

TEXAS DEPARTMENT OF MOTOR VEHICLES
LEGISLATIVE AND PUBLIC AFFAIRS COMMITTEE
MEETING

William B. Travis Building
1701 N. Congress Avenue
Room 1-111
Austin, Texas 78701

Wednesday,
February 9, 2022
2:00 p.m.

COMMITTEE MEMBERS:

Paul Scott, Chair
Christian Alvarado
Tammy McRae
Manuel "Manny" Ramirez (absent)

ON THE RECORD REPORTING
(512) 450-0342

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5. The Committee may enter into closed session under one or more of the following provisions of the Texas Open Meetings Act, Government Code Chapter 551:	none
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6. Action Items from Closed Session	none
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P R O C E E D I N G S

1
2 MR. SCOTT: Good afternoon. My name is Paul
3 Scott, and I'm pleased to open the Legislative and Public
4 Affairs Committee meeting of the Board of the Texas
5 Department of Motor Vehicles.

6 It is now 2:00 p.m., and I'm now calling the
7 board meeting for February 9, 2022 to order. I want to
8 note for the record that the public notice of this
9 meeting, containing all items on the agenda, was filed
10 with the Office of Secretary of State on February 1, 2022.

11 I want to welcome those who are with us at
12 today's committee meeting. Face coverings and social
13 distancing are not required at this meeting, and each
14 individual attending the meeting has the right and the
15 responsibility to decide for themselves based on their
16 personal circumstances. It is your choice, and you are
17 welcome here at this meeting of the TxDMV.

18 Before we begin today's meeting, please place
19 all cell phones and other communication devices in a
20 silent mode, and please, as a courtesy to others, do not
21 carry on side conversations or other activities in the
22 meeting room.

23 If you wish to address the Board or speak on an
24 agenda item during today's meeting, please complete a
25 speaker's sheet at the registration table or send an email

1 to GCO_general@TxDMV.gov. Please identify in your email
2 the specific item you are interested in commenting on,
3 your name and address, and whether you are representing
4 anyone or speaking for yourself. If your comment does not
5 pertain to a specific agenda item, we will take your
6 comment during the general public comment portion of the
7 meeting.

8 In accordance with department administrative
9 rule, comments to the board will be limited to three
10 minutes. To assist each speaker, a timer has been
11 provided. The timer light will be green for the first two
12 minutes, yellow for one minute, and then red when your
13 time is over. Individuals cannot accumulate time from
14 other speakers. Comments should be pertinent to the
15 issues stated on the comment sheet. When addressing the
16 Board, please state your name and affiliation for the
17 record.

18 There are a few things that will assist in
19 making the meeting run smoother and assist the court
20 reporter in getting an accurate record: please identify
21 yourself before speaking, speak clearly, do not speak over
22 others, and please ask the chairman to proceed and be sure
23 to get recognized before speaking.

24 I would also like to thank our court reporter
25 who is transcribing this meeting.

1 To make sure we have an accurate recording of
2 this meeting, it is very important that Board members and
3 anyone presenting today identify themselves before
4 speaking and speak clearly and slowly.

5 Before we begin today, I will remind all
6 presenters and those in attendance of the rules of conduct
7 at our Board meetings. In the department's rules Section
8 206.22, the Board chair is given authority to supervise
9 the conduct of meetings. This includes the authority to
10 determine when a speaker is being disruptive of the
11 meeting or is otherwise violating the timing or
12 presentation rules I just discussed.

13 The posted agenda stated that a quorum of the
14 Board may be present at this meeting; however, Board
15 members who are not members of the Legislative and Public
16 Affairs Committee will not vote on any committee agenda
17 items today, nor will any Board action be taken.

18 And now I'd like to have roll call of the Board
19 members. Please respond verbally when I call your name.

20 Member Alvarado, are you here?

21 MR. ALVARADO: Here.

22 MR. SCOTT: Member McRae?

23 MS. McRAE: Here.

24 MR. SCOTT: And let the record reflect that I,
25 Paul Scott, am here too. We have a quorum.

1 Also, let the record reflect that Member
2 Ramirez is absent today.

3 Next item, we will do the pledges of allegiance
4 to the U.S. and Texas flags. Member Alvarado will lead us
5 in the pledges.

6 (The pledges of allegiance, U.S. and Texas,
7 were recited.)

8 MR. SCOTT: Thank you, Member Alvarado, for
9 leading us in the pledges.

10 We will now move to item 3. Agenda item number
11 3 is comments and announcements from the committee chair,
12 committee members and executive director. We move to
13 agenda item 3, comments and announcements, and at this
14 time I will turn it over to Acting Executive Director
15 Shelly Mellott regarding the Customer Service Advisory
16 Committee update.

17 MS. MELLOTT: Thank you, Chairman Scott.

18 For the record, my name is Shelly Mellott. I
19 am the deputy executive director of the agency and
20 currently acting as the executive director. Appreciate
21 the time to share a few things with you this afternoon.

22 First off, I'd like to give you an update on
23 the meetings we've had with the Customer Service Advisory
24 Committee, otherwise known as CSAC, as everybody likes to
25 call it. The materials can be found on page 5 of your

1 Legislative and Public Affairs Committee book.

2 On November 17, 2021, the Customer Service
3 Advisory Committee conducted a meeting to discuss cost
4 reduction measures for limited service deputies. Vehicle
5 Titles and Registration staff provided a committee with an
6 overview of the various types of deputies, deputy
7 requirements, bond requirements and examples of burdensome
8 overhead costs identified by limited service deputies.

9 A second CSAC meeting was conducted on December
10 13, and VTR provided an overview of statistical data for
11 limited service deputies by county and potential cost
12 reduction efforts.

