related and 18 % of the robberies were of commercial or financial establishments. Without proper security systems, the 16 regional service centers continue to maintain a high probability of being burglarized or robbed. This risk would be even greater were thieves and burglars to realize that security systems/services are not currently being provided to the Regional Service Centers (RSCs).

FINANCIAL IMPACT

The capital funds were allocated to the TxDMV for security systems and services in FY 2014 and FY 2015. These funds cannot be forwarded to the next biennium for new projects. Failure to encumber these funds will result in the loss of the capital dollars. Funds must be encumbered by August 31, 2015 and spent by August 31, 2017.

BACKGROUND AND DISCUSSION

The RSCs collected over \$91,465,000.00 for title, registration and plates in FY 2014. Some of the transactions were for thousands of dollars. The IRP payments are generally the largest currency exchange and some checks/money orders have exceeded a million dollars. VTR is requesting security services/systems for all of the RSCs to include cameras; emergency alarms/panic buttons; entry sensors; etc. and office monitoring by a vendor, to prevent crimes before they happen; protect the RSCs against break-ins, robberies, intruders and vandalism 24 hours a day and create a safer environment for customers and employees.

SUPPORTING DOCUMENTS



MEMORANDUM

TO: TxDMV Board Members **DATE:** May 29, 2015

FROM: Jeremiah Kuntz, Director, VTR 

SUBJECT: Specialty License Plate Recommendation

The Texas Department of Motor Vehicles (TxDMV) Board is responsible for approving or declining all proposed vendor and non-vendor specialty license plate applications pursuant to Texas Administrative Code, Title 43, Part 10, Chapter 217, Subchapter B, §217.52. Consideration of one specialty plate design will be on the Board agenda for the May 2015 meeting.

The plate being proposed: World Wildlife Fund (redesign) by My Plates, the specialty license plate marketing vendor.

The application presented in this packet has been reviewed and certified complete; all legislatively required processes have been met. The rules do not allow the Board to consider incomplete applications. Board members may request additional information from TxDMV to reach a decision. The resolution prepared for the meeting provides for approval or disapproval of the specialty license plate.

The attachment displays the design of the specialty license plate.

If you have questions or need additional information, please call me at (512) 465-4023.

Attachment

Attachment

Proposed Specialty License Plate	Design Graphics
1. World Wildlife Fund (redesign)	 The image shows a proposed Texas specialty license plate. At the top, the word "TEXAS" is written in a bold, sans-serif font. To the right of "TEXAS" is a small white paw print icon. Below "TEXAS" is the alphanumeric code "BB01BB" in a large, bold, sans-serif font. At the bottom of the plate, the phrase "PROTECT WILD ANIMALS" is written in a smaller, sans-serif font. On the left side of the plate, there is a graphic of two pandas, one larger and one smaller, looking towards the right.

ADOPTION PUBLICATION OF AMENDMENTS AND REPEALS 43 TAC CHAPTER 206, MANAGEMENT

Description

This order authorizes the adoption of amendments to Subchapter A, Delegation; Subchapter B, Public Meetings and Hearings; Subchapter E, Advisory Committees; Subchapter F, Department Vehicle Fleet Management; and Subchapter G, Electronic Signatures. The board also authorizes the adoption of the repeals of Subchapter B, §206.21, Board Meetings and Subchapter E, §206.91, Scope and Purpose; and the withdrawal of the proposed repeal of Subchapter D, Procedures in Contested Cases, §§206.61-206.73.

Background

Upon initial review of Chapter 206, in accordance with Government Code, §2001.039, the department determined that the reasons for initially adopting the rules under Subchapter D no longer exist. Upon further review, the department determined that other department rules refer to and depend on Subchapter D and therefore, the department withdraws the proposed repeal of Subchapter D.

The department also determined that the reasons for initially adopting rules under Subchapters A-C and E-G continue to exist, but the following amendments are necessary:

- Subchapter A, §206.1, Delegation, is revised to delete wording that is repetitive of statutory language that already describes the board's duties and makeup. The only language remaining allows the board to delegate responsibilities consistent with other law. Section 206.2, Texas Department of Motor Vehicles Organization, is revised to discuss the roles of the executive director and department staff consistent with statute.
- Subchapter B, §206.21 is repealed as it simply repeats statutory language. Section 206.22 is revised to remove language that repeats statute, and for other cleanup revisions consistent with other agency rule sections. Section 206.23 has minor cleanup for consistency.
- Subchapter E, §206.91 is repealed as unnecessary verbiage stating the purpose of the rules. Sections 206.92 and 206.93 are amended to clean up language and to remove unnecessary statutory repetition.
- Subchapter F, §206.111 is amended to make the language consistent with statutes of the Texas Comptroller of Public Accounts regarding fleet vehicle management.
- Subchapter G, §206.131 is amended with minor changes to language for consistency and to comply with corresponding rules of the Texas Department of Information Resources.

Other Comments

There are no fiscal implications related to the amendments and repeals.

The proposal was published in the *Texas Register* on March 6, 2015. The comment period closed on April 6, 2015. No comments were received.

If the board adopts the amendments and repeals during its May 29, 2015, open meeting, staff anticipates:

- publication of the adoption in the June 19, 2015, issue of the *Texas Register*;
- an effective date of the rules of June 28, 2015; and
- system implementation by the department immediately thereafter.

BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES

RESOLUTION APPROVING ADOPTION 43 TAC CHAPTER 206
AMENDMENTS TO SUBCHAPTERS A, B, AND E-G; REPEALS OF SUBCHAPTER A,
§206.21 AND SUBCHAPTER E, §206.91; AND WITHDRAWAL OF PROPOSED REPEAL
OF SUBCHAPTER D, RELATING TO MANAGEMENT

The Board of the Texas Department of Motor Vehicles (board), having reviewed Chapter 206, Management, in accordance with Government Code, §2001.039, finds it necessary to amend or repeal various sections of Subchapter A, Texas Motor Vehicle Board; Subchapter B, Public Meetings and Hearings; Subchapter E, Advisory Committees; Subchapter F, Department Vehicle Fleet Management; and Subchapter G, Electronic Signatures. The board also finds it necessary to withdraw the proposed repeal of Subchapter D, Procedures in Contested Cases, §§206.61-206.73.

The notice of readoption, preamble, amendments, and repeals are attached to this resolution as Exhibits A-D and are incorporated by reference as though set forth verbatim in this resolution, except that they are subject to technical corrections and revisions, approved by the General Counsel, necessary for compliance with state or federal law or for acceptance by the Secretary of State for filing and publication in the *Texas Register*.

IT IS THEREFORE ORDERED by the board that the attached notice of readoption is approved for publication and the attached amendments and repeals are adopted.

The department is directed to take the necessary steps to implement the actions authorized in this order pursuant to the requirements of the Administrative Procedure Act, Government Code, Chapter 2001.

John H. Walker, III, Chairman
Board of the Texas Department of Motor Vehicles

Recommended by:

David D. Duncan, General Counsel
Texas Department of Motor Vehicles

Order Number: _____

Date Passed: May 29, 2015

Texas Department of Motor Vehicles
Chapter 206, Management

Notice of Readoption

The Texas Department of Motor Vehicles (department) files this notice of readoption of 43 TAC Chapter 206, Management, pursuant to Government Code, §2001.039. Notice of the department's intention to review was published in the March 6, 2015, issue of the *Texas Register* (40 TexReg 1111).

As a result of the review, the department determined that the reasons for initially adopting rules under Subchapters A-G continue to exist, but that amendments to certain rules are necessary. The department further determined that the reasons for initially adopting Subchapter B, §206.21 and Subchapter E, §206.91, no longer exist.

No comments on the proposed review were received.

The department is also publishing in the Adopted Rules section of this issue of the *Texas Register*, the adoption of various amendments and repeals under Chapter 206, as well as the withdrawal of the proposed repeal of Subchapter D.

This concludes the review of Chapter 206, Management.

1 Adoption Preamble

2 The Texas Department of Motor Vehicles (department) adopts
3 amendments to Chapter 206, Subchapter A, §206.1, Texas Motor
4 Vehicle Board; §206.2, Texas Department of Motor Vehicles;
5 Subchapter B, §206.22, Public Access to Board Meetings; §206.23,
6 Public Hearings; Subchapter E, §206.92, Definitions; §206.93,
7 Advisory Committee Operations and Procedures; Subchapter F,
8 §206.111, Restrictions on Assignment of Vehicles; and Subchapter
9 G, §206.131, Digital Certificates. The department also adopts
10 the repeals of Subchapter B, §206.21, Board Meetings and
11 Subchapter E, §206.91, Scope and Purpose.

12

13 The amendments and repeals were published in the March 6, 2015,
14 issue of the *Texas Register* (40 TexReg 1019) and are adopted
15 with changes to the proposed text. The proposal included the
16 repeal of Chapter 206, Subchapter D, Procedures in Contested
17 Cases, §§206.61–206.73. However, there are other department
18 rules that refer to and depend on Subchapter D. Therefore, the
19 department withdraws the proposed repeal of Subchapter D, as
20 published in the March 6, 2015, issue of the *Texas Register* (40
21 TexReg 1023). As the department completes rule reviews of all
22 rule chapters under its jurisdiction, the rules will be reviewed

1 to determine if the cross reference to Chapter 206, Subchapter D
2 is still accurate and necessary. The department may propose the
3 repeal of the subchapter at a later date. The remainder of the
4 proposal is adopted without changes and will not be republished.

5

6 EXPLANATION OF AMENDMENTS AND REPEALS

7 The department conducted a review of its rules in compliance
8 with Government Code, §2001.039. Notice of the department's
9 intention to review was published in the March 6, 2015, issue of
10 the *Texas Register* (40 TexReg 1111).

11

12 As a result of the review, the department determined that the
13 reasons for initially adopting rules under Subchapters A-C, and
14 E-G continue to exist, but that amendments are necessary. The
15 department has further determined that the reasons for initially
16 adopting Subchapter B, §206.21 and Subchapter E, §206.91 no
17 longer exist and that they should be repealed.

18

19 An amendment to §206.1 revises the title of that section to
20 "Delegation." Additional amendments delete language contained in
21 statute that already describes the board's duties and makeup.
22 The only language remaining allows the board to delegate

Texas Department of Motor Vehicles
Chapter 206, Management

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1 responsibilities consistent with other law.

2

3 Amendments to §206.2 describe the roles of the executive
4 director and department staff, consistent with statute.

5

6 The department repeals §206.21 as it simply repeats statutory
7 language.

8

9 Amendments to §206.22 are made to remove language that repeats
10 statute, and for other cleanup revisions consistent with other
11 agency rule sections.

12

13 Minor amendments to §206.23 are made for cleanup, consistent
14 with other department rules.

15

16 The department repeals §206.91 as the section contains
17 unnecessary verbiage that describes the purpose of the rules
18 under Subchapter E.

19

20 Nonsubstantive amendments to §206.92 are made for consistency
21 with other department rules and to clarify language.

22

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1 Amendments to §206.93 clean up language and remove unnecessary
2 statutory repetition.

3

4 Amendments to §206.111 make the language consistent with
5 statutes of the Texas Comptroller of Public Accounts regarding
6 fleet vehicle management.

7

8 Amendments to §206.131 are made for consistency with other
9 department rules and to comply with corresponding rules of the
10 Texas Department of Information Resources.

