



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

TxDMV Board Legislative & Public Affairs Committee Meeting

2:00 p.m.
Wednesday, June 26, 2024

AGENDA
LEGISLATIVE AND PUBLIC AFFAIRS COMMITTEE
TEXAS DEPARTMENT OF MOTOR VEHICLES
4000 JACKSON AVE., BUILDING 1, LONE STAR CONFERENCE ROOM
AUSTIN, TEXAS 78731
WEDNESDAY, JUNE 26, 2024
2:00 P.M.

The presiding officer of the Legislative and Public Affairs Committee (Committee) will be physically present in the Lone Star Conference Room of Building 1, 4000 Jackson Avenue, Austin, Texas 78731. Some committee members may attend via videoconferencing.

Link to June 26, 2024, Committee Meeting Documents:
<https://www.txdmv.gov/about-us/txdmv-board-meetings>

All agenda items are subject to possible discussion, questions, consideration, and action by the Committee. Agenda item numbers are assigned for ease of reference only and do not necessarily reflect the order of their consideration by the Committee. Presentations may be made by the identified staff, Committee member, or other personnel as needed. The Committee reserves the right to discuss any items in closed session where authorized by the Open Meetings Act. A quorum of the Board of the Texas Department of Motor Vehicles (Board) may be present at this meeting for discussion and gathering information. However, Board members who are not Committee members will not vote on any Committee agenda items, nor will any Board action be taken.

PAGE

1. **Roll Call and Establishment of Quorum**
2. **Pledges of Allegiance - U.S. and Texas**
3. **Comments and Announcements from Committee Chair, Committee Members, and Executive Director**

BRIEFING AND ACTION ITEMS

4. **Consideration and Possible Recommendation for Action to the Full Board and Briefings:**
 - 5 A. [88th Legislature Bill Implementation Updates](#) - Keith Yawn (BRIEFING ONLY)
 - 9 B. [Interim Legislative Activity](#) - Keith Yawn (BRIEFING ONLY)
 - 10 C. [Consideration of Proposed Recommendations to the 89th Legislature](#) - Keith Yawn (BRIEFING ONLY)
 - 19 D. [FY 2026 - 2027 Legislative Appropriations Update](#) - Glenna Bowman (ACTION ITEM)

CLOSED SESSION

5. The Committee may enter into closed session under one or more of the provisions of the Texas Open Meetings Act, Government Code, Chapter 551, including but not limited to:

Section 551.071 - Consultation with and advice from legal counsel regarding:

- pending or contemplated litigation, or a settlement offer;
- 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
- any item on this agenda.

Section 551.076 - Deliberation Regarding Security Devices or Security Audits.

- the deployment, or specific occasions for implementation, of security personnel or devices; or
- a security audit.

Section 551.089 - Deliberation Regarding Security Devices or Security Audits; Closed Meeting.

- security assessments or deployments relating to information resources technology;
- network security information as described by Section 2059.055(b); or
- the deployment, or specific occasions for implementation, of security personnel, critical infrastructure, or security devices.

6. Action Items from Closed Session

7. Public Comment

8. Adjournment

The Committee will allow an open comment period to receive public comment on any agenda item or other matter that is under the jurisdiction of the Committee. 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, Committee members may respond in accordance with Government Code Section 551.042 and consider the feasibility of placing the matter on the agenda for a future meeting.

If you would like to comment on any agenda item (including an open comment under the agenda item for Public Comment), you must complete a speaker's form at the registration table prior to the agenda item being taken up by the Committee or send an email to GCO_General@txdmv.gov to register by providing the required information prior to the agenda item being taken up by the Committee:

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

Public comment will only be accepted in person. Each speaker will be limited to three minutes, and time allotted to one speaker may not be reassigned to another speaker.

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 Carrie Fortner by telephone at (512) 465-3044.

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

CERTIFYING OFFICIAL: Laura Moriaty, General Counsel, (512) 465-5665.