13 Representatives from Kroger and HEB provided
14 information on overhead costs, inconsistencies across the
15 various counties where registration renewals are
16 completed, and shared information related to their limited
17 service deputy experiences. The representatives also
18 answered questions from the committee members.

19 John Ames, the CSAC presiding officer,
20 suggested that the tax assessor-collectors meet to discuss
21 ways to improve consistency between the counties and
22 develop a best practice guide to alleviate some oversight
23 burdens on those limited service deputies who operate in
24 more than one county.

25 Agency personnel has had further meetings with

1 the Tax Assessor-Collector Association leadership to
2 discuss the best practices guide and to offer resources as
3 needed by the TACA leadership to develop the guide.

4 That concludes my update on the CSAC committee.

5 Are there any questions?

6 (No response.)

7 MR. SCOTT: Okay. Being no questions, we'll
8 move on to agenda item 3.B regarding the Texas by Texas
9 deployment update.

10 Shelly.

11 MS. MELLOTT: Thank you.

12 Again, my name is Shelly Mellott, deputy
13 executive director, for the record.

14 The Texas by Texas deployment update, you can
15 find the materials on page 6 of your committee book.

16 To update you on our communication efforts, we
17 began communicating to the public about the Texas by Texas
18 project on Monday, January 31, when the Department of
19 Information Resources started their media campaign.

20 This campaign included a multi-agency press
21 release and links to prerecorded videos summarizing the
22 benefits of the Texas by Texas platform and mobile
23 application.

24 The agencies represented in the press release
25 are the Texas Department of Information Resources, which

1 is the lead agency on this project; the Texas Department
2 of Public Safety, Texas Department of Licensing and
3 Regulation, and the Texas Department of Motor Vehicles.

4 The department is the first Texas state agency
5 to provide such broad access to an essential service via
6 mobile application, as the Texas Department of Public
7 Safety and the Texas Department of Licensing and
8 Regulation provide services through the Texas by Texas
9 website only.

10 Motorists can access the TxDMV's registration
11 renewal services using both the Texas by Texas website and
12 the mobile application. Offering mobile services allows
13 us to position ourselves for the future and to give our
14 customers more options to consume our services.

15 With this goal in mind, our communication
16 strategy focused on utilizing our social media channels to
17 promote the efforts of the marketing campaign which is
18 overseen by the Department of Information Resources.

19 Part of the marketing campaign, commercials for
20 Texas by Texas, will air on the television and radio. And
21 if you follow the Texas Department of Motor Vehicles on
22 social media, as mentioned, you will notice us retweeting
23 and reposting advertisements to help raise awareness of
24 Texas by Texas and to encourage motorists to sign up for
25 an account.

1 That concludes my updates. Are there any
2 questions from the Board members on Texas by Texas?

3 (No response.)

4 MR. SCOTT: Okay. Since we have no questions,
5 we'll move to the next agenda item. This agenda item is a
6 briefing from Keith Yawn on the legislative
7 implementation.

8 Keith.

9 MR. YAWN: Chair Scott, members, Director
10 Mellott, good afternoon. My name is Keith Yawn, director
11 of Government and Strategic Communications.

12 Agenda item 4.A is a status update of the
13 implementation of principal pieces of legislation passed
14 by the 87th Legislature to amend department operations.
15 We are tracking progress on implementation of 27 House and
16 Senate bills, and I'm pleased to report that the
17 department has materially completed 16 of those, with nine
18 others underway and two on hold for reasons outside the
19 department's control.

20 Your Board books contain a one-page summary of
21 each bill and its implementation status. The packet is
22 ordered by bill number for easy reference. I will be
23 highlighting specific higher profile bills for this
24 presentation and will start each overview with the page
25 number of the bill summary to assist you in following

1 along. Please let me know if you have any questions as we
2 move through these items.

3 On page 17 of your Board book you'll find a
4 summary of House Bill 2152. House Bill 2152 allows an
5 online vehicle registration renewal option to a Texas DMV
6 customer that is otherwise eligible to renew their vehicle
7 registration.

8 Previously a person could renew vehicle
9 registrations online for up to six months past their
10 registration expiration. This is now extended to a full
11 year. This option became available in December with the
12 required reprogramming of the Internet Vehicle and Titles
13 Registration Service, or IVTRS, by the Information
14 Technology Division and the support from Vehicle Titles
15 and Registration.

16 The summary for Senate Bill 792 can be found on
17 page 28. Senate Bill 792 requires vehicles to display the
18 International Symbol of Access, or ISA, on a license plate
19 or placard when using disabled parking.

20 Previously disabled veteran plates with the ISA
21 were allowed to make use of disabled parking. Disabled
22 veterans who meet the ISA requirements for mobility
23 impairments are now able to obtain DV plates with the ISA
24 designation.

25 The Board adopted rules to implement these

1 provisions prior to the December 1 bill requirement, and
2 the bill took effect on January 1. Texas DMV has released
3 communications, updated educational materials, and
4 participated in media interactions to help support public
5 awareness of this legislative policy change.

6 House Bill 2633 on page 18 was the outcome of
7 omnibus legislation to prevent human trafficking in the
8 state. The bill held two requirements for Texas DMV.

9 First, the department was instructed to direct
10 a person to the opportunity to donate to the Traffic of
11 Persons Program Fund during vehicle registration or
12 renewal. A link to donate to this program is available on
13 the Texas DMV website now, and the link is also included
14 in an update released to IVTRS this month.

15 The second requirement for Texas DMV was the
16 creation of a specialty license plate promoting the
17 prevention of human trafficking. The Texas Health and
18 Human Services Commission is currently sponsoring a public
19 competition for the plate design based on Texas DMV
20 provided design parameters. Following the selection of a
21 design and the receipt of the required plate production
22 deposit, the department will make the plate available to
23 the public.