11

12 COMMENTS

13 No comments on the proposed amendments and repeals were
14 received.

15

16 STATUTORY AUTHORITY

17 The amendments and repeals are adopted under Transportation
18 Code, §§1002.001, which provides the board of the Texas
19 Department of Motor Vehicles with the authority to adopt rules
20 that are necessary and appropriate to implement the powers and
21 duties of the department, and Chapter 1003, which sets forth
22 requirements and limitations for the department to specify

1 procedures; and Government Code, §2001.039, which requires state
2 agencies to review their rules every four years and to readopt,
3 readopt with amendments, or repeal as a result of reviewing the
4 rules.

5

6 CROSS REFERENCE TO STATUTE

7 Government Code, Chapters 1001-1003.

1 SUBCHAPTER A. ORGANIZATION AND RESPONSIBILITIES

2 §206.1. Delegation. The Board of the Texas Department of Motor
3 Vehicles (board) may, consistent with applicable law, delegate
4 any agency function to the executive director. The executive
5 director may further delegate such functions to one or more
6 employees of the department. [~~Texas Motor Vehicle Board.~~]

7 [~~(a) Board.~~]

8 [~~(1) The Department of Motor Vehicles is governed by~~
9 ~~the Texas Motor Vehicle Board, consisting of nine board members~~
10 ~~appointed by the governor with the advice and consent of the~~
11 ~~senate.~~]

12 [~~(2) The governor designates one board member as the~~
13 ~~chair of the board.~~]

14 [~~(3) The board shall elect one of its members vice~~
15 ~~chair of the board.~~]

16 [~~(b) Board responsibilities.~~]

17 [~~(1) The Texas Motor Vehicle Board, with the advice~~
18 ~~and recommendations of the executive director, will:~~]

19 [~~(A) develop and implement policies that define~~
20 ~~the respective responsibilities of the executive director and~~
21 ~~department staff;~~]

Texas Department of Motor Vehicles
Chapter 206, Management

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1 [~~(B) provide for the regulation of the~~
2 ~~distribution and sale of motor vehicles and for the protection~~
3 ~~of consumers who purchase motor vehicles;~~]

4 [~~(C) provide for the registration and regulation~~
5 ~~of salvage vehicle dealers;~~]

6 [~~(D) provide for the registration and titling of~~
7 ~~vehicles operating on the public roads;~~]

8 [~~(E) provide for the regulation and registration~~
9 ~~of motor carriers;~~]

10 [~~(F) provide a bonding process for motor~~
11 ~~transportation brokers;~~]

12 [~~(G) adopt rules for the operation of the~~
13 ~~department;~~]

14 [~~(H) establish policy necessary to carry out the~~
15 ~~duties and functions of the department and the board;~~]

16 [~~(I) organize the department into divisions to~~
17 ~~accomplish the department's functions and duties assigned to~~
18 ~~it;~~]

19 [~~(J) approve recommendations for changes to the~~
20 ~~department's organizational structure submitted by the chair of~~
21 ~~the board under subsection (d)(1)(F) of this section;~~]

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1 ~~[(K) consider ways in which the department's~~
2 ~~operations may be improved and periodically report to the~~
3 ~~legislature concerning potential statutory changes that would~~
4 ~~improve the operation of the department; and]~~

5 ~~[(L) perform other duties required by law.]~~

6 ~~[(2) The board may, consistent with applicable law,~~
7 ~~delegate one or more of the functions listed under paragraph~~
8 ~~(1)(B)-(L) of this subsection to the executive director. The~~
9 ~~executive director may further delegate such functions to one or~~
10 ~~more employees of the department.]~~

11 ~~[(c) Attendance at meetings. Each board member shall attend~~
12 ~~at least half of the regularly scheduled meetings that the board~~
13 ~~member is eligible to attend during a calendar year unless the~~
14 ~~absence is excused by majority vote of the board.]~~

15 ~~[(d) Chair of the board.]~~

16 ~~[(1) The chair of the board, with the advice and~~
17 ~~recommendations of the executive director and the executive~~
18 ~~director's staff, shall:]~~

19 ~~[(A) preside over board meetings, make rulings on~~
20 ~~motions and points of order, and determine the order of~~
21 ~~business;]~~

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1 ~~[(B) represent the department as liaison with the~~
2 ~~governor;]~~

3 ~~[(C) report quarterly to the governor on the~~
4 ~~state of affairs at the department;]~~

5 ~~[(D) report suggestions to the board made by the~~
6 ~~governor concerning departmental operations;]~~

7 ~~[(E) report to the governor on efforts to~~
8 ~~maximize the efficiency of departmental operations through the~~
9 ~~use of private enterprise;]~~

10 ~~[(F) periodically review the department's~~
11 ~~organizational structure and submit recommendations for~~
12 ~~structural changes to the governor, the board, and the~~
13 ~~Legislative Budget Board;]~~

14 ~~[(G) designate one or more employees of the~~
15 ~~department as a civil rights section of the department and~~
16 ~~receive regular reports from the section on the department's~~
17 ~~efforts to comply with civil rights legislation and~~
18 ~~administrative rules;]~~

19 ~~[(H) create subcommittees, appoint board members~~
20 ~~to subcommittees, and receive the reports of subcommittees to~~
21 ~~the board as a whole;]~~

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1 [~~(I) appoint a board member to act in the chair's~~
2 ~~absence;~~]

3 [~~(J) serve as the departmental liaison with the~~
4 ~~governor and the Office of State-Federal Relations to maximize~~
5 ~~federal funding;~~]

6 [~~(K) on behalf of the board, report to the~~
7 ~~governor, the lieutenant governor, the speaker of the house of~~
8 ~~representatives, and the presiding officer of relevant~~
9 ~~legislative committees on legislative recommendations adopted by~~
10 ~~the board and relating to the operation of the department;~~]

11 [~~(L) oversee the preparation of an agenda for~~
12 ~~each board meeting and ensure that a copy is provided to each~~
13 ~~board member at least seven days before a regular meeting; and]~~

14 [~~(M) perform any other duties assigned by law.]~~

15 [~~(2) The chair may, consistent with applicable law,~~
16 ~~delegate one or more of the functions listed under paragraph (1)~~
17 ~~of this subsection to the executive director, who in turn may~~
18 ~~further delegate such functions to one or more employees of the~~
19 ~~department.]~~

20

21 §206.2. Texas Department of Motor Vehicles.

22 (a) Executive director.

1 ~~[(1) The board will appoint an executive director for~~
2 ~~the department. The executive director, as the chief executive~~
3 ~~officer of the department, is authorized to administer the day-~~
4 ~~to-day operations of the department. The executive director may~~
5 ~~hold that position until removed by the board.]~~

6 (1)~~[+2]~~ To assist in discharging the duties and
7 responsibilities of the executive director, the executive
8 director may organize, appoint, and retain [~~such~~] administrative
9 staff [~~as he or she deems appropriate~~].

10 (2)~~[+3]~~ The executive director shall:

11 (A) serve the board in an advisory capacity,
12 without vote;

13 (B) submit to the board quarterly, annually, and
14 biennially, [~~to the board~~] detailed reports of the progress of
15 the divisions~~[,]~~ and a detailed statement of expenditures;

16 (C) hire, promote, assign, reassign [~~re-assign~~],
17 transfer, and, consistent with applicable law and policy,
18 terminate staff necessary to accomplish the roles and missions
19 of the department; and

20 ~~[(D) notify the chair of grounds for removal of a~~
21 ~~board member if the executive director knows that a potential~~

1 ~~ground for removal exists, or, if the potential ground for~~
2 ~~removal relates to the chair, notify another board member; and]~~

3 (D)[~~E~~] perform other responsibilities as
4 required by law or assigned by the board.

5 (3)[~~4~~] The executive director may, consistent with
6 applicable law, delegate one or more of the functions listed
7 under paragraph (2)(B)-(D) [~~3)(B)-(E)~~] of this subsection to
8 the staff of the department.

9 (b) Department staff. The staff of the department [~~Texas~~
10 ~~Motor Vehicle Board~~], under the direction of the executive
11 director, is responsible for:

12 (1) implementing the policies and programs of the
13 board by:

14 (A) formulating and applying operating
15 procedures; and

16 (B) prescribing such other operating policies and
17 procedures as may be consistent with and in furtherance of the
18 roles and missions of the department;

19 (2) providing the chair and board members
20 administrative support necessary to perform their respective
21 duties and responsibilities;

1 (3) preparing an agenda under the direction of the
2 chair and providing notice of board meetings and hearings as
3 required by the Texas Open Meetings Act, Government Code,
4 Chapter 551; and

5 (4) performing all other duties as prescribed by law
6 or as assigned by the board.

7 (c) Divisions. The [~~Consistent with board direction~~
8 ~~provided under §206.1(b)(1)(G) and (H) of this subchapter~~
9 ~~(relating to Texas Motor Vehicle Board), the~~] executive director
10 shall organize the department into [~~administrative, motor~~
11 ~~carrier, motor vehicle, and vehicle titles and registration~~]
12 divisions reflecting the various functions and duties assigned
13 to the department.

14 [~~(d) Automobile Burglary and Theft Prevention Authority.~~
15 ~~The Automobile Burglary and Theft Prevention Authority~~
16 ~~(authority) is an independent authority within the department.~~
17 ~~The authority undertakes a variety of programs designed to~~
18 ~~reduce thefts of motor vehicles.]~~

19

20 SUBCHAPTER B. PUBLIC MEETINGS AND HEARINGS

21 §206.22. Public Access to Board Meetings.

1 [~~(a) Purpose. This section provides policies and procedures~~
2 ~~governing public access to the board in order to facilitate that~~
3 ~~access and maximize public participation in the decision making~~
4 ~~process, while ensuring orderly and effective conduct of~~
5 ~~meetings.~~]

6 (a)[~~(b)~~] Posted agenda items. A person may speak before the
7 board on any matter on a posted agenda by submitting a request,
8 in a form and manner as prescribed by the department, prior to
9 the matter being taken up by the board. A person speaking before
10 the board on an agenda item will be allowed an opportunity to
11 speak:

12 (1) prior to a vote by the board on the item; and
13 (2) for a maximum of three minutes, except as provided
14 in subsection (d)(6) [~~(f)(6)~~] of this section.

15 (b)[~~(e)~~] Open comment period.

16 (1) At the conclusion of the posted agenda of each
17 regular business meeting, the board shall [~~will~~] allow an open
18 comment period, not to exceed one hour, to receive public
19 comment on any other matter that is under the jurisdiction of
20 the board.

21 (2) A person desiring to appear under this
22 subsection shall [~~must~~] complete a registration form, as

1 provided by the department, prior to the beginning of the open
2 comment period.

3 (3) Except as provided in subsection (d)(6) [~~(f)(6)~~]
4 of this section, each person shall [~~will~~] be allowed to speak
5 for a maximum of three minutes for each presentation in the
6 order in which the speaker is [~~he or she~~] registered.

7 (c) [~~(d)~~] Disability accommodation. Persons with
8 disabilities, who have special communication or accommodation
9 needs and who plan to attend a meeting, may contact the
10 department in Austin to request auxiliary aids or services.
11 Requests shall [~~Requests should~~] be made at least two days
12 before a meeting. The department shall [~~will~~] make every
13 reasonable effort to accommodate these needs.

14 [~~(e) Notice. For each board meeting an agenda will be filed~~
15 ~~with the Texas Register in accordance with the requirements of~~
16 ~~the Open Meetings Act, Government Code, Chapter 551.]~~

17 (d) [~~(f)~~] Conduct and decorum. The board shall [~~will~~]
18 receive public input as authorized by this section, subject to
19 the following guidelines.