Committee Meeting Date: 6/26/2024
BRIEFING ITEM

To: Legislative & Public Affairs Committee, Texas Department of Motor Vehicles Board
From: Keith Yawn, Government & Strategic Communications Division Director
Agenda Item: 4.A
Subject: 88th Legislature Bill Implementation Updates

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Provide updates on legislative implementation projects and activities.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

The 88th Texas Legislature enacted 68 bills during the regular session that impact TxDMV core programs or general state agency administrative functions. No active implementation efforts are needed for 21 of the implementation projects.

As of the end of May, the department has implemented the requirements of 42 bills. Several of the bills with remaining implementation work have multiple projects assigned to them, such as the General Appropriations Act and House Bill 718. Nine of the eleven remaining projects are underway but have not yet reached the bill's effective date. The final two projects are joint efforts with other state agencies where the department is awaiting action or input from external programs.

Texas Department of Motor Vehicles Legislative Implementation Tracking Report - 88th Regular Session

Completed Implementation Projects

1	HB 53	Thompson, Ed	Relating to the exemption from registration fees of certain vehicles used by nonprofit disaster relief organizations.
2	HB 108	Cortez	Relating to the issuance of specialty license plates for certain classroom teachers and retired classroom teachers; imposing fees.
3	HB 139	Klick	Relating to the provision of notice of certain proposed rules by state agencies.
4	HB 198	Noble	Relating to vehicle safety inspections of certain travel trailers.
5	HB 282	Swanson	Relating to the issuance of specialty license plates for Gold Star family members and recipients of certain Texas military awards.
6	HB 433	VanDeaver	Relating to the definition of a commercial fleet.
7	HB 567	Bowers	Relating to discrimination on the basis of hair texture or protective hairstyle associated with race.
8	HB 627	Harris, Cody	Relating to the issuance of specialty license plates to the surviving spouse of a posthumous recipient of certain awards.
9	HB 628	Harris, Cody	Relating to issuance of specialty license plates to honor fallen law enforcement officers.
10	HB 659	Cook	Relating to specialty license plates issued for recipients of the Commendation Medal.
11	HB 915	Craddick	Relating to the creation of a workplace violence hotline and a requirement that employers post notice regarding the hotline.
12	HB 1315	Herrero	Relating to the creation of the open burn pit registry fund and the issuance of specialty license plates to honor members of the United States armed forces exposed to open burn pits.
13	HB 1633	Ortega	Relating to certain offenses regarding parking privileges of veterans with disabilities.
14	HB 2157	Metcalf	Relating to the salary of certain employees who transfer within a state agency.
15	HB 2190	Canales	Relating to the terminology used to describe transportation-related accidents.
16	HB 2195	Noble	Relating to wrong, fictitious, altered, or obscured license plates; increasing a criminal penalty.
17	HB 2323	Hayes	Relating to the issuance of specialty license plates commemorating the 100th anniversary of the writing of the state song.
18	HB 2503	Lujan	Relating to the issuance of specialty license plates for veterans with disabilities and recipients of the Texas Humanitarian Service Medal and federal Humanitarian Service Medal.
19	HB 2754	Bell, Cecil	Relating to the issuance of specialty license plates for retired peace officers.
20	HB 2876	Cain	Relating to the issuance of specialty license plates for industrial firefighters; authorizing a fee.
21	HB 2921	Paul	Relating to the issuance of Antarctica Service Medal specialty license plates.
22	HB 3033	Landgraft	Relating to the public information law.
23	HB 3130	Guerra	Relating to the protection of certain occupational licensing information regarding clients of family violence shelter centers, victims of trafficking shelter centers, and sexual assault programs and survivors of family violence, domestic violence, and sexual assault.
24	HB 3224	Guillen	Relating to the status of the registration of a vehicle after a failure to establish financial responsibility.
25	HB 3288	Canales	Relating to notice of transfer of a used motor vehicle.
26	HB 3599	Thierry	Relating to an exemption from certain motor fuel taxes for, and registration fees for motor vehicles owned by, certain nonprofit food banks.
27	HB 3730	Wilson	Relating to the directory of users of the centralized telephone service for entities in the capitol complex.
28	HB 3860	Goldman	Relating to the liability of county tax assessor-collectors for certain acts of deputies.
29	HB 4559	Darby	Relating to the application of statutes that classify political subdivisions according to population.