24 On page 35 you'll find a summary for Senate
25 Bill 1815. Senate Bill 1815 was a statutory clean-up bill

1 to ensure alignment of state vehicle size and weight
2 standards with federal requirements.

3 I highlight this bill because it was a
4 recommendation of the Board and shows the positive impact
5 of the Board's impact to inform the legislature of these
6 statutory changes. As statutory clean-up legislation,
7 this bill did not require active implementation by the
8 department.

9 Additionally, the department implemented seven
10 bills creating new specialty license plates, many related
11 to military designations or recognitions. These plates
12 were made available in December and included designs for
13 the Borinqueneers Congressional Gold Medal, Presidential
14 Service Badge, Make-a-Wish Foundation, Army Special
15 Forces, Autism Awareness, Navy Submariners, and the Family
16 First initiative. Several of the military-related plates
17 are also available with disabled veteran designations.

18 Unfortunately, the department was unable to
19 obtain authorization from the United States Navy for the
20 use of the Navy SEALS name and the Special Warfare
21 insignia on a state license plate; therefore, the plate
22 authorized by House Bill 3401 has not been produced and
23 made available to Texans at this time.

24 I'd also like to mention a couple of the bills
25 that the agency is continuing to work to implement.

1 A summary of Senate Bill 876 can be found on
2 page 30 of your board book. Senate Bill 876 allows
3 customers to apply for vehicle title or registration with
4 any county tax assessor-collector who is willing to accept
5 the application. This process is referred to as Any
6 Willing County.

7 The Texas DMV Customer Service Advisory
8 Committee considered the implementation plan for this
9 legislation last September and draft rules were published
10 in November. The Board will consider final adoption of
11 the rules tomorrow. The legislation takes effect March 1.

12 In the last several days, the Comptroller of
13 Public Accounts policy tax counsel notified Texas DMV that
14 the provision of the legislation directing tax revenue
15 from transactions back to the county of residence may not
16 be supported by existing tax code.

17 Therefore, the 5 percent of tax and penalties
18 initially intended to be returned to the county of
19 residence will remain in the county processing the
20 transaction. This determination and the related processes
21 are managed by the Comptroller and not up to Texas DMV
22 staff. Our staff has confirmed that the change would not
23 delay our ability to implement the legislation by the
24 effective date.

25 I believe there will be more discussion of this

1 issue during the full Board meeting tomorrow, but we do
2 have staff from the Vehicle Titles and Registration
3 Division available to take questions if there are any at
4 this time.

5 Senate Bill 15, on page 26, makes multiple
6 changes to how and under what circumstances Texas DMV
7 makes department-maintained motor vehicle data available
8 to external entities. The bill redefines authorized
9 recipients and creates certain requirements of the
10 recipients upon receipt of data.

11 Texas DMV published an informal request for
12 comment on associated draft rules in mid December. The
13 department received comments from various groups,
14 individuals, industry, and law enforcement agencies, which
15 will assist staff in further development of this rule
16 language prior to formal posting and consideration by the
17 Texas DMV Board.

18 As you can see from this packet, there are
19 numerous other bills the department has implemented or is
20 in the process of implementing, not the least of which is
21 House Bill 3927, which expanded the department's ability
22 to regulate and enforce temporary tag production and use.

23 While the department and Board have been
24 addressing the issue of fraudulent temporary tags and
25 their public safety impact, hopefully this agenda item is

1 a timely reminder that staff have also continued to
2 accomplish the many other tasks required to meet the needs
3 of the motoring public.

4 I'd be happy to take any questions you have.

5 (No response.)

6 MR. SCOTT: Okay. No questions apparently, so
7 we'll move to agenda item 4.B.

8 MR. YAWN: Thank you.

9 Chair Scott, members, Director Mellott, Keith
10 Yawn, director of Government and Strategic Communications.

11 Agenda item B is an overview of the upcoming
12 schedule to identify, analyze, and approve policy
13 recommendations for consideration by the 88th Texas
14 Legislature in January 2023.

15 The Texas Legislature relies on state agencies
16 and other organizations with subject matter expertise to
17 support their work to pass legislation improving the
18 efficiency and impact of state operations.

19 This support is provided during a legislative
20 session in an agency's analysis and testimony on
21 legislation but also in advance of the session by helping
22 identify ideas that will become filed legislation.

23 While it may seem early to begin this
24 discussion, it can take time to collect the appropriate
25 ideas from our various stakeholders and properly vet their

1 legal, operational, and financial impact so we have a
2 clear understanding of the policies recommended.

3 We are beginning the process of identifying
4 ideas for statutory change this month through discussions
5 with internal staff and stakeholder groups. We also
6 encourage Board members to suggest ideas throughout this
7 process.

8 Government and Strategic Communications staff
9 will support a multi-divisional effort to collect ideas
10 and review their potential impacts throughout the spring,
11 creating a prioritized list of ideas.

12 It is important during this process to vet the
13 issues as thoroughly as possible to limit surprises in
14 later stages. Part of this process will also be to work
15 with the Motor Vehicle Crime Prevention Authority staff
16 and their board to identify the statutory needs related to
17 those programs.

18 We hope to bring the Board an initial slate of
19 potential recommendations for review and feedback in the
20 early summer. After receiving Board input on the ideas,
21 we will further refine them and bring a final list of
22 recommendations to the Board for approval at the end of
23 the summer.

24 While this is an aggressive schedule, the
25 timing should allow us to use the months leading into

1 January 2023 to educate legislative and elected official
2 offices on the statutory needs of the department.

3 I can take any questions you have on this item.

4 MR. SCOTT: Board members, any questions?

5 (No response.)