20 (1) Questioning of those making presentations shall
21 [~~will~~] be reserved to board members and the department's
22 administrative staff.

1 (2) Organizations, associations, or groups are
2 encouraged to present their commonly held views, and same or
3 similar comments, through a representative member where
4 possible.

5 (3) Presentations shall remain pertinent to the issue
6 being discussed.

7 (4) A person who disrupts a meeting shall [~~must~~] leave
8 the meeting room and the premises if ordered to do so by the
9 chair.

10 (5) Time allotted to one speaker may not be reassigned
11 to another speaker.

12 (6) The time allotted for presentations or comments
13 under this section may be increased or decreased [~~further~~
14 ~~limited~~] by the chair, or[~~7~~] in the chair's absence, the vice
15 chair, as may be appropriate to assure opportunity for the
16 maximum number of persons to appear.

17 (e)[~~(g)~~] Waiver. Subject to the approval of the chair, a
18 requirement of this section may be waived in the public interest
19 if necessary for the performance of the responsibilities of the
20 board or the department.

21

22 §206.23. Public Hearings.

1 (a) [~~Subject of hearings.~~] The board may hold public
2 hearings:

3 (1) to consider the adoption of rules;

4 (2) in accordance with the programs operated by the
5 department; and

6 (3) to provide, when deemed appropriate by the board
7 or when otherwise required by law, for public input regarding
8 any other issue under the jurisdiction of the board.

9 (b) [~~Authorized representative.~~] The executive director
10 or designee [~~an employee of the department designated by the~~
11 ~~executive director~~] may conduct public hearings held under
12 subsection (a)(2) and (3) of this section.

13 (c) [~~Conduct and decorum.~~] Public hearings shall [~~will~~] be
14 conducted in a manner that maximizes public access and input
15 while maintaining proper decorum and orderliness, and shall
16 [~~will~~] be governed by the following guidelines: [-]

17 (1) Questioning of those making presentations shall
18 [~~will~~] be reserved to board members, the executive director,
19 or [-] if applicable, the presiding officer.

20 (2) Organizations, associations, or groups are
21 encouraged to present their commonly held views and same or
22 similar comments through a representative member where possible.

1 (3) Presentations shall remain pertinent to the issue
2 being discussed.

3 (4) A person who disrupts a public hearing shall
4 ~~[will]~~ leave the hearing room and premises if ordered to do so
5 by the chair or the presiding officer.

6 (5) Time allotted to one speaker may not be reassigned
7 to another speaker.

8 (d) ~~[Disability accommodation.]~~ Persons with disabilities,
9 who have special communication or accommodation needs and who
10 plan to attend a hearing to be held by the board, may contact
11 the department in Austin. In the case of a hearing ~~[to be]~~
12 conducted by the department, those persons may contact the
13 public affairs officer, whose address and telephone number
14 appear in the public notice~~[,]~~ for that hearing, to request
15 auxiliary aids or services. Requests shall~~[. Requests should]~~ be
16 made at least two days before the hearing. The department shall
17 ~~[will]~~ make every reasonable effort to accommodate these needs.

18

19

20

21

SUBCHAPTER E. ADVISORY COMMITTEES

1 §206.92. Definitions. The following words and terms, when used
2 in this subchapter, shall have the following meanings, unless
3 the context clearly indicates otherwise.

4 (1) Advisory committee--Any committee created by the
5 board to make recommendations to the board [~~it~~] or to the
6 executive director pursuant to Transportation Code, §1001.031.

7 (2) Board--The board of the Texas Department of Motor
8 Vehicles.

9 (3) Department--The Texas Department of Motor
10 Vehicles.

11 (4) Division director--The chief administrative
12 officer in charge of a division of the department.

13 (5) Executive director--The chief executive officer of
14 the Texas Department of Motor Vehicles.

15

16 §206.93. Advisory Committee Operations and Procedures.

17 [~~(a) The board may create one or more advisory committees
18 to make recommendations to it and to the department. Any
19 advisory committee created by the board has the purposes,
20 powers, and duties, including the manner of reporting its work,
21 prescribed by the board.]~~

1 ~~[(b) The board shall appoint persons to each advisory~~
2 ~~committee who:]~~

3 ~~[(1) are selected from a list provided by the~~
4 ~~executive director, or a designee; and]~~

5 ~~[(2) have knowledge about and interests in, and~~
6 ~~represent a broad range of viewpoints about the work of the~~
7 ~~advisory committee or applicable division of the department.]~~

8 (a)~~[(e)]~~ Unless a member resigns from an advisory
9 committee, the member continues to serve on the committee until
10 the member is dismissed or replaced by the board, or until the
11 committee concludes all business or is disbanded. The executive
12 director may designate a division of the department to
13 participate with, or to provide subject-matter expertise,
14 guidance, or administrative support to the advisory committee.

15 (b)~~[(d)]~~ A summary of the business undertaken by each
16 advisory committee shall be prepared and filed with the board
17 or the board's ~~[its]~~ designee.

18 (c)~~[(e)]~~ All summaries and other records of each advisory
19 committee proceeding are records of the board that may be
20 subject to disclosure under the provisions of Government Code,
21 Chapter 552.

1 (d)~~(f)~~ The department may, if authorized by law and the
2 executive director, reimburse advisory committee members for
3 reasonable and necessary travel expenses. Current rules and laws
4 governing reimbursement of expenses for state employees shall
5 govern reimbursement of expenses for advisory committee members.

6 (e)~~(g)~~ Advisory committee members are subject to the same
7 laws, policies, and ~~[policies governing]~~ ethical standards of
8 conduct governing ~~[as these for]~~ board members and employees of
9 the department.

10 (f)~~(h)~~ In developing department policies, the board shall
11 ~~[will]~~ consider the recommendations submitted by advisory
12 committees.

13 (g)~~(i)~~ The designated division shall report to the board
14 on actions, including any advice and recommendations, of an
15 advisory committee prior to board action on a pertinent issue.
16 The chair of the advisory committee or the chair's designee may
17 appear before the board prior to board action on a posted agenda
18 item to present the committee's advice and recommendations.

19 (h)~~(j)~~ Unless a different expiration date is established
20 by the board for the advisory committee, each advisory committee
21 is abolished on the fourth anniversary of its creation by the
22 board.

1

2

SUBCHAPTER F. DEPARTMENT VEHICLE FLEET MANAGEMENT

3

§206.111. Restrictions on Assignment of Vehicles.

4

5

6

(a) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

7

8

(1) Department--The Texas Department of Motor Vehicles.

9

10

(2) Division director--The chief administrative officer in charge of a division of the department.

11

12

13

14

(3) Executive Director--The executive director of the Texas Department of Motor Vehicles [~~Transportation~~] or the executive director's designee not below the level of division director.

15

16

17

18

(b) Motor pool. Each department vehicle, with the exception of a vehicle assigned to a field employee, shall [~~an employee or function, will~~] be assigned to the department's motor pool and be available for checkout.

19

20

21

(c) Regular vehicle assignment. The department may assign a vehicle to an individual administrative or executive employee on a regular or everyday basis only if the executive director makes

1 a written documented finding that the assignment is critical
2 [~~important~~] to the needs and mission of the department.

3

4 SUBCHAPTER G. ELECTRONIC SIGNATURES

5 §206.131. Digital Certificates.

6 (a) General [~~Purpose~~]. This section prescribes the
7 requirements that govern the issuance, use, and revocation of
8 digital certificates issued by the Texas Department of Motor
9 Vehicles (department) [~~department~~] for electronic commerce in
10 eligible department programs. The provisions of 1 TAC Chapter
11 203, Subchapter B govern this section in the event of a [Texas
12 ~~Administrative Code (TAC), Title 1, Part 10, Chapter 203,
13 ~~Subchapter B (relating to State Agency Use of Electronic~~
14 ~~Transactions and Signed Records) governs to the extent of any]~~
15 conflict between that subchapter and a provision of this
16 section.~~

17 (b) Definitions. The following words and terms, when used
18 in this section, shall have the following meanings, unless the
19 context clearly indicates otherwise.

20 (1) Business entity--An entity recognized by law
21 through which business is conducted with the department,
22 including a sole proprietorship, partnership, limited liability

1 company, corporation, joint venture, educational institution,
2 governmental agency, or non-profit organization.

3 (2) Certificate holder--An individual to whom a
4 digital certificate is issued.

5 (3) Digital certificate--A certificate, as defined by
6 1 TAC §203.1, [~~in 1 TAC Chapter 203, Subchapter A, §203.1~~
7 ~~(relating to Key Terms and Technologies for Electronic~~
8 ~~Transactions and Signed Records),~~] issued by the department for
9 purposes of electronic commerce.

10 (4) Digital signature--Has the same meaning assigned
11 by 1 TAC §203.1. [~~An electronic identifier assigned in a digital~~
12 ~~certificate and intended, by the person using it, to have the~~
13 ~~same force and effect as the use of a manual signature for~~
14 ~~signing an electronic document.~~]

15 (5) Division director--The chief administrative
16 officer of a division of the department.

17 (c) Program authorization. A division director may
18 authorize the use of digital signatures for a particular program
19 based on whether the applicable industries or organizations are
20 using such technology, the frequency of document submission, and
21 the appropriateness for the program. The solicitation

1 documentation for eligible programs will include the information
2 that digital signatures may be used.

3 (d) Application and issuance of digital certificate.

4 (1) A request for a digital certificate shall [~~must~~]
5 be in writing and shall [~~must~~] be signed by the individual
6 authorized by the business entity to request a digital
7 certificate.

8 (2) The department may request information necessary
9 to verify the identity of the individual requestor or the
10 business entity that has authorized the request. To verify
11 identity under this paragraph a person shall [~~must~~] present:

12 (A) a Texas driver's license or identification
13 certificate with a photograph [~~that is within two years after~~
14 ~~its expiration date~~];

15 (B) an unexpired United States passport;

16 (C) a United States citizenship (naturalization)
17 certificate with identifiable photograph;

18 (D) an unexpired United States Bureau of
19 Citizenship and Immigration Services document that:

20 (i) was issued for a period of at least one
21 year; [~~r~~]

1 (ii) [~~that~~] is valid for not less than six
2 months from the date it is presented to the department with a
3 completed application; and[~~, and that~~]

4 (iii) contains verifiable data and an
5 identifiable photograph;

6 (E) an unexpired United States military
7 identification card for active duty, reserve, or retired
8 personnel with an identifiable photograph; or

9 (F) a foreign passport with a valid or expired
10 visa issued by the United States Department of State with an
11 unexpired United States Bureau of Citizenship and Immigration
12 Services Form I-94:

13 (i) that was issued for a period of at least
14 one year, is marked valid for a fixed duration, and is valid for
15 not less than six months from the date it is presented to the
16 department with a completed application; or

17 (ii) that is marked valid for the duration
18 of the person's stay and is accompanied by appropriate
19 documentation.

20 (3) The department may take actions necessary to
21 confirm that the individual[~~7~~] who signed the request[~~7~~] is
22 authorized to act on behalf of the business entity, including

1 requiring the individual requestor or the person authorizing the
2 request to personally appear at the department location
3 responsible for the issuing of the certificate.

4 (4) The department shall [~~must~~] issue a digital
5 certificate only to an individual. Information identifying the
6 business entity that authorized the issuance of the certificate
7 may be embedded in the digital certificate.

8 (e) Refusal to issue a digital certificate. The
9 department shall [~~will~~] not issue a digital certificate if the
10 identity of the individual[~~r~~] to whom the certificate is to be
11 issued, or the identity of the individual requesting the
12 certificate on behalf of a business entity, cannot be
13 established. The department will not issue a digital certificate
14 if the business entity on whose behalf the request is allegedly
15 being made does not authorize its issuance.