Texas Department of Motor Vehicles Legislative Implementation Tracking Report - 88th Regular Session

30	HB 5135	Kacal	Relating to the issuance of K9s4KIDs specialty license plates.
31	SB 222	Nichols	Relating to paid leave by certain state employees for the birth or adoption of a child.
32	SB 280	Zaffirini	Relating to the issuance of specialty license plates for members of the military who served in Operation Freedom's Sentinel.
33	SB 422	Paxton	Relating to the authority of certain military service members to engage in a business or occupation in this state.
34	SB 505	Nichols	Relating to imposing an additional fee for the registration of an electric vehicle.
35	SB 510	Perry	Relating to the confidentiality of certain information maintained by state licensing agencies.
36	SB 702	Perry	Relating to the sourcing, marketing, and sale of certain license plates.
37	SB 904	Springer	Relating to the offense of the unauthorized use of parking designated for persons with disabilities.
38	SB 1115	Hancock	Relating to the titling, registration, and operation of an autocycle.
39	SB 1364	Alvarado	Relating to weight limitations for certain natural gas or electric vehicles.
40	SB 1376	Parker	Relating to an employment preference for members of the military and their spouses for positions at state agencies.
41	SB 2221	Schwertner	Relating to issuance of specialty license plates to honor personnel of sheriff's offices.
42	SB 2376	Campbell	Relating to the issuance of Support Adoption specialty license plates and to the Support Adoption account and certain voluntary contributions to that account.

Implementation Projects In-Progress

1	HB 1	Bonnen	General Appropriations Bill - Camp Hubbard Renewal
2	HB 1	Bonnen	General Appropriations Bill - RTS Replacement (Phase 1)
3	HB 1	Bonnen	General Appropriations Bill - RSC Office Expansions (Dallas/Houston)
4	HB 1	Bonnen	General Appropriations Bill - RSC Facilities Master Plan Review
5	HB 718	Goldman	Relating to the issuance of certain tags, permits, and license plates authorizing the movement of vehicles.
6	HB 718	Goldman	Metal Plates: Rule Implementation
7	HB 3297	Harris, Cody	Relating to the elimination of regular mandatory vehicle safety inspections for noncommercial vehicles and the imposition of replacement fees.
8	HB 4510	Smithee	Relating to reporting of certain information by state agencies and counties, including information related to appropriated money, activities of certain consultants, and tax revenue.
9	SB 224	Alvarado	Relating to catalytic converters, including criminal conduct involving catalytic converters; providing an administrative penalty; creating a criminal offense; increasing a criminal penalty; increasing a fee.
10	SB 2102	Miles	Relating to the initial registration and inspection period for certain rental vehicles; authorizing fees.
11	SB 2304	LaMantia	Relating to the regulation of driver education courses and driving safety courses and the provision of information regarding the Texas Driving with Disability Program to certain public school students.

Texas Department of Motor Vehicles Legislative Implementation Tracking Report - 88th Regular Session