6 MR. SCOTT: Do we have any public comments on
7 this agenda item?

8 MS. AUCOIN: Aline Aucoin, for the record,
9 associate general counsel for DMV.

10 No comments on this agenda item.

11 MR. SCOTT: Thank you.

12 Okay. We'll move to agenda item 4.C, and we
13 need Monique Johnston and Brian Ge.

14 MS. JOHNSTON: Chair Scott, members, Director
15 Mellott, good afternoon. For the record, my name is
16 Monique Johnston. I'm the director of the Motor Vehicle
17 Division, or MVD.

18 The purpose of this briefing is to provide you
19 with the background information on the Motor Vehicle
20 Industry Regulation Advisory Committee, or the MVIRAC, and
21 their recommendation to fingerprint all independent
22 general distinguishing number, or GDN, holders. The
23 briefing memorandum is on page 39 of your Board book of
24 your material.

25 At the December 16, 2021, meeting, MVIRAC

1 recommended that the department fingerprint all GDN
2 holders to help deter temporary tag fraud and to deter
3 those who are attempting to obtain a license with stolen
4 identities.

5 Implementing this recommendation would allow
6 the department to more effectively screen approximately 83
7 percent of license holders, including non-franchised motor
8 vehicle, motorcycle, towables, travel trailer, utility
9 trailer, and semi trailer dealers.

10 Fingerprinting offers a more comprehensive and
11 accurate identity and criminal history search of the
12 Department of Public Safety, or DPS, and the Federal
13 Bureau of Investigation, or FBI, databases.

14 Fingerprints would be collected through the DPS
15 authorized service and would require the individual to be
16 present and show identification prior to having their
17 fingerprints taken and scanned.

18 The authorized service provider has a large
19 national network of locations and can coordinate
20 electronic and card-based fingerprinting services when
21 necessary for persons that are located in remote locations
22 of the state. Applicants would pay the service provider
23 directly for the fingerprinting service, and the current
24 cost of that service is \$38.25 per person.

25 The department is eligible also to enroll

1 fingerprinted persons in the FBI Rap Back Service, so
2 individuals would only be required to provide fingerprints
3 once if an associated license is approved and continues to
4 be timely renewed. Once enrolled, the department would be
5 notified of any changes in criminal history.

6 The eLICENSING system application process will
7 need to be modified, and a decision will need to be made
8 about whether to store related information in eLICENSING
9 or another database that meets the security standards of
10 DPS.

11 In addition to temporary tag abuse, the
12 department is also concerned about other serious
13 disqualifying crimes, such as human trafficking, illegal
14 drug and gun distribution.

15 MVD currently performs background checks for
16 all owners, managers, directors, officers, members or
17 partners listed in each application for all license types.

18 In the last five years the distributor license is the
19 only license type that has not required at least one
20 applicant criminal history review by the MVD Licensing
21 Committee, and distributors represent less than one-half
22 of one percent of all license holders.

23 So in addition to MVIRAC's recommendation, the
24 committee may also want to consider whether fingerprinting
25 requirements should apply to all license types or all

1 license types with eTAG access. The chart on page 40 of
2 your materials summarizes the license holder impacts for
3 these different policy approaches to fingerprinting.

4 In addition to conducting the current
5 background checks, MVD staff also reviews each application
6 in detail and includes a variety of identity affiliation
7 and location checks to identify possible issues.

8 Some of the standards checks include checking
9 other applications or licenses, including previous
10 disciplinary history or concerns, checking for license
11 conflicts related to proposed locations for those
12 dealerships, checking for possible affiliation with other
13 individuals who may have been deemed unfit to hold a
14 license, review of business names and ownership and
15 comparing that to the Secretary of State, if applicable,
16 and reviewing the proposed location through Google Maps
17 and other searches.

18 We also compare those searches to the required
19 business photos that are submitted as part of the
20 application. Thorough review of all the required
21 documentation, such as the lease, the surety bond, photo
22 identification, and certificate of occupancy are also done
23 as part of these checks.

24 In 2021 the division implemented several other
25 actions to improve pre-licensing procedures. Some of

1 those changes included verifying the county appraisal
2 records that match the owner listed on the deed or lease
3 that has been provided as part of the application. If
4 this did not match, we would require a notarized statement
5 from the owner, from the property owner in the CAD record
6 if they were not a party on the lease.

7 Requiring applicants to verify proposed
8 business locations meet all the applicable city
9 ordinances, and finding all associated accounts and
10 specific addresses for additional review based on any
11 concerns come up during the process.

12 We also require a notarized premise affidavit
13 and additional business photos for new applicants and
14 those who are relocating.

15 Additional enhancements were also identified by
16 the division which may require rule changes. These
17 include, but are not limited to: requiring photo
18 identification for all authorized representatives listed
19 on the application, and performing background checks for
20 all of those individuals; requiring that the eTAG
21 administrator be the owner or manager listed on the
22 application and not just any authorized representative;
23 requiring more than one valid form of identification; and
24 as discussed in this briefing, implementing a fingerprint
25 requirement as part of the pre-licensing process.

1 Members, this concludes my remarks, and I'm
2 happy to answer any questions. Thank you.

3 MR. SCOTT: Do we have any questions from the
4 Board members?

5 (No response.)

6 MS. JOHNSTON: Thank you.

7 MR. SCOTT: Okay. Are there any public
8 commenters signed up for this agenda item?

9 MS. AUCOIN: For the record, Aline Aucoin.
10 No comments on this agenda item.

11 MR. SCOTT: Okay. Next up we have Brian.

12 MR. GE: Good afternoon, Mr. Chairman, members,
13 Ms. Mellott. My name is Brian Ge, and I'm the managing
14 attorney for the Enforcement Division.