16 (f) Responsibilities of certificate holder. A certificate
17 holder shall [~~must~~]:

18 (1) maintain the security of the digital certificate;

19 (2) use the certificate solely for the purpose for
20 which it was issued; and

21 (3) renew the certificate in a timely manner, if
22 continued use is intended.

1 (g) Responsibilities of business entity. A business entity
2 is responsible for:

3 (1) determining what individual [~~the individual who~~]
4 may request a certificate for the business entity;

5 (2) determining to what individual [~~the individual to~~
6 ~~whom~~] a certificate is to be issued; and

7 (3) requesting within a reasonable time the revocation
8 of the business entity's [~~its~~] certificate if the security of
9 the certificate has been compromised or if the business entity
10 is changing its certificate holder.

11 (h) Revocation of certificate. The department shall [~~will~~]
12 revoke a digital certificate:

13 (1) upon [~~on~~] receipt of a written request for [~~its~~]
14 revocation of the business entity's certificate, signed by an
15 individual authorized to act on behalf of the business entity
16 for which it was issued;

17 (2) for suspension or debarment of the individual or
18 business entity; or

19 (3) if the department has reason to believe that
20 continued use of the digital certificate would present a
21 security risk.

22 (i) Use of digital certificate.

1 (1) A digital signature[~~, assigned in a digital~~
2 ~~certificate~~] issued by the department shall only[~~, must~~] be used
3 for the purpose of digitally signing electronic documents filed
4 with the department. A [~~and only such a signature may be used~~
5 ~~for that purpose. The use of the~~] digital signature is binding
6 on the individual to whom the certificate was issued and the
7 represented business entity, as if the document were signed
8 manually.

9 (2) The department may use the digital certificate to
10 identify the certificate holder when granting or verifying
11 access to secure computer systems used for electronic commerce.

12 (j) Forms. The department may prescribe forms to request,
13 modify, or revoke a digital certificate.

1 SUBCHAPTER B. PUBLIC MEETINGS AND HEARINGS

2 §206.21. Board Meetings.

3 (a) The Texas Motor Vehicle Board will hold at least one
4 regular business meeting each quarter and, subject to the call
5 of the chair, any special or emergency meetings necessary for
6 the performance of the board's duties. Each meeting will be
7 conducted in accordance with applicable provisions of the Open
8 Meetings Act, Government Code, Chapter 551.

9 (b) The chair or, in the chair's absence, the vice chair,
10 shall preside at all board meetings. The chair or vice chair
11 rules on motions and points of order and determines the order of
12 business.

13 (c) The chair may create subcommittees, appoint members to
14 subcommittees, and receive the reports of subcommittees to the
15 board as a whole. A formal meeting of a subcommittee will follow
16 the procedures set forth in the Open Meetings Act, Government
17 Code, Chapter 551, but compliance is not required for an
18 informal meeting of four members if the informal meeting would
19 not otherwise be independently subject to the Open Meetings Act.

1 SUBCHAPTER E. ADVISORY COMMITTEES
2 §206.91. Scope and Purpose. This subchapter prescribes the
3 procedures governing the operation of committees created to
4 advise the Texas Department of Motor Vehicles or its board.

REPEALED

**ADOPTION PUBLICATION OF AMENDMENTS TO 43 TAC SECTION 217.27,
RELATING TO VEHICLE REGISTRATION INSIGNIA**

Description

This order authorizes the adoption of the amendments to Chapter 217, Vehicle Titles and Registration, §217.27, Vehicle Registration Insignia.

Background

The amendments to §217.27 implement House Bill 2305, 83rd Legislature, Regular Session, 2013, regarding registration-based enforcement of motor vehicle inspection requirements under Transportation Code, Chapter 548.

The amendments to §217.27 are for those motor vehicle dealers that are required to apply for the registration of passenger cars or lights trucks in the name of the purchaser under Transportation Code, §501.0234. The amendments require these dealers to register the vehicle for 24 consecutive months if the vehicle received a two-year inspection under Transportation Code, §548.102.

Other Comments

The state and the counties will benefit from these amendments because they will receive the payment for the second year of registration earlier than they would have in the absence of these amendments.

The proposal was published in the *Texas Register* on April 3, 2015. The comment period closed on May 4, 2015. The Texas Automobile Dealers Association (TADA) submitted a comment in support of the amendments. TADA commented that the amendments allow consistency in the titling and registration process. The comment is included with these materials.

If the board adopts the amendments during its May 29, 2015, open meeting, staff anticipates:

- publication of the adoption in the June 19, 2015, issue of the *Texas Register*;
- an effective date of the amendments of June 28, 2015; and
- system implementation by the department immediately thereafter.



1108 Lavaca, Suite 800
Austin, Texas 78701
Phone: 512-476-2686
www.tada.org

April 10, 2015

Mr. David D. Duncan
General Counsel
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, Texas 78731

Sent via email: rules@txdmv.gov

Re: Proposed Amendments 43 TAC § 217.27

Dear Mr. Duncan:

On behalf of the Texas Automobile Dealers Association (TADA), please accept these comments in support of the proposed amendments to 43 TAC § 217.27 as published in the April 3, 2015, Texas Register, 40 *TexReg* 1963 - 1964.

The proposal allows consistency in the titling and registration process by the franchised dealer community by requiring a dealer to register a vehicle for 24 consecutive months if the vehicle receives a two-year inspection under Transportation Code § 548.102.

As the one-sticker rule is now effective, TADA welcomes the proposal and appreciates the agency going forward with the rule amendment and adoption.

If you have any question, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Phillips", written in a cursive style.

Karen Phillips
General Counsel/EVP

BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES
RESOLUTION APPROVING ADOPTION
AMENDMENTS TO 43 TAC SECTION 217.27, VEHICLE REGISTRATION INSIGNIA

The Board of the Texas Department of Motor Vehicles (board) finds it necessary to adopt the amendments to Chapter 217, Vehicle Titles and Registration, §217.27, Vehicle Registration Insignia.

The preamble and the amendments are attached to this resolution as Exhibits A-B and are incorporated by reference as though set forth verbatim in this resolution, except that they are subject to technical corrections and revisions, approved by the General Counsel, necessary for compliance with state or federal law or for acceptance by the Secretary of State for filing and publication in the *Texas Register*.

IT IS THEREFORE ORDERED by the board that the attached rule is adopted.

The department is directed to take the necessary steps to implement the actions authorized in this order pursuant to the requirements of the Administrative Procedure Act, Government Code, Chapter 2001.

John H. Walker, III, Chairman
Board of the Texas Department of Motor Vehicles

Recommended by:

Jeremiah Kuntz, Director
Vehicle Titles and Registration Division

Order Number: _____

Date Passed: May 29, 2015

Texas Department of Motor Vehicles
Chapter 217, Vehicle Titles and Registration

Page 1 of 2

1 Adoption Preamble

2 The Texas Department of Motor Vehicles (department) adopts
3 amendments to §217.27, Vehicle Registration Insignia, without
4 changes to the proposed text as published in the April 3, 2015,
5 issue of the *Texas Register* (40 TexReg 1963). The amended rule
6 will not be republished.

7

8 EXPLANATION OF ADOPTED AMENDMENTS

9 The amendments to §217.27 implement House Bill 2305, 83rd
10 Legislature, Regular Session, 2013, regarding registration-based
11 enforcement of motor vehicle inspection requirements under
12 Transportation Code, Chapter 548.

13

14 The amendments to §217.27 are for those motor vehicle dealers
15 that are required to apply for the registration of passenger
16 cars and lights trucks in the name of the purchaser under
17 Transportation Code, §501.0234. The amendments require these
18 dealers to register the vehicle for 24 consecutive months if the
19 vehicle received a two-year inspection under Transportation
20 Code, §548.102.

21

Texas Department of Motor Vehicles
Chapter 217, Vehicle Titles and Registration

Page 2 of 2

1 COMMENTS

2 The department received a written comment from the Texas
3 Automobile Dealers Association (TADA) in support of the
4 amendments. TADA commented that the amendments allow consistency
5 in the titling and registration process.

6

7 STATUTORY AUTHORITY

8 The amendments are adopted under Transportation Code, §502.0021,
9 which authorizes the department to adopt rules to administer
10 Chapter 502, Registration of Vehicles.

11

12 CROSS REFERENCE TO STATUTE

13 Transportation Code, Chapters 502 and 548.

1 SUBCHAPTER B. MOTOR VEHICLE REGISTRATION

2 §217.27. Vehicle Registration Insignia.

3 (a) On receipt of a complete initial application for
4 registration with the accompanying documents and fees, the
5 department will issue vehicle registration insignia to be
6 displayed on the vehicle for which the registration was issued
7 for the current registration period.

8 (1) If the vehicle has a windshield, the symbol, tab,
9 or other device prescribed by and issued by the department shall
10 be attached to the inside lower left corner of the vehicle's
11 front windshield in a manner that will not obstruct the vision
12 of the driver.

13 (2) If the vehicle has no windshield, the symbol, tab,
14 or other device prescribed by and issued by the department shall
15 be attached to the rear license plate, except that registration
16 receipts, retained inside the vehicle, may provide the record of
17 registration for vehicles with permanent trailer plates.

18 (3) If the vehicle is registered as a former military
19 vehicle as prescribed by Transportation Code, §504.502, the
20 vehicle's registration number shall be displayed instead of
21 displaying a symbol, tab, or license plate.

Texas Department of Motor Vehicles
Chapter 217, Vehicle Titles and Registration

Page 2 of 4

1 (A) Former military vehicle registration numbers
2 shall be displayed on a prominent location on the vehicle in
3 numbers and letters of at least two inches in height.

4 (B) To the extent possible, the location and
5 design of the former military vehicle registration number must
6 conform to the vehicle's original military registration number.

7 (b) Unless otherwise prescribed by law, each vehicle
8 registered under this subchapter:

9 (1) must display two license plates, one at the
10 exterior front and one at the exterior rear of the vehicle that
11 are securely fastened at the exterior front and rear of the
12 vehicle in a horizontal position of not less than 12 inches from
13 the ground, measuring from the bottom, except that a vehicle
14 described by Transportation Code, §621.2061 may place the rear
15 plate so that it is clearly visible; or

16 (2) must display one plate that is securely fastened
17 at or as close as practical to the exterior rear of the vehicle
18 in a position not less than 12 inches from the ground, measuring
19 from the bottom if the vehicle is a road tractor, motorcycle,
20 trailer or semitrailer.

21 (c) Each vehicle registered under this subchapter must
22 display license plates:

1 (1) assigned by the department for the period; or

2 (2) validated by a registration insignia issued by the
3 department for a registration period consisting of 12
4 consecutive months at the time of application for registration.

5 Vehicles may be registered for 24 consecutive months only in
6 accordance with Transportation Code, §548.102. However, the
7 vehicle must be registered for 24 consecutive months and all
8 fees must be paid for each year of registration, regardless of
9 the number of months remaining on the inspection at the time of
10 registration, if both of the following occur:

11 (A) the vehicle receives a two-year inspection
12 under §548.102; and

13 (B) the application for registration is made in
14 the name of the purchaser under Transportation Code, §501.0234.

15 (d) The department will cancel or not issue any license
16 plate containing an alpha-numeric pattern that meets one or more
17 of the following criteria.