Bills Not Requiring Active Implementation Efforts

1	HB 1	Bonnen	General Appropriations Bill
2	HB 1	Bonnen	General Appropriations Bill - License Plate Production
3	HB 679	Bell, Keith	Relating to limitations on the use of workers' compensation insurance experience modifier values in soliciting and awarding public construction contracts.
4	HB 1778	Hinojosa	Relating to the issuance of specialty license plates to certain professional sports teams.
5	HB 1817	Capriglione	Relating to the validity of a contract for which a disclosure of interested parties is required.
6	HB 2453	Guillen	Relating to the issuance of a digital occupational license by a state agency, county, or municipality.
7	HB 2518	Bell, Keith	Relating to required lease terms for public property leased to a nongovernmental entity; creating a criminal offense.
8	HB 3013	Slawson	Relating to exempting certain contracts from procurement notice requirements.
9	HB 3014	Harris, Caroline	Relating to the motor vehicle safety inspection of electric vehicles.
10	HB 3461	Bonnen	Relating to the creation and re-creation of funds and accounts, the dedication and rededication of revenue and allocation of accrued interest on dedicated revenue, and the exemption of unappropriated money from use for general governmental purposes.
11	HB 3485	Bell, Keith	Relating to a contractor's or subcontractor's right to elect not to proceed with additional work under a contract.
12	HB 4012	Kitzman	Relating to the administration of the electronic state business daily.
13	HB 4123	Guillen	Relating to access to and use of certain criminal history record information.
14	HB 4595	Leach	Relating to nonsubstantive additions to, revisions of, and corrections in codes and to the nonsubstantive codification or disposition of various laws omitted from codes.
15	SB 29	Birdwell	Relating to prohibited governmental entity implementation or enforcement of a vaccine mandate, mask requirement, or private business or school closure to prevent the spread of COVID-19.
16	SB 30	Huffman	Relating to supplemental appropriations and reductions in appropriations and giving direction and adjustment authority regarding appropriations.
17	SB 271	Johnson	Relating to state agency and local government security incident procedures.
18	SB 493	Hughes	Relating to qualifications for certain individuals for veterans benefits.
19	SB 768	Parker	Relating to the process for notifying the attorney general of a breach of security of computerized data by persons doing business in this state.
20	SB 1045	Huffman	Relating to the creation of the Fifteenth Court of Appeals with jurisdiction over certain civil cases, the compensation of the justices of that court, and the jurisdiction of the courts of appeals in this state.
21	SB 1893	Birdwell	Relating to prohibiting the use of certain social media applications and services on devices owned or leased by state agencies.

To: Legislative & Public Affairs Committee, Texas Department of Motor Vehicles Board
From: Keith Yawn, Government & Strategic Communications Division Director
Agenda Item: 4.B
Subject: Interim Legislative Activity

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Update the board on interim legislative activities impacting department operations.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

In April, Lieutenant Governor Dan Patrick released interim charge assignments for the Texas Senate. The Senate Committee on Transportation received four charges, three of which could include department operations or data:

1. **Autonomous Vehicle Safety:** Evaluate autonomous vehicle operations, implementation, incident reporting, and accountability to law enforcement. Make recommendations to ensure public safety and transparency.
2. **Reviewing Historic Accomplishments in Transportation:** Review the implementations and outcomes of key transportation funding and policy initiatives since the 84th Legislature. Report on trends or patterns to guide future planning and governance.
3. **The Future of Our Economy:** Evaluate President Biden’s plan to transition to all-electric vehicles, and the impact on Texans and the state economy. Assess and report on the viability of the charging infrastructure, including the need for more charging stations and upgrades to the power grid, loss of gas tax revenue for transportation and public education, barriers to widespread adoption such as consumer costs for purchasing new vehicles and installing residential charging infrastructure, and the impacts to the oil and gas economy in Texas.

The Senate Committee on Transportation is scheduled to meet on these items in September.

In May, Speaker Dade Phelan released interim changes for the Texas House of Representatives. The House Committee on Transportation was also assigned four changes, one of which could involve department operations:

1. **Monitoring:** Monitor the agencies and programs under the Committee’s jurisdiction and oversee the implementation of relevant legislation passed by the 88th Legislature. Conduct active oversight of all associated rulemaking and other governmental actions taken to ensure the intended legislative outcome of all legislation.

The House Committee on Transportation’s intended hearing schedule is not yet public.

**Texas Department of Motor Vehicles**

HELPING TEXANS GO. HELPING TEXAS GROW.

Committee Meeting Date: 6/26/2024
BRIEFING ITEM

To: Legislative & Public Affairs Committee, Texas Department of Motor Vehicles Board
From: Keith Yawn, Government & Strategic Communications Division Director
Agenda Item: 4.C
Subject: Consideration of Proposed Recommendations to the 89th Legislature

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Provide an overview of draft statutory amendments developed by staff for the board to consider recommending to the 89th Texas Legislature.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

The 89th Texas Legislature convenes in regular session on January 14, 2025. Transportation Code Section 1001.025 authorizes the board to recommend to the legislature statutory changes that would improve department operations. The board has made recommendations for statutory change prior to each legislative session since the department was created.