15 Agenda item 4.C, which can be found starting on
16 page 41 of your Board book, is a briefing about MVIRAC's
17 recommendation for the department to conduct in-person,
18 on-site premise inspections for motor vehicle dealer
19 applications.

20 When MVIRAC met on December 16, 2021, the
21 committee recommended that the department conduct premise
22 inspections for all non-franchised GDN holders prior to
23 them being issued a license.

24 The purpose of these inspections would be to
25 make sure that the applicant can operate at the location

1 that they indicated on their application and that the
2 location actually meets the minimum requirements to be a
3 motor vehicle dealership location.

4 So in order to get an idea of how many
5 resources we would need to make this happen, we looked at
6 the Motor Vehicle Division's fiscal year '21 application
7 data to set a baseline.

8 The number of applications over the past three
9 fiscal years has steadily been increasing, so this is
10 really just an estimate of a forward number. We saw in
11 fiscal year '21 that MVD approved almost 4,000 new
12 applications, almost 10,000 application renewals, and
13 about 2,400 amendments, spanning almost every county in
14 the state.

15 In order to conduct premise inspections of all
16 of these locations, we would need investigators and
17 vehicles staged across the state, and they would need
18 additional support back in Austin.

19 So if we're just looking at new applications,
20 to do that we would visit almost 4,000 locations; we would
21 have investigators go out. About 70 percent of those
22 applications would happen in the Dallas, Houston, and
23 Austin metroplexes, but the other 30 percent are scattered
24 throughout the state, and as you know, the state is large.

25 To visit all these locations on a timely

1 basis -- and we're talking about just the 4,000 new
2 applicants -- we would need about 14 additional
3 investigators, and to support those 14 investigators we
4 would need a supervisor and an attorney, and about 11
5 vehicles for those 14 people. The salary needed to
6 support those 16 FTEs would be approximately \$900,000 per
7 year, with a one-time cost of approximately \$275,000 for
8 vehicles.

9 Now, if we wanted to expand the number of
10 inspections to new applications and renewals, which we may
11 want to do because we want to make sure that dealers that
12 are renewing their licenses are actually still operating
13 at their licensed location and that their licensed
14 location still meets minimum requirements, to do those we
15 would visit almost 14,000 locations.

16 To visit those locations we would need about 20
17 investigators, another supervisor, two attorneys, and 13
18 vehicles. The salary cost for those 23 FTEs would be
19 approximately \$1.3 million per year with a one-time cost
20 of about \$325,000 for the vehicles.

21 And finally, if we wanted to do a premise
22 inspection for every new application, every renewal
23 application, and every amendment -- and the majority of
24 amendments are for changes to DBAs and locations -- then
25 that number of visits would get up to about 16,000.

1 To visit 16,000 locations in one year we would
2 need about 24 investigators, two supervisors to look after
3 those investigators, two attorneys to process all the
4 cases that would result from those inspections, and about
5 20 vehicles. The salary cost for those 28 FTEs would be
6 approximately \$1.57 million per year, with a one-time cost
7 of half a million dollars for the vehicles.

8 So all in, to implement the site visit
9 recommendations from MVIRAC, we're looking at a salary
10 cost of between 1 and \$2 million per year, with between 14
11 and almost 30 FTEs, and with each year -- like I said
12 before, we expect more and more applications, so with each
13 year there would either be a marginal increase in cost or
14 a slightly increased delay in the time that it takes to
15 process applications.

16 I'm happy to take any questions.

17 MR. SCOTT: Board members, any questions?

18 MS. McRAE: I have a question, Brian.

19 The last comment you made was, or there could
20 be a potential delay in approving applications. Could you
21 expand on that? What do you mean by there could be a
22 potential delay?

23 MR. GE: So if we're setting the salary and/or
24 the FTE expectations at a certain level and the number of
25 applications coming in exceeds that level, we still have

1 only so many people that can visit so many sites, so in
2 order to do it on a timely basis we would either need more
3 FTEs, or to accommodate everyone with the resources that
4 we have, it could take a little bit more time.

5 MS. McRAE: Okay. Thank you.

6 MR. SCOTT: When you say a little more time,
7 Brian, on average what is our time now?

8 MR. GE: Well, we've never done this.

9 MR. SCOTT: No. We don't have on-site, but
10 without the on-site inspection, what is the timeline for
11 an approval process?

12 MS. JOHNSTON: For a GDN application the
13 average approximate time was about 16 days.

14 MR. SCOTT: Okay.

15 MS. McRAE: And I have a question, Chairman.

16 MR. SCOTT: Ms. McRae.

17 MS. McRAE: I'm not sure who to address it to
18 but one of you. Currently do we visit any -- our current
19 process, do we visit any of these new applicants?

20 MS. JOHNSTON: Monique Johnston, for the
21 record.

22 Yes, we do. If we cannot verify a premise
23 through photographs or in our Google searches, or there
24 was previous concerns about a location, then we do request
25 that Enforcement go out and conduct a site visit.

1 Or if there's affiliation maybe with a
2 potential dealer which we have maybe revoked or have
3 concerns with and it's at the same location or there is an
4 identified -- we've identified an affiliation, we might
5 also send Enforcement out in those cases as well.

6 MS. McRAE: Okay. And approximately how many
7 have we conducted this year -- or we're early in this
8 year, so in '21?

9 MS. JOHNSTON: On the application side I don't
10 have a number, but I can get that for you and get that
11 information for you.

12 MS. McRAE: Okay. Thank you.

13 MR. SCOTT: Any other questions from the Board?

14 (No response.)

15 MR. SCOTT: Do we have any public comment on
16 this item?

17 MS. AUCOIN: Aline Aucoin, for the record.

18 No comments on this item.

19 MR. SCOTT: Okay. Thank you very much, Brian.

20 Thank you, Monique.

21 Okay. Let's go to item 4.D and Roland Luna.

22 This is enhancements to temporary tags.

23 MR. LUNA: Good afternoon, Chair Scott,
24 members, Director Mellott. My name is Roland Luna, Sr.
25 I'm the Vehicle Titles and Registration Division director.