18 (1) The alpha-numeric pattern conflicts with the
19 department's current or proposed regular license plate numbering
20 system.

21 (2) The executive director finds that the alpha-
22 numeric pattern may be considered objectionable or misleading,

1 including that the pattern may be viewed as, directly or
2 indirectly:

3 (A) indecent (defined as including a reference to
4 a sex act, an excretory function or material, or sexual body
5 parts);

6 (B) a vulgarity (defined as curse words);

7 (C) derogatory (defined as an expression of hate
8 directed toward people or groups that is demeaning to people or
9 groups, or associated with an organization that advocates such
10 expressions);

11 (D) a reference to illegal activities or
12 substances, or implied threats of harm; or

13 (E) a misrepresentation of law enforcement or
14 other governmental entities and their titles.

15 (3) The alpha-numeric pattern is currently issued to
16 another owner.

17 (e) The provisions of subsection (a) of this section do not
18 apply to vehicles registered with annual license plates issued
19 by the department.

**ADOPTION PUBLICATION OF AMENDMENTS TO
43 TAC SECTIONS 219.1-219.3, 219.11-219.17, 219.30, 219.41-219.45,
219.61-219.64, 219.82, AND 219.124-219.126,
RELATING TO OVERSIZE AND OVERWEIGHT VEHICLES AND LOADS**

Description

This order authorizes the adoption of amendments to §§219.1-219.3, 219.11-219.17, 219.30, 219.41-219.45, 219.61-219.64, 219.82, and 219.124-219.126.

Background

The adopted amendments reflect the transfer of certain functions related to oversize and overweight vehicles from the Texas Department of Transportation to the department pursuant to Senate Bill 1420 from the 82nd Legislative Session. The adopted amendments also:

- Delete language that repeats the statutes
- Transfer language from certain graphics to the rules
- Delete certain graphics
- Make the rules consistent with current law
- Delete language that does not belong in an administrative rule
- Clarify current requirements and procedures
- Revise terminology to be consistent with other department rules and current practice
- Correct references to statutes and rules
- Add, delete, and modify certain definitions
- Delete unnecessary language

Other Comments

There are no fiscal implications related to the adopted amendments.

If the board adopts the amendments during its May 29, 2015, open meeting, staff anticipates:

- Publication of the adoption in the June 19, 2015, issue of the *Texas Register*; and
- An effective date of the rules of June 28, 2015.

BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES

RESOLUTION APPROVING ADOPTION 43 TAC CHAPTER 219,
 AMENDMENTS TO SECTIONS 219.1-219.3, 219.11-219.17, 219.30, 219.41-219.45,
 219.61-219.64, 219.82, AND 219.124-219.126,
 RELATING TO OVERSIZE AND OVERWEIGHT VEHICLES AND LOADS

The Board of the Texas Department of Motor Vehicles (board) finds it necessary to adopt amendments to Chapter 219, Oversize and Overweight Vehicles and Loads, Subchapter A: §219.1, Purpose and Scope; §219.2, Definitions; §219.3, Surety Bonds for Vehicles Transporting Recyclable Materials or Solid Waste; Subchapter B: §219.11, General Oversize/Overweight Permit Requirements and Procedures; §219.12, Single-Trip Permits Issued Under Transportation Code, Chapter 623, Subchapter D; §219.13, Time Permits, §219.14, Manufactured Housing, and Industrialized Housing and Building Permits; §219.15, Portable Building Unit Permits; §219.16, Permits for Military and Governmental Agencies; §219.17, Multi-state Permitting Agreements; Subchapter C: §219.30, Permits for Over Axle and Over Gross Weight Tolerances; Subchapter D: §219.41, General Requirements; §219.42, Single-Trip Mileage Permits; §219.43, Quarterly Hubometer Permits; §219.44, Annual Permits; §219.45, Permits for Vehicles Transporting Liquid Products Related to Oil Well Production; Subchapter E: §219.61, General Requirements for Permits for Oversize and Overweight Unladen Lift Equipment Motor Vehicles; §219.62, Single Trip Mileage Permits; §219.63, Quarterly Hubometer Permits; §219.64, Annual Permits; Subchapter F: §219.82, Falsification of Information on Application and Permit; and Subchapter H: §219.124, Administrative Proceedings; §219.125, Settlement Agreements; and §219.126, Administrative Penalty for False Information on Certificate by a Shipper.

The preamble and amendments are attached to this resolution as Exhibits A-B, and are incorporated by reference as though set forth verbatim in this resolution, except that they are subject to technical corrections and revisions, approved by the General Counsel, necessary for compliance with state or federal law or for acceptance by the Secretary of State for filing and publication in the *Texas Register*.

IT IS THEREFORE ORDERED by the board that the attached rule amendments are adopted.

The department is directed to take the necessary steps to implement the actions authorized in this order pursuant to the requirements of the Administrative Procedure Act, Government Code, Chapter 2001.

John H. Walker, III, Chairman
 Board of the Texas Department of Motor Vehicles

Recommended by:

Jimmy Archer, Director
 Motor Carrier Division

Order Number: _____

Date Passed: May 29, 2015

Texas Department of Motor Vehicles Page 1 of 4
Chapter 219, Oversize and Overweight Vehicles and Loads

1 Adoption Preamble

2 The Texas Department of Motor Vehicles (department) adopts
3 amendments to Subchapter A: §219.1, Purpose and Scope; §219.3,
4 Surety Bonds for Vehicles Transporting Recyclable Materials or
5 Solid Waste; Subchapter B: §219.11, General Oversize/Overweight
6 Permit Requirements and Procedures; §219.13, Time Permits;
7 §219.14, Manufactured Housing, and Industrialized Housing and
8 Building Permits; §219.15, Portable Building Unit Permits;
9 §219.16, Permits for Military and Governmental Agencies;
10 §219.17, Multi-state Permitting Agreements; Subchapter C:
11 §219.30, Permits for Over Axle and Over Gross Weight Tolerances;
12 Subchapter D: §219.41, General Requirements; §219.42, Single-
13 Trip Mileage Permits; §219.43, Quarterly Hubometer Permits;
14 §219.45, Permits for Vehicles Transporting Liquid Products
15 Related to Oil Well Production; Subchapter E: §219.61, General
16 Requirements for Permits for Oversize and Overweight Unladen
17 Lift Equipment Motor Vehicles; §219.62, Single Trip Mileage
18 Permits; §219.63, Quarterly Hubometer Permits; §219.64, Annual
19 Permits; Subchapter F: §219.82, Falsification of Information on
20 Application and Permit; and Subchapter H: §219.124,
21 Administrative Proceedings; §219.125, Settlement Agreements; and
22 §219.126, Administrative Penalty for False Information on
23 Certificate by a Shipper, without changes and therefore, will

Texas Department of Motor Vehicles Page 2 of 4
Chapter 219, Oversize and Overweight Vehicles and Loads

1 not be republished. The amendments to §219.2, Definitions;
2 §219.12, Single-Trip Permits Issued Under Transportation Code,
3 Chapter 623, Subchapter D; and §219.44, Annual Permits are
4 adopted with changes to the proposed text as published in the
5 March 6, 2015, issue of the *Texas Register* (40 TexReg 1026), and
6 will be republished.

7

8 EXPLANATION OF ADOPTED AMENDMENTS

9 Senate Bill 1420, 82nd Legislature, Regular Session, 2011,
10 transferred certain functions related to oversize and overweight
11 vehicles from the Texas Department of Transportation to the
12 department.

13

14 Amendments throughout Chapter 219 reflect the transfer of these
15 functions to the department, delete language that repeats the
16 statutes, transfer language from certain graphics to the rules,
17 and delete certain graphics. Adopted amendments are also made
18 throughout Chapter 219 to reflect changes in the law, to delete
19 language that does not belong in an administrative rule, to
20 clarify current requirements and procedures, and to revise
21 terminology for consistency with other department rules and with
22 current department practice. Further, nonsubstantive amendments
23 are made to correct references to statutes and rules.

1

2 Additional amendments to §219.2 are adopted to add, delete, and
3 modify certain definitions. Additionally, an amendment to
4 §219.124(e), deletes the word "unappealable," so the language is
5 consistent with Transportation Code, §643.2525. An amendment to
6 §219.125 deletes subsection (c) regarding the revocation of the
7 settlement agreement because the clause is unnecessary.

8 According to §219.125(b), if the settlement agreement requires
9 the payment of a penalty, the alleged violator must submit
10 payment in an agreed amount before the agreement may be
11 executed. In addition, if the settlement agreement involves the
12 revocation, suspension, or denial of an oversize or overweight
13 permit, the department activates the revocation, suspension, or
14 denial.

15

16 The department amended the proposed published text of §219.2(75)
17 to change "TXDOT" to "TxDOT" for consistency. The department
18 also amended the proposed published text of §219.2(81) to
19 replace the reference to §217.3(b) with a reference to
20 Transportation Code, §501.032 and §501.033 because §217.3(b)
21 does not address vehicle identification numbers. Because
22 §219.2(75) includes an acronym for the Texas Department of
23 Transportation, the department deleted the full name of the

Texas Department of Motor Vehicles Page 4 of 4
Chapter 219, Oversize and Overweight Vehicles and Loads

1 state agency from §219.12(b)(9) as published. Finally, the
2 department added the following clause to the end of the first
3 sentence in §219.44(a) because the clause was inadvertently
4 omitted from the published proposed text: of this title
5 (relating to General Requirements).

6

7 COMMENTS

8 No comments on the proposed amendments were received.

9

10 STATUTORY AUTHORITY

11 The amendments are proposed under Transportation Code,
12 §1002.001, which provides the Board of the Texas Department of
13 Motor Vehicles with the authority to adopt rules that are
14 necessary and appropriate to implement the powers and duties of
15 the department under the Transportation Code; and more
16 specifically Transportation Code, §§621.008, 622.002, and
17 623.002, which authorize the Board of the Texas Department of
18 Motor Vehicles to adopt rules that are necessary to implement
19 and enforce Chapters 621, 622, and 623.

20

21 CROSS REFERENCE TO STATUTE

22 Transportation Code, Chapters 621, 622, and 623.

23

Texas Department of Motor Vehicles
Chapter 215, Motor Vehicle Distribution

PROPOSED RULE REVIEW
Subchapter Overview

Subchapter A. General Provisions

- Deletes definitions found in statute; clarifies other definitions.
- General clean-up of language, grammar, punctuation, etc.
- Renames §215.1 for consistency with chapter and other TxDMV rules.
- Repeals sections concerning board powers and duties found in statute.
- Repeals sections relating to "formal" and "informal" opinions as contrary to Government Code, Section 2001.003(6) which defines a rule as "a state agency statement of general applicability that (i) implements, interprets, or prescribes law or policy, or (ii) describes the procedure or practice requirements of a state agency."

Formal and informal opinions that "affect private rights," and that have a "binding effect on private rights," constitute administrative rules under the Administrative Procedure Act (APA) and thus, the APA's rulemaking procedures must be followed in accordance with Government Code, Chapter 2001.

[OGC supports the repeal of this language as it violates the APA by circumventing the APA. TADA may not support as its representative was the architect of this rule.]

Subchapter B. Adjudicative Practice and Procedure

- Clarifies that this subchapter relates to TxDMV/OAH adjudicative practice and procedure.
- Simplifies procedures and removes unnecessary prescriptive language.
- Reorganizes/subdivides sections where needed and removes unnecessary language.
- Establishes "last known address" for purposes of giving notice as the "mailing address provided to the department when the license holder applies for a license or renews its license."
- Provides for a TxDMV General Counsel role when ex parte communications are discovered.
- Sets forth TxDMV/OAH adjudicative practice and procedure in a clear, user-friendly manner.
- Authorizes the director of the division [MVD] to issue final orders in contested cases resolved by summary judgment or summary disposition.
- Renames certain section titles for clarity and easy identification.
- General clean-up of language, grammar, punctuation, etc.