The Government and Strategic Communications Division (GSC) team has worked with internal subject matter experts and external stakeholders to identify potential statutory change needs. Following the identification of potential changes, staff further vetted the proposals through a multi-divisional review process which included the Office of General Counsel and the Executive Director's Office.

The proposed recommendations are grouped into three sections: (1) amendments to Title Act requirements; (2) amendments to registration and license plate requirements; and (3) amendments to oversize/overweight permitting requirements. These sections include 12 general recommendations, half of which have been board recommendations in previous sessions.

Following the presentation of these proposals, staff will collect and review input from board members, stakeholders and other interested parties and prepare a final packet of recommendations for the board's approval in August.

Title Act Items

New Proposals

1. Modify bonded title requirements.

A person can receive a bonded title in certain circumstances when the regular title process cannot be followed. However, bonded titles can be opportunities for fraud or vehicle theft, and disputes and lawsuits related to bonded title cases occur and require department resources to resolve. Modifying the bonded title process in Section 501.053, Transportation Code, to require, in most cases, notice of the application and a timeframe for interested parties to object to the issuance of the title could reduce opportunities for fraud and the number of resulting disputes and lawsuits, improving the efficiency and cost effectiveness of related department operations.

Sec. 501.053: (a) As an alternative to the procedure provided by Section 501.052, the person may obtain a title by filing a bond with the department if the vehicle is in the possession of the applicant and:

- (1) there is no security interest on the vehicle;
- (2) any lien on the vehicle is at least 10 years old; ~~[or]~~
- (3) the person provides a release of all liens ~~[with bond]~~ less than 10 years old; or
- (4) the lienholder has gone out of business and the security interest was not transferred to or acquired by another entity, and the applicant provides evidence of lien satisfaction as determined by the department in rule.

(b) The bond must be: . . .

(c) The department shall send notice of the application to any recorded owner and lienholder of the vehicle as indicated in department records.

(d) If the applicant is not a person who holds a general distinguishing number issued under Transportation Code, Chapter 503:

(1) the department will not issue title until at least thirty days have passed since the application is submitted under Section 501.023, and

(2) if any recorded owner or lienholder with an interest in the vehicle objects to the issuance of the title prior to issuance, the department shall not issue title.

(e) An interested person has a right of action to recover on the bond for a breach of the bond's condition. The aggregate liability of the surety to all persons may not exceed the amount of the bond. Failure to object under subsection (d) (2) does not waive the right of a person with an interest in the vehicle to bring an action to recover on the bond.

(f) ~~[d]~~ A bond under this section expires on the third anniversary of the date the bond became effective.

(g) ~~[e]~~ The board by rule may establish a fee to cover the cost of administering this section.

(h) ~~[f]~~ A person may not obtain a title under this section for a salvage motor vehicle or a nonrepairable motor vehicle, as defined by Section 501.091.

2. Rulemaking Authorization to Expand Required 68A Inspections.

The department's authority to require vehicle identification number (aka 68A) inspections in cases other than those in statute is unclear. Clarifying in Section 501.032, Transportation Code, that the department clearly can adopt rules to require inspections in additional cases will ensure there is flexibility to better prevent fraudulent transactions and identify potentially stolen vehicles.

Sec. 501.032. IDENTIFICATION NUMBER INSPECTION REQUIRED. (a) ~~[In addition to any requirement established by department rule, a]~~ A motor vehicle, trailer, or semitrailer must have an identification number inspection under Section 501.0321 if:

- (1) the department does not have a motor vehicle record for the motor vehicle, trailer, or semitrailer in the department's registration and

title system, and the owner of the motor vehicle, trailer, or semitrailer is filing a bond with the department under Section 501.053;

(2) the motor vehicle, trailer, or semitrailer was last titled or registered outside of the United States and imported into the United States; or

(3) the owner or person claiming ownership requires an assigned or reassigned identification number under Section 501.033.

(a-1) The department may establish by rule additional categories of motor vehicles, trailers, or semitrailers requiring an identification number inspection under Section 501.0321 that are not specified in this section.

(b) An active duty member of a branch of the United States armed forces, or an immediate family member of such a member, returning to Texas with acceptable proof of the active duty status is exempt from an identification number inspection required under Subsection (a) (2).