1 Today I will be briefing you on potential
2 enhancements to the temporary tags. This is item 4.D in
3 your Board book.

4 The purpose of the briefing today is to provide
5 an overview of three items. The first item is we're going
6 to talk about the development of enhancements related to
7 the temporary tag system.

8 The second item that we're going to talk about
9 is research and analysis that we've conducted both
10 internally of our systems across divisions, as well as
11 external research and analysis that we've conducted.

12 And then lastly, we'll provide an overview of
13 the AAMVA best practices guide for temporary license
14 plates. That document is a PDF that has been included in
15 your Board book. Specifically, we will focus on Section
16 4.1, 4.2, 4.3 and 4.4.

17 I'll start with AAMVA best practices. There
18 are four components for best practices for temporary
19 plates: design, display, administrative agency processes,
20 and then fraud prevention.

21 On 4.1, design. The design best practice that
22 AAMVA has established talks about the size and shape of
23 the temporary tag. It also talks about the information
24 that's included on the tag, VIN number, dealer, those
25 pertinent identifiers that need to be on there. This is a

1 best practice that has been implemented by the agency.

2 Practice 4.2, the display. AAMVA emphasizes
3 the importance of ensuring consistency with display of
4 temporary tags and metal plates, that they be permanently
5 affixed to the rear of the vehicle so that they're visible
6 by law enforcement and other people that may need to
7 access or read the tag. That is a best practice that has
8 also been implemented by the agency.

9 The third best practice, 4.3, administrative --
10 and it says MVA, that's motor vehicle agency -- so
11 administrative and internal agency processes. This talks
12 about being able to query information that is on the
13 temporary tag.

14 And if you'll remember, in one of our most
15 recent enhancements going back to June of 2021, we
16 launched an implementation that allowed law enforcement
17 officers that are on the side of the road to query a
18 temporary tag and get the return of the buyer, seller, and
19 the location of the dealer to determine the legitimacy of
20 the paper tag. So that is an enhancement that has been
21 rolled out by the agency for more than six months now, so
22 that best practice has been implemented.

23 The last one in particular on 4.4, as it
24 relates to fraud prevention and security of temporary
25 license plates issued, this one will be fully implemented

1 once we have fully implemented House Bill 3927.

2 To jog your memory on House Bill 3927, it did
3 two things. The first thing that it did is help the
4 agency establish maximum tag limits, which the Board voted
5 on to be effective immediately. Our programming is in
6 place now and with our next release later this month, the
7 maximum tag limits will be effective and that will be in
8 action.

9 The next thing that 3927 did is it established
10 the denial process for those that are suspected of
11 committing fraud. That is also an implementation as part
12 of 3927. So from a prevention standpoint we have some
13 mechanisms that have been passed by the legislature and
14 rules that have been passed by this Board that will help
15 us fulfill this best practice for fraud prevention.

16 We also understand that a comprehensive anti-
17 fraud strategy encompasses three components, and the three
18 components are fraud prevention, so what are we doing as
19 an agency from a fraud prevention standpoint? What are we
20 doing as an agency from a fraud detection standpoint? And
21 then lastly, what are we doing from an investigative
22 standpoint? So that's the lens that we have been looking
23 through as we're looking at best practices and we're
24 conducting our internal and external research.

25 We also recognize that this is a complex issue,

1 it has a lot of urgency behind it, and because of that
2 there are many divisions that have collaborated on this
3 effort -- the Motor Vehicle Division, the Enforcement
4 Division, our Information Technology Services Division,
5 our Vehicle Titles and Registration Division, our General
6 Counsel's Office and the Executive Director's Office -- to
7 ensure that we're identifying those enhancements that are
8 needed to combat temporary tag fraud.

9 All of these best practices from AAMVA have
10 been implemented once House Bill 3927 is fully
11 implemented, and to restate what this will do for us, it
12 will establish the max tag limits, it will establish the
13 denial process, but lastly, it's going to give us a
14 mechanism for advanced reporting capability.

15 There's a theory we're pushing and pulling
16 information, and for fraud detection and prevention, it's
17 good the information is pushed. After 3927 is fully
18 implemented we will have advanced reporting mechanisms to
19 detect anomalies where our Enforcement Division and our
20 Motor Vehicle Division can be aware sooner of irregular
21 activity. That's another benefit from the implementation
22 of House Bill 3927.

23 The second item that I wanted to brief you on
24 are development of enhancements to the temp tag system.
25 We've conducted a close examination of the eTAG system,

1 the temporary tag system -- they're one and the same,
2 eTAG -- and we've identified additional enhancements and
3 safeguards that we have prioritized, and we're working
4 with our Information Technology Division to determine what
5 the lift is going to be, how complex is the programming
6 going to be so that we can continue to combat temporary
7 tag fraud.

8 Some things that we're considering, VIN
9 decoding. We think it's important when the 17-character
10 VIN is inserted into the system that it be validated. The
11 only way that that VIN can be validated is if we use VIN
12 decoding.

13 Right now we recently had an enhancement in
14 December to stop special characters and the copying and
15 pasting of VIN numbers that were fictitious into the
16 system. We didn't establish on the amount of characters,
17 or we didn't require that it had to be 17 characters, and
18 the reason why is because there are some states that have
19 more than 17 VINs, Michigan in particular, there are older
20 vehicles that weren't required to have 17 VINs so if
21 there's a person-to-person sale or if a person trades in a
22 classic vehicle to a dealership, that dealership needs to
23 be able to determine the authenticity of the vehicle. So
24 we want to make sure that we're incorporating VIN decoding
25 moving forward, as well as NMVTIS verification to ensure

1 that vehicles aren't stolen.