Subchapter C. Licenses, Generally

- General clean-up of language, grammar, punctuation, etc.
- Renames certain section titles for consistency with statutory terminology and for clarity and easy identification.
- Reorganizes and restructures paragraphs throughout.

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PROPOSED RULE REVIEW
Subchapter Overview *[continued]*

- Deletes language found in statute in order to make application process clearer and more user-friendly.
- Clarifies terminology and sets forth what constitutes brokering of new and used motor vehicles.
- Maintains substantive language relating to sections pertaining to Criminal Offense and Action on License and Fitness *[as promulgated by the Motor Vehicle License Advisory Committee]*.

Subchapter D. Franchised Dealers, Manufacturers, Distributors, and Converters

- General clean-up, reorganization, and restructure of paragraphs, including subdividing items/requirements into lists to make clearer and more user-friendly.
- Deletes language found in statute.
- Substitutes "department" for "division" where appropriate throughout subchapter.
- Simplifies language to reflect proper grammar.
- Clarifies recordkeeping requirements for manufacturers, distributors, and converters.

Subchapter E. General Distinguishing Numbers

- Reorganizes and restructures paragraphs to make clearer and more user-friendly.
- Clarifies, deletes, and/or restates ambiguous language, improper grammar, and/or punctuation.
- Replaces certain textual language with charts/figures for easier access and review.
- Replaces rule definitions with citations to statutory definitions on same subject.
- Substitutes "department" for "division" where appropriate throughout subchapter.
- Renames certain section titles for clarity and easy identification.
- Repeals §215.133, GDN as that section is adequately addressed by statute.

Subchapter F. Lessors and Lease Facilitators

- Renames subchapter for consistency with statutory terminology.
- Deletes rule definitions of relevant terms in favor of statutory definitions.
- Renames certain section titles for clarity and easy identification.
- Substitutes "department" for "division" where appropriate throughout subchapter.
- Reorganizes and restructures paragraphs by listing items/requirements for clarity and user-friendliness.
- Restates confusing and/or ambiguous language.

Subchapter G. Warranty Performance Obligations

- General clean-up of grammar, punctuation, etc. for consistency with entire chapter and other TxDMV rules.
- Renames §215.201 for consistency with chapter and other TxDMV rules.
- Reorganizes and restructures paragraphs to provide clarity and to make more user-friendly.

Texas Department of Motor Vehicles
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PROPOSED RULE REVIEW
Subchapter Overview *[continued]*

Subchapter H. Advertising

- General clean-up of language, grammar, punctuation, etc. for consistency with entire chapter and other TxDMV rules.
- Renames certain section titles for consistency with statutory terms and for clarity and easy identification.
- Reorganizes and restructures paragraphs to provide clarity and make more user-friendly.
- Replaces certain textual language with graphics/figures for easier reference.
- TADA and TxDMV staff conferred on amendments/peals.

Subchapter I. Practice and Procedure for Hearings Conducted by the State Office of Administrative Hearings

- General clean-up of language, grammar, punctuation, sentence structure, etc.
- Renames §215.301 for consistency with chapter and other TxDMV rules.
- Substitutes "board" with "department" where appropriate throughout subchapter.
- Replaces references to "Codes" with specific governing statutes.
- Substitutes "appropriate department office" with "department" (e.g. complaints shall be filed with the "department").
- Substitutes "contested cases" for "matters" that are referred to SOAH.
- Establishes "last known address" for purposes of giving notice as the "mailing address provided to the department when the license holder applies for a license or renews its license."
- Adds provision providing that "before the commencement of a proceeding by SOAH, the director [MVD] is authorized to issue a cease and desist order under this section." The cease and desist order may be issued without notice and opportunity for hearing if the provisions under Occupations Code, §2301.802(b) are met. An ALJ shall hold a hearing to determine whether the interlocutory cease and desist order should remain in effect during the pendency of the proceeding.
- Clarifies that motions for rehearing or replies to motions for rehearing of an order issued by the board, shall be decided by the board. Motions for rehearing and replies to motions for rehearing of an order issued by the board delegate, shall be decided by the board delegate.

Subchapter J. Administrative Sanctions

- Clarifies what constitutes an administrative sanction.
- Establishes "last known address" for purposes of giving notice as the "mailing address provided to the department when the license holder applies for a license or renews its license."
- Sets forth the elements contained in a Notice of Department Decision.

**PROPOSED PUBLICATION OF AMENDMENTS AND REPEALS
43 TAC CHAPTER 215, MOTOR VEHICLE DISTRIBUTION**

Description

This order proposes publication for comment of amendments and repeals in Chapter 215, Subchapters A-J.

Background

As a result of the rule review of Chapter 215, in accordance with Government Code, §2001.039, the department has determined that the reasons for initially adopting Subchapters A-J continue to exist, but that certain amendments and repeals are necessary.

The proposed amendments:

- correct punctuation, grammar, and capitalization
- replace terminology with defined terms
- delete definitions already defined by statute
- revise existing terminology for consistency with other department rules
- correct referenced citations
- delete language that duplicates statute
- subdivide and restructure various rules to improve formatting and readability
- rename certain subchapter and section titles for consistency and accuracy
- simplify and clarify language by removing statutory repetition

Additional amendments to Subchapter A, *General Provisions*, add and define the term "GDN"; clarify the statutory authority of a final order authority and motion for rehearing authority; repeal §215.3 because it duplicates statute; and repeal §§215.4-215.6, relating to opinions, because those sections contradict Government Code, §2001.003(6).

Additional amendments to Subchapter B, *Adjudicative Practice and Procedure*, clarify the purpose of the subchapter; add that prohibited communications will be reported to the general counsel; establish the last known address of a license holder for purposes of giving notice as the mailing address provided to the department when the license holder applies or renews its license; clarify that the costs of transcribing and preparing a record in a contested case hearing will be assessed to the party requesting the record; authorize the director of the division to issue final orders in contested cases that are resolved by summary judgment or summary disposition; and repeal §§215.25, 215.26, 215.28, 215.31, 215.33, 215.50-215.54, and 215.57 because they duplicate language contained in statute.

Additional amendments to Subchapter C, *Licenses, Generally*, replace "division" with "department"; incorporate, with amendments, the rule language under existing §215.86 with §215.83; and repeal §215.86 because it is no longer necessary.

Additional amendments to Subchapter D, *Franchised Dealers, Manufacturers, Distributors, and Converters*, clarify that the provisions of §215.105 apply only to purchases and transfers involving physical relocation, and that the provisions of §215.112 are limited only to motor home shows requiring department approval; replace "division" with "department"; and repeal §215.107 because it duplicates statute.

Additional amendments to Subchapter E, *General Distinguishing Numbers*, add and define the term "VIN"; specify that a dealer may not commence business at any location until the department issues a license authorizing that location; replace existing textual language with graphics; clarify that different requirements apply to retail dealers and wholesale motor vehicle dealers; clarify that license holders are not required to maintain copies of motor vehicle titles submitted electronically; and repeal §§215.133, 215.136, 215.142, and 215.143 because they are adequately addressed by statute.

An additional amendment to Subchapter F, *Lessors and Lease Facilitators*, repeals §215.172 because the department proposes to delete all existing definitions under that section.

An additional amendment to Subchapter G, *Warranty Performance Obligations*, renames the title of §215.201 for consistency with other department rules.

Additional amendments to Subchapter H, *Advertising*, replace "Board" with "department" and "code" with "Occupations Code, Chapter 2301"; add and define the terms "new motor vehicle" and "savings claim or discount"; provide that a manufacturer's suggested retail price (MSRP) must be the actual MSRP set by the manufacturer when advertised by a dealer; incorporate the provisions under existing §215.262 relating to savings claims and discount offers with §215.250; replace certain textual language with graphics; add clarifying language regarding allowable use of trade-in amounts in advertisements; and repeal §215.262 because it is no longer necessary.

Additional amendments to Subchapter I, *Practice and Procedure for Hearings Conducted by the State Office of Administrative Hearings*, replace "matter" with "contested case" and "Board" with "department"; establish a license holder's last known address for purposes of giving notice as the mailing address provided to the department when the license holder applies or renews its license; authorize the director of the division to issue a cease and desist order without notice and opportunity for hearing; clarify that a motion for rehearing and a reply to a motion for rehearing of an order issued by the board delegate must be decided by the board delegate; and repeal §§215.309, 215.312, and 215.313 because they duplicate language contained in statute.

Additional amendments to Subchapter J, *Administrative Sanctions*, clarify that an administrative sanction may include denial of an application for a license; establish the last known address of a license holder for purposes of giving notice as the mailing address provided to the department when the license holder applies or renews its license; and provide that the department will not refund a fee to a person that is subject to an unpaid civil penalty imposed by a final order.

Other Comments

There are no significant fiscal implications related to the proposed amendments and repeals.

If the proposal is approved by the board, staff anticipates publication of the proposed amendments and repeals in the *Texas Register* on or about June 19, 2015. Comments on the proposed amendments and repealed sections will be accepted until 5:00 p.m. on July 20, 2015.

BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES

RESOLUTION APPROVING PUBLICATION OF PROPOSED 43 TAC CHAPTER 215,
AMENDMENTS TO SUBCHAPTERS A-J; AND REPEALED SECTIONS UNDER
SUBCHAPTERS A-F, H, AND I, RELATING TO MOTOR VEHICLE DISTRIBUTION

The Board of the Texas Department of Motor Vehicles (board), having reviewed Chapter 215, Motor Vehicle Distribution, in accordance with Government Code, §2001.039, finds it necessary to amend Subchapter A, General Provisions, §§215.1 and 215.2; Subchapter B, Adjudicative Practice and Procedure, §§215.21-215.24, 215.27, 215.29, 215.30, 215.32, 215.34-215.49, 215.55, 215.56, and 215.58; Subchapter C, Licenses, Generally, §§215.81-215.85 and 215.87-215.89; Subchapter D, Franchised Dealers, Manufacturers, Distributors, and Converters, §§215.101-215.106 and 215.108-215.119; Subchapter E, General Distinguishing Numbers, §§215.131, 215.132, 215.135, 215.137-215.141, and 215.144-215.159; Subchapter F, Lessors and Lease Facilitators, §§215.171 and 215.173-215.181; Subchapter G, Warranty Performance Obligations, §§215.201-215.210; Subchapter H, Advertising, §§215.241-215.261 and 215.263-215.271; Subchapter I, Practice and Procedure for Hearings Conducted by the State Office of Administrative Hearings, §§215.301-215.303, 215.305-215.308, 215.310, 215.311, and 215.314-215.317; and Subchapter J, Administrative Sanctions, §§215.500-215.503. The board also finds it necessary to repeal Subchapter A, §§215.3-215.6; Subchapter B, §§215.25, 215.26, 215.28, 215.31, 215.33, 215.50-215.54, and 215.57; Subchapter C, §215.86; Subchapter D, §215.107; Subchapter E, §§215.133, 215.136, 215.142, and 215.143; Subchapter F, §215.172; Subchapter H, §215.262; and Subchapter I, §§215.309, 215.312, and 215.313.