Previous Board Recommendations

3. Define auction sales receipt & allow its use for reporting scrapped vehicles (Transportation Code, Sections 501.091 & 501.1003)

Salvage vehicle dealers that purchase vehicles from law enforcement auctions or foreclosure sales do not receive standard evidence of ownership documents like a title. An auction sales receipt is often the only proof of ownership available. The term auction sales receipt is defined in Section 501.091. Amendments to Section 501.1003, Transportation Code, allow an auction sales receipt to be submitted by salvage vehicle dealers when they report that a salvage or nonrepairable motor vehicle will be scrapped, dismantled, or destroyed. This eliminates the need for an unnecessary title application for a vehicle that is going to be scrapped and improves department operational efficiencies. These changes were included in House Bills 5269 (88R) & 3531 (87R).

Section 501.091: (1-a) "Auction sales receipt" means a document certifying the sale of a motor vehicle at auction by a law enforcement agency or public sale for a lien foreclosure.

Sec. 501.1003. SALVAGE VEHICLE DEALER RESPONSIBILITIES. (a) If a salvage vehicle dealer acquires ownership of a nonrepairable motor vehicle or salvage motor vehicle for the purpose of dismantling, scrapping, or destroying the motor vehicle, the dealer shall, before the 31st day after the date the dealer acquires the motor vehicle, submit to the department a report stating that the motor vehicle will be dismantled, scrapped, or destroyed. The dealer shall:

(1) make the report in a manner prescribed by the department; and
(2) submit with the report a properly assigned manufacturer's certificate of origin, ~~[regular certificate of]~~ title, nonrepairable vehicle title, salvage vehicle title, auction sales receipt, or comparable out-of-state ownership document for the motor vehicle.

(b) After receiving the report and title, manufacturer's certificate of origin, auction sales receipt, or document, the department shall issue the salvage vehicle dealer a receipt for the manufacturer's certificate of origin, ~~[regular certificate of]~~ title, nonrepairable vehicle title, salvage vehicle title, auction sales receipt, or comparable out-of-state ownership document.

(c) The department shall adopt rules to notify the salvage vehicle dealer if the vehicle was not issued a printed title, but has a record of title in the department's titling system.

4. Allow wider range of ownership evidence when insurance companies apply for title (Transportation Code, Section 501.0925)

Section 501.0925 requires a vehicle to have been issued a paper title in Texas or another state for insurance companies to apply for title when unable to obtain the current title for the vehicle. The following

amendment allows insurance companies to obtain title for a new vehicle that has been damaged, but not yet titled, and for vehicles that have been issued an electronic title with improved operational efficiency. These changes were included in House Bills 5269 (88R) & 3531 (87R).

Sec. 501.0925. INSURANCE COMPANY NOT REQUIRED TO SURRENDER EVIDENCE OF OWNERSHIP [~~CERTIFICATES OF TITLE~~] IN CERTAIN SITUATIONS.

Section 501.0925: (a) An insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle covered by a [~~certificate of~~] title or a manufacturer's certificate of origin that the company is unable to obtain may obtain from the department not earlier than the 30th day after the date of payment of the claim:

- (1) a salvage vehicle title for a salvage motor vehicle;
- (2) a nonrepairable vehicle title for a nonrepairable motor vehicle; or
- (3) a [~~regular certificate of~~] title for a motor vehicle other than a salvage motor vehicle or a nonrepairable motor vehicle.

(b) An application for a title under Subsection (a) must be submitted to the department on a form prescribed by the department and include:

- (1) a statement that the insurance company has provided at least two written notices attempting to obtain the evidence of ownership [~~certificate of title~~] for the motor vehicle; and
- (2) evidence acceptable to the department that the insurance company has made payment of a claim involving the motor vehicle.

(c) An insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle covered by a [~~certificate of~~] title or a manufacturer's certificate of origin for which the company is unable to obtain proper assignment of the title or manufacturer's certificate of origin [~~certificate~~] may obtain from the department not earlier than the 30th day after the date of payment of the claim:

- (1) a salvage vehicle title for a salvage motor vehicle;
- (2) a nonrepairable vehicle