2 Other things that we're considering internally
3 are limiting the amount of accounts for each dealership,
4 ensuring that there is a name associated with one email
5 address.

6 Other things that we're considering as well is
7 called multi-factor authentication, so you may have seen
8 this with systems that you're working with now in your
9 professional life, where you log into a system, and after
10 you log into a system you receive an email or a text
11 message or a phone call verifying that you're the person
12 that's trying to log into the system.

13 There are additional enhancements that are
14 being sold by private vendors that include biometrics,
15 that include facial recognition, and any and all measures
16 are being considered by the agency to combat temporary tag
17 fraud. Those are just a few examples of some of the items
18 that we've identified internally.

19 The third item that I wanted to discuss was the
20 research and analysis that we've conducted with other
21 states and private entities. Specifically, we have
22 reached out to six states, and we have an additional 42
23 states that we have sent a request to so that we can learn
24 what they are doing in the temporary tag space.

25 Some things that we are trying to determine in

1 our research with these other states: what's working from
2 a best practices standpoint; what are you doing in
3 addition to the best practices that have been established
4 from AAMVA with their 2020 guide; what types of issues are
5 you seeing with temporary tags; what controls are in place
6 now, what technologies are being used.

7 And then lastly, we want to make sure we
8 compile all of our research and analysis and we identify
9 those items that are needed to fulfill those gaps that we
10 have at the department so that we can continue to combat
11 temporary tag fraud.

12 We've also conducted some external research
13 with private entities, and these private entities that we
14 have already spoken to, and we have a number of meetings
15 and calls that are scheduled with other entities so that
16 we can continue to explore what we're calling tamper-
17 evident products and services.

18 These tamper-evident products include inks,
19 holograms that can be placed on secure paper, serial
20 numbers that are affixed to paper, or seals, digital
21 seals.

22 And we're also researching vendors that offer
23 digital identity solutions that include facial recognition
24 when you're logging into a system. So there's a number of
25 companies that offer these types of digital solutions, and

1 we want to make sure that we're exploring any and all
2 possibilities.

3 In summary, we want to continue to review and
4 fully implement AAMVA best practices, which will be fully
5 implemented with the implementation of House Bill 3927.
6 We want to continue to collaborate internally. We
7 understand that this is a complex issue.

8 We want to continue to work with our
9 Information Technology Division, our Executive Director's
10 Office, our Enforcement Division, our Motor Vehicle
11 Division, and make sure that we coordinate. We want to
12 continue to see our max tag limits and denial process
13 implemented through fruition. We understand the benefit
14 that that's going to yield for us moving forward.

15 We want to prioritize our enhancements and the
16 safeguards that we've already identified. And then
17 lastly, we want to continue to conduct research and
18 analysis with other states and other private entities so
19 that we can continue to identify best practices,
20 procedures, products, and other services that would help
21 us improve eTAG regulation.

22 With that, members, I'll take any questions
23 that you have.

24 MR. SCOTT: Board members have any questions?

25 MS. McRAE: I would just like to say I am very

1 much in favor of the VIN verification and the NMVTIS
2 verification. I think that that is definitely a step in
3 the right direction, so I'm glad to hear that, I'm happy
4 to hear that.

5 MR. LUNA: Thank you, Member McRae.

6 MR. SCOTT: The question I have, now where are
7 we on the implementation of denial of access?

8 MR. LUNA: So that will be part of our release
9 at the end of the month on February 28.

10 Is that date correct, Ms. Mellott? It should
11 be the last Saturday in February. On max tag limits?

12 MS. MELLOTT: No. We're talking about denial.

13 MR. LUNA: Denial. We have two phases of 3927.
14 The first phase of 3927 is going to be establishing our
15 max tag limits, which will be the last Saturday of
16 February.

17 MR. SCOTT: Right.

18 MR. LUNA: The denial process will be the
19 release after that. Is that correct, Brian?

20 MR. SCOTT: That's now how I understood that.

21 MR. GE: Brian Ge, managing attorney.

22 So for the denial process, right now we have a
23 manual process which I can just go in and turn someone off
24 in about three minutes after we send out the required
25 notice. The functionality right now is estimated for, I

1 think, end of June or end of July, the release after this
2 release, and I cannot speak to our release schedule.

3 MR. SCOTT: Okay. Let's talk about what you
4 just said, though.

5 MR. GE: Yes, sir.

6 MR. SCOTT: So you there's a manual process in
7 place now.

8 MR. GE: Yes, sir.

9 MR. SCOTT: For denial of access. Right?

10 MR. GE: Yes, sir.

11 MR. SCOTT: But you said it takes just a few
12 minutes after you've sent out the notice.

13 MR. GE: Yes, sir.

14 MR. SCOTT: So I mean, is there a time period
15 after the notice is sent before you can manually shut off,
16 or can you put the letter in the outgoing mail and shut
17 off?

18 MR. GE: So as soon as we send the electronic
19 notice, I go in and turn it off.

20 MR. SCOTT: All right. So it can be done
21 instantaneous, right away.

22 MR. GE: Yes, sir.

23 MR. SCOTT: Okay. That clears that up. Thank
24 you.

25 MS. BARRON: And the release is at the end of

1 July, or actually it's middle of July, and that will
2 implement the automation of it, so we won't have to
3 manually try to ensure the process; it will automatically
4 deny.