The preamble, proposed amendments, and repeals are attached to this resolution as Exhibits A-C, and are incorporated by reference as though set forth verbatim in this resolution, except that they are subject to technical corrections and revisions, approved by the General Counsel, necessary for compliance with state or federal law or for acceptance by the Secretary of State for filing and publication in the *Texas Register*.

IT IS THEREFORE ORDERED by the board that the attached rule amendments and repeals are authorized for publication in the *Texas Register* for the purpose of receiving public comment.

The department is directed to take the necessary steps to implement the actions authorized in this order pursuant to the requirements of the Administrative Procedure Act, Government Code, Chapter 2001.

John H. Walker, III, Chairman
Board of the Texas Department of Motor Vehicles

Recommended by:

David D. Duncan
General Counsel

Order Number: _____

Date Passed: May 29, 2015

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Chapter 215, Motor Vehicle Distribution

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1 Proposed Preamble

2 The Texas Department of Motor Vehicles (department) proposes
3 amendments to Chapter 215, Motor Vehicle Distribution,
4 Subchapter A, General Provisions, §215.1 and §215.2; Subchapter
5 B, Adjudicative Practice and Procedure, §§215.21-215.24, 215.27,
6 215.29, 215.30, 215.32, 215.34-215.49, 215.55, 215.56, and
7 215.58; Subchapter C, Licenses, Generally, §§215.81-215.85 and
8 215.87-215.89; Subchapter D, Franchised Dealers, Manufacturers,
9 Distributors, and Converters, §§215.101-215.106 and 215.108-
10 215.119; Subchapter E, General Distinguishing Numbers,
11 §§215.131, 215.132, 215.135, 215.137-215.141, and 215.144-
12 215.159; Subchapter F, Lessors and Lease Facilitators, §§215.171
13 and 215.173-215.181; Subchapter G, Warranty Performance
14 Obligations, §§215.201-215.210; Subchapter H, Advertising,
15 §§215.241-215.261 and 215.263-215.271; Subchapter I, Practice
16 and Procedure for Hearings Conducted by the State Office of
17 Administrative Hearings, §§215.301-215.303, 215.305-215.308,
18 215.310, 215.311, and 215.314-215.317; and Subchapter J,
19 Administrative Sanctions, §§215.500-215.503. The department also
20 proposes the repeals of Subchapter A, §§215.3-215.6; Subchapter
21 B, §§215.25, 215.26, 215.28, 215.31, 215.33, 215.50-215.54, and
22 215.57; Subchapter C, §215.86; Subchapter D, §215.107;

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1 Subchapter E, §§215.133, 215.136, 215.142, and 215.143;
2 Subchapter F, §215.172; Subchapter H, §215.262; and Subchapter
3 I, §§215.309, 215.312, and 215.313.

4

5 EXPLANATION OF PROPOSED AMENDMENTS AND REPEALS

6 The department conducted a review of its rules under Chapter 215
7 in compliance with Government Code, §2001.039. Notice of the
8 department's plan to review was published in the April 18, 2014,
9 issue of the *Texas Register* (39 TexReg 3261).

10

11 As a result of the review, the department has determined that
12 the reasons for initially adopting Subchapters A-J continue to
13 exist but that certain amendments and repeals, as detailed in
14 the following paragraphs, are necessary.

15

16 Amendments to Subchapter A, §215.1 and §215.2 are proposed to
17 replace terminology with defined terms, delete definitions
18 already defined by statute, revise existing terminology for
19 consistency with other department rules, correct referenced
20 citations, and to delete language that duplicates statute.

21 Additional amendments to §215.1 are proposed to add and define
22 the term "GDN," to clarify the statutory authority of a "final

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1 order authority" and "motion for rehearing authority," and to
2 rename the title of that section for consistency with other
3 department rules. The department has determined that the reasons
4 for initially adopting §§215.3-215.6 no longer exist and that
5 they should be repealed. Section 215.3 should be repealed
6 because it duplicates language already in statute. Sections
7 215.4-215.6, relating to opinions, should be repealed because
8 those sections are contrary to Government Code, §2001.003(6)
9 which defines a rule as "a state agency statement of general
10 applicability that (i) implements, interprets, or prescribes law
11 or policy, or (ii) describes the procedure or practice
12 requirements of a state agency."

13

14 Amendments to Subchapter B, §§215.21-215.24, 215.27, 215.29,
15 215.30, 215.32, 215.34-215.49, 215.55, 215.56, and 215.58 are
16 proposed to clarify the purpose of that subchapter, replace
17 terminology with defined terms, correct referenced citations,
18 revise existing terminology for consistency with other
19 department rules, and to delete language contained in statute.
20 An amendment to §215.22 is proposed to add that a violation of
21 that section will be reported to the general counsel of the
22 department in addition to the hearing officer. An additional

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1 amendment to §215.34 establishes the last known address of a
2 license holder for purposes of giving notice as the mailing
3 address provided to the department when the license holder
4 applies or renews its license." The department further proposes
5 to amend §215.37 to clarify that the costs of transcribing and
6 preparing a record in a contested case hearing will be assessed
7 to the party requesting the record. An additional amendment to
8 §215.58 is proposed to authorize the director of the division to
9 issue final orders in contested cases that are resolved by
10 summary judgment or summary disposition. Additional amendments
11 are proposed throughout Subchapter B to simplify and clarify
12 language by removing any unnecessary statutory repetition. In
13 addition, amendments are proposed to rename the titles of
14 certain sections for consistency and accuracy. The department
15 has further determined that §§215.25, 215.26, 215.28, 215.31,
16 215.33, 215.50-215.54, and 215.57 duplicate language already
17 contained in statute and are no longer necessary. Therefore, the
18 department proposes to repeal those sections.

19

20 Amendments to Subchapter C, §§215.81-215.85 and 215.87-215.89
21 are proposed to replace terminology with defined terms, revise
22 existing terminology for consistency with other department

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1 rules, correct referenced citations, and to delete language
2 contained in statute. Additional amendments are proposed
3 throughout Subchapter C to replace "division" with "department"
4 for clarification and consistency with current department
5 practice. In addition, the department proposes to amend §215.83
6 by including the procedures for processing license applications
7 that are currently set out under existing §215.86 because those
8 procedures are more appropriately located under §215.83.
9 Additional amendments to §215.83 are proposed to subdivide the
10 rule to improve formatting and readability. Because the
11 department proposes to incorporate, with amendments, the rule
12 language under §215.86 with §215.83, the department proposes to
13 repeal §215.86. Additional amendments are proposed throughout
14 Subchapter C to rename certain section titles for consistency
15 and accuracy with the language contained in those rules.
16
17 Amendments to Subchapter D, §§215.101-215.106 and 215.108-
18 215.119 are proposed to delete language contained in statute,
19 correct referenced citations, replace terminology with defined
20 terms, revise existing terminology for consistency with other
21 department rules and current department practice. An amendment
22 to §215.105 clarifies that the provisions of that section apply

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1 only to purchases and transfers involving physical relocation.

2 Amendments to §215.112 are proposed to clarify that the
3 provisions of that section are limited only to motor home shows
4 that require department approval. Additional amendments are
5 proposed throughout Subchapter D to replace "division" with
6 "department" for clarification and consistency with current
7 department practice. The department also proposes amendments
8 throughout Subchapter D to subdivide and restructure the rules
9 for formatting and improved readability. The department has
10 further determined that §215.107 duplicates language contained
11 in statute and therefore, proposes to repeal that section.

12

13 Amendments to Subchapter E, §§215.131, 215.132, 215.135,
14 215.137-215.141, and 215.144-215.159 are proposed to replace
15 terminology with defined terms, delete definitions already
16 defined by statute or to add clarifying language to existing
17 definitions, revise existing terminology for consistency with
18 other department rules, correct referenced citations, and to
19 delete language contained in statute. An additional amendment to
20 §215.132 is proposed to add and define the term "VIN." An
21 amendment to §215.135 specifies that a dealer may not commence
22 business at any location until the department issues a license

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1 authorizing that location. Additional amendments to §215.139
2 subdivide the rule for improved readability and replace existing
3 textual language with graphics under amended subsections (c),
4 (e), and (F)(1). Additional amendments are proposed throughout
5 §215.140 to clarify that different requirements apply to retail
6 dealers and wholesale motor vehicle dealers. An additional
7 amendment to §215.144 is proposed to clarify that license
8 holders are not required to maintain copies of motor vehicle
9 titles submitted electronically. Additional amendments are
10 proposed to renumber the appendices under §215.153, consistent
11 with the proposed amendments renumbering that section. The
12 department further proposes to repeal §§215.133, 215.136,
13 215.142, and 215.143 because those sections are adequately
14 addressed by statute and therefore, are no longer necessary.

15

16 An amendment to Subchapter F is proposed to rename the title of
17 that subchapter for consistency with statutorily defined terms.
18 Additional amendments are proposed throughout §§215.171 and
19 215.173-215.181 to delete definitions already defined by statute
20 or to add clarifying language to existing definitions, revise
21 existing terminology for consistency with other department
22 rules, correct referenced citations, and to delete language

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1 contained in statute. Additional amendments are proposed
2 throughout Subchapter F to renumber and subdivide certain
3 sections for improved readability. Because the department
4 proposes to delete the definitions under §215.172, the reasons
5 for adopting that section no longer exist. Therefore, the
6 department proposes to repeal §215.172.

7

8 Amendments to Subchapter G, §§215.201-215.210 are proposed to
9 replace terminology with defined terms, revise existing
10 terminology for consistency with other department rules, correct
11 the referenced citations, and to delete language that is already
12 contained in statute. In addition, the department proposes an
13 amendment to §215.201 to rename the title of that section for
14 consistency with other department rules.

15

16 Amendments to Subchapter H, §§215.241-215.261 and 215.263-
17 215.271 are proposed to revise existing terminology for
18 consistency with other department rules. Additional amendments
19 are proposed to replace terminology with defined terms and to
20 correct referenced citations. The department also proposes to
21 amend §215.241 to replace "Board" with "department" for
22 consistency with current department practice, and to replace

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1 "code" with "Occupations Code, Chapter 2301" for clarification.
2 Amendments to §215.244 are proposed to add and define the terms
3 "new motor vehicle" and "savings claim or discount." An
4 amendment to §215.249 provides that a manufacturer's suggested
5 retail price (MSRP) must be the actual MSRP set by the
6 manufacturer when the MSRP is advertised by a dealer. Additional
7 amendments are proposed to incorporate the provisions under
8 existing §215.262 relating to savings claims and discount offers
9 with §215.250 because those provisions are more appropriately
10 located under that section. The department further proposes to
11 replace certain textual language under subsections (h)-(j) of
12 §215.250 with graphics for ease of reference. Because the
13 department determined that the savings claims and discount offer
14 provisions under §215.262 are more appropriately located under
15 §215.250, the department proposes to repeal §215.262. In
16 addition, amendments to §215.253 are proposed to add additional
17 clarifying language regarding allowable use of trade-in amounts
18 in advertisements.

19

20 Amendments to Subchapter I, §§215.301-215.303, 215.305-215.308,
21 215.310, 215.311, and 215.314-215.317 are proposed to replace
22 terminology with defined terms and to correct referenced

1 citations for consistency. Additional amendments are proposed
2 throughout that subchapter to replace "matter" with "contested
3 case" and "Board" with "department." An amendment to §215.307 is
4 proposed to establish a license holder's last known address for
5 purposes of giving notice as the "mailing address provided to
6 the department when the license holder applies or renews its
7 license." An additional amendment to §215.314 is proposed to
8 authorize the director of the division to issue a cease and
9 desist order prior to the commencement of a proceeding by the
10 State Office of Administrative Hearings (SOAH). The cease and
11 desist order may be issued without notice and opportunity for
12 hearing if the provisions under Occupations Code, §2301.802(b)
13 are met. An Administrative Law Judge shall hold a hearing to
14 determine whether the interlocutory cease and desist order
15 should remain in effect during the pendency of the proceeding.
16 Additional amendments to §215.317 are proposed to clarify that a
17 motion for rehearing and a reply to a motion for rehearing of an
18 order issued by the board delegate must be decided by the board
19 delegate. The department has also determined that §§215.309,
20 215.312, and 215.313 duplicate language contained in statute and
21 that those sections should be repealed.

22

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1 Amendments to Subchapter J, §§215.500-215.503 are proposed to
2 replace terminology with statutorily defined terms and to
3 correct referenced citations. Additional amendments to subdivide
4 certain sections of that subchapter are proposed for improved
5 formatting. An amendment to §215.500 is proposed to clarify that
6 an administrative sanction may include denial of an application
7 for a license. An additional amendment to that section
8 establishes the last known address of a license holder for
9 purposes of giving notice as the "mailing address provided to
10 the department when the license holder applies or renews its
11 license." An amendment to §215.503 provides that the department
12 will not refund a fee to a person that is subject to an unpaid
13 civil penalty imposed by a final order.

14

15 Additional nonsubstantive amendments are proposed throughout
16 Chapter 215 to correct punctuation, grammar, and capitalization.

17

18 FISCAL NOTE

19 Linda M. Flores, Chief Financial Officer, has determined that
20 for each of the first five years the amendments and repeals as
21 proposed are in effect, there will be no fiscal implications for
22 state or local governments as a result of enforcing or

1 administering the amendments and repeals.

2

3 David D. Duncan, General Counsel, has certified that there will

4 be no significant impact on local economies or overall

5 employment as a result of enforcing or administering the

6 amendments and repeals.

7

8 PUBLIC BENEFIT AND COST

9 Mr. Duncan has also determined that for each year of the first

10 five years the amendments and repeals are in effect, the public

11 benefit anticipated as a result of enforcing or administering

12 the amendments and repeals will be simplification, clarification

13 and streamlining of the agency's rules. There are no anticipated

14 economic costs for persons required to comply with the

15 amendments and repeals as proposed. There will be no adverse

16 economic effect on small businesses or micro-businesses.

17

18 TAKINGS IMPACT ASSESSMENT

19 The department has determined that this proposal affects no

20 private real property interests and that this proposal does not

21 restrict or limit an owner's right to property that would

22 otherwise exist in the absence of government action, and so does

1 not constitute a taking or require a takings impact assessment
2 under the Government Code, §2007.043.

3

4 SUBMITTAL OF COMMENTS

5 Written comments on the proposed amendments and repeals may be
6 submitted to David D. Duncan, General Counsel, Texas Department
7 of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731 or
8 by email to rules@txdmv.gov. The deadline for receipt of
9 comments is 5:00 p.m. on July 20, 2015.

10

11 STATUTORY AUTHORITY

12 The amendments and repeals are proposed under Transportation
13 Code, §1002.001, which provides the board of the Texas
14 Department of Motor Vehicles with the authority to adopt rules
15 that are necessary and appropriate to implement the powers and
16 the duties of the department; Occupations Code, §2301.155, which
17 requires the board of the Texas Department of Motor Vehicles to
18 adopt rules necessary or convenient to administer Occupations
19 Code, Chapter 2301; and more specifically, Occupations Code,
20 §2301.266, which authorizes the board to adopt rules applicable
21 to the issuance of duplicate licenses; and Occupations Code,
22 §2301.602, which requires the board to adopt rules to enforce

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1 Chapter 2301, Subchapter M; Transportation Code, §503.002 which
2 authorizes the board to adopt rules to administer Transportation
3 Code, Chapter 503; and more specifically, Transportation Code,
4 §503.009, which authorizes the board to adopt rules for
5 procedures concerning contested cases; Transportation Code,
6 §503.061, which requires the board to adopt rules regulating the
7 issuance of dealer's license plates; and Transportation Code,
8 §503.0626 and §503.0631, which require the board to adopt rules
9 necessary to implement and manage the department's temporary tag
10 databases.

11

12 CROSS REFERENCE TO STATUTE

13 Government Code, §2001.039; Occupations Code, Chapter 2301; and
14 Transportation Code, Chapter 503.

PROPOSED PUBLICATION OF NEW 43 TAC SECTION 217.193,
RELATING TO DELEGATION OF FINAL ORDER AUTHORITY

Description

This order proposes publication for comment of Chapter 217, Vehicles Titles and Registration, new §217.193, Delegation of Final Order Authority.

Background

The proposed new section delegates final order authority and motion for rehearing authority from the board to the director of the division that regulates the distribution and sale of motor vehicles in certain contested cases brought under the salvage statute and rules that are being resolved without a decision on the merits.

The new section, by providing for resolution of certain cases outside of a board meeting, is proposed to:

- better serve the parties in contested cases;
- expedite closure of cases; and
- streamline the board meeting agendas.

Other Comments

There are no fiscal implications related to the proposed new section.

If the proposed new section is approved by the board, staff anticipates publication of the proposed new section in the *Texas Register* on or about June 19, 2015. Comments on the proposed new section will be accepted until 5:00 p.m. on July 20, 2015.

BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES
RESOLUTION APPROVING PUBLICATION OF PROPOSED NEW
43 TAC SECTION 217.193,
RELATING TO DELEGATION OF FINAL ORDER AUTHORITY

The Board of the Texas Department of Motor Vehicles (board) finds it necessary to propose new §217.193, Delegation of Final Order Authority.

The preamble and the proposed new section are attached to this resolution as Exhibits A-B and are incorporated by reference as though set forth verbatim in this resolution, except that they are subject to technical corrections and revisions, approved by the General Counsel, necessary for compliance with state or federal law or for acceptance by the Secretary of State for filing and publication in the *Texas Register*.

IT IS THEREFORE ORDERED by the board that the attached rule is authorized for publication in the *Texas Register* for the purpose of receiving public comments.

The department is directed to take the necessary steps to implement the actions authorized in this order pursuant to the requirements of the Administrative Procedure Act, Government Code, Chapter 2001.

John H. Walker, III, Chairman
Board of the Texas Department of Motor Vehicles

Recommended by:

William P. Harbeson, Director
Enforcement Division

Order Number: _____

Date Passed: May 29, 2015

1 Proposed Preamble

2 The Texas Department of Motor Vehicles (department) proposes new
3 §217.193, Delegation of Final Order Authority.

4

5 EXPLANATION OF PROPOSED NEW SECTION

6 Proposed new §217.193 implements the delegation authority
7 provided in Transportation Code, §1003.00. In enforcement cases
8 involving salvage vehicle dealers, salvage vehicle rebuilders
9 and salvage pool operators in which there will not be a decision
10 made based on the merits of the case, the authority to issue a
11 final order to dispose of the case currently rests with the
12 Board of the Texas Department of Motor Vehicles (board). Cases
13 in which there will not be a decision made based on the merits
14 of the case include, but are not limited to: cases resolved by
15 settlement between the parties, cases settled by agreed order,
16 cases where the complaint or protest has been withdrawn, cases
17 to be dismissed because of want of prosecution or want of
18 jurisdiction, cases where the respondent has defaulted, cases
19 resolved by summary judgment or summary disposition, and cases
20 where a party waives its opportunity for a hearing. The board is
21 authorized to delegate authority to issue a final order in these
22 cases to the director of a division of the department.
23 Delegation of final order authority in these cases will expedite

1 the resolution of these cases, thereby better serving the
2 parties in these cases, and will reduce the time required by the
3 board and staff to address these cases during board meetings.

4

5 Cases where a hearing has been held at the State Office of
6 Administrative Hearings and a proposal for decision has been
7 issued by an administrative law judge will still be resolved by
8 the board issuing a final order.

9

10 Subsection (a) of the proposed rule delegates the board's
11 authority to issue final orders in certain cases brought under
12 the salvage chapter, Occupations Code, Chapter 2302, to the
13 director of the department's division that regulates the
14 distribution and sale of motor vehicles. It is that division
15 that licenses salvage vehicle dealers, salvage vehicle
16 rebuilders and salvage pool operators.

17

18 Subsection (b) of the proposed rule provides that the person to
19 whom the board has delegated final order authority shall decide
20 whether a motion for rehearing shall be granted or denied.

21

22 FISCAL NOTE

23 Linda M. Flores, Chief Financial Officer, has determined that

1 for each of the first five years the new section as proposed is
2 in effect, there will be no anticipated fiscal implications for
3 state or local governments as a result of enforcing or
4 administering the new section.

5

6 William P. Harbeson, Director of the Enforcement Division, has
7 certified that there will be no significant impact on local
8 economies or overall employment as a result of enforcing or
9 administering the new section.

10

11 PUBLIC BENEFIT AND COST

12 Mr. Harbeson has also determined that for each year of the first
13 five years the new section is in effect, the public benefit
14 anticipated as a result of enforcing or administering the new
15 section will be a reduction in time to conclude a wide variety
16 of enforcement cases dealing with salvage industry licensees.
17 There are no anticipated economic costs for persons required to
18 comply with the new section as proposed. There will be no
19 adverse economic effect on small businesses or micro-businesses.

20

21 TAKINGS IMPACT ASSESSMENT

22 The department has determined that this proposal affects no
23 private real property interests and that this proposal does not

1 restrict or limit an owner's right to property that would
2 otherwise exist in the absence of government action, and so does
3 not constitute a taking or require a takings impact assessment
4 under the Government Code, §2007.043.

5

6 SUBMITTAL OF COMMENTS

7 Written comments on the proposed new section may be submitted to
8 David D. Duncan, General Counsel, Texas Department of Motor
9 Vehicles, 4000 Jackson Avenue, Austin, Texas 78731 or by email
10 to rules@txdmv.gov. The deadline for receipt of comments is 5:00
11 p.m. on July 20, 2015.

12

13 STATUTORY AUTHORITY

14 The new section is proposed under Transportation Code,
15 §1002.001, which provides the board of the Texas Department of
16 Motor Vehicles with the authority to establish rules for the
17 conduct of the work of the department; and more specifically,
18 Occupations Code, §2302.051, which authorizes the board to adopt
19 rules necessary to administer and enforce Chapter 2302.

20

21 CROSS REFERENCE TO STATUTE

22 Occupations Code, Chapter 2302; and Transportation Code,
23 Chapters 1002 and 1003.

1 SUBCHAPTER I. SALVAGE VEHICLE DEALERS

2 §217.193. Delegation of Final Order Authority.

3 (a) In accordance with Transportation Code, §1003.005(b),
4 in cases brought under Occupations Code, Chapter 2302, the
5 director of the division that regulates the distribution and
6 sale of motor vehicles is authorized to issue a final order in a
7 case without a decision on the merits, including, but not
8 limited to a case resolved:

9 (1) by settlement;

10 (2) by agreed order;

11 (3) by withdrawal of the complaint;

12 (4) by dismissal for want of prosecution;

13 (5) by dismissal for want of jurisdiction;

14 (6) by summary judgment or summary disposition;

15 (7) by default judgment; or

16 (8) when a party waives opportunity for a hearing.

17 (b) In contested cases in which the board has delegated
18 final order authority under subsection (a) of this section, a
19 motion for rehearing shall be filed with and decided by the
20 final order authority delegate.