5 MR. SCOTT: Okay. What is the -- how does that
6 work, the automatic?

7 MS. BARRON: I don't know the specifics.
8 Brian, you may want to -- the subject matter expert.

9 MR. GE: I can talk about. Brian Ge, managing
10 attorney.

11 So the automated process would be we go into
12 our case management system, we can see the case that's
13 opened. Once that notification has been sent, I literally
14 click a button, and everything happens behind the scenes
15 to process that denial of access, whereas right now I
16 would need to log into a separate system, go adjust the
17 dealer's permissions so that they can't issue any more
18 tags. It eliminates that step, all I have to do is click
19 a button.

20 MR. SCOTT: So we've had the ability for,
21 quote, immediate denial of access since the last meeting.

22 Correct?

23 MR. GE: Yes, sir.

24 MR. SCOTT: So have we activated that? Have we
25 done any denial of access since that meeting?

1 MR. GE: Yes, sir. We denied six dealers
2 access to the system.

3 MR. SCOTT: Very good.

4 MS. McRAE: You said six?

5 MR. GE: Yes, ma'am

6 MR. SCOTT: Okay. So in your estimation,
7 Brian, that's working well?

8 MR. GE: Yes, sir.

9 MR. SCOTT: We have a process where we're
10 making progress trying to get this stuff shut down?

11 MR. GE: Yes, sir. And not only are we getting
12 them shut off fairly quickly, we are also giving them the
13 due process that they're owed. They go through a full
14 inspection; we have all the evidence that we need to
15 support revoking their license before we shut them down,
16 and we're doing that quickly.

17 It's not a multi-week, multi-month process,
18 it's we go out, we find the evidence, we reach out to TACs
19 across the state. Sometimes they can get us documents the
20 same day, and once we have those VIT statements and we
21 have that evidence that they are issuing more tags than
22 cars that they sold, three minutes.

23 MR. SCOTT: Okay. Let me back it up just
24 again. On the limit of temp tags, so today if we issue a
25 new license today to a new independent dealer today, how

1 many tags do they get today?

2 MR. GE: They get 300 of each tag.

3 MR. SCOTT: Okay. So that part is already
4 implemented, the 600 limit.

5 MR. GE: No. The automatic limit will be --
6 that will come in the release that comes at the end of
7 February.

8 MR. SCOTT: Okay. I think I'm missing
9 something here.

10 MS. AUCOIN: Chairman, if I may?

11 MR. SCOTT: Yes.

12 MS. AUCOIN: Aline Aucoin, for the record.
13 Our rules also need to become effective. The
14 rules are still with the Regulatory Compliance Division,
15 and we have not been approved to make the max tags rules
16 effective just yet.

17 MR. SCOTT: Okay. So how long does that take
18 normally?

19 MS. MELLOTT: Chairman Scott, for the record,
20 Shelly Mellott.

21 It could be a couple of weeks. You know, we
22 don't have any control over that.

23 MR. SCOTT: I understand that.

24 MS. MELLOTT: Because there was changes made to
25 the rule during the meeting. It had to go back to the

1 Regulatory Compliance Division to review it, and then we
2 have to get that back.

3 MR. SCOTT: But a couple of weeks is not
4 outside the ordinary?

5 MS. MELLOTT: No.

6 MR. SCOTT: Okay. So there's no indication
7 that there's a problem?

8 MS. MELLOTT: I have not heard that there is.

9 MS. McRAE: I was under the impression, I
10 think, as Member Scott, Chair Scott, that it was pretty
11 much going to take effect that same day as soon as it was
12 filed.

13 MS. MELLOTT: Member McRae, for the record,
14 this is Shelly Mellott.

15 For the denial rules there were not changes
16 made to those, so those became effective the next day when
17 they got filed with the Texas Register.

18 There were changes made by the Board to the tag
19 limit rules, so those had to go back to the Regulatory
20 Compliance Division before and get approved, and then they
21 come back and then they get filed.

22 MS. McRAE: Okay. Thank you.

23 MS. AUCOIN: For the record, Aline Aucoin.

24 And that's a statutory requirement; it's
25 outside of our control. Certainly the Board has authority

1 to adopt rules, but we're still subject to the statutory
2 requirement to get Regulatory Compliance Division okay for
3 the rules, for certain rules.

4 MR. SCOTT: Any other questions from the Board?
5 (No response.)

6 MR. SCOTT: Okay. We will now move to agenda
7 item 5, which is closed session, and we will not have a
8 closed session today, so we're not taking up agenda item 5
9 or 6.

10 We will now move to agenda item 7, public
11 comment.

12 General Counsel, do we have any comments from
13 the public, anyone signed up for that?

14 MS. AUCOIN: Aline Aucoin, for the record.

15 No public comment.

16 MR. SCOTT: Okay. So hearing no request for
17 public comment, we'll move to agenda item 8, which is
18 adjournment. Unless there's any further business, I would
19 like to entertain a motion to adjourn.

20 MS. McRAE: So moved.

21 MR. ALVARADO: Second.

22 MR. SCOTT: We have a motion from Member McRae,
23 second from Member Alvarado.

24 Board members, when I call your name, please
25 state your vote for the record.

1 Member Alvarado?

2 MR. ALVARADO: Aye.

3 MR. SCOTT: Member McRae?

4 MS. McRAE: Aye.

5 MR. SCOTT: Member Ramirez is absent today, and
6 I, Chairman Scott, vote aye. Let the record reflect the
7 vote is unanimous.

8 This meeting is adjourned.

9 (Whereupon, at 2:54 p.m., the meeting was
10 adjourned.)

C E R T I F I C A T E

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MEETING OF: TxDMV Legislative & Public Affairs
Committee

LOCATION: Austin, Texas

DATE: February 9, 2022

I do hereby certify that the foregoing pages,
numbers 1 through 45, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Nancy H. King before the
Texas Department of Motor Vehicles.

DATE: February 17, 2022

/s/ Nancy H. King
(Transcriber)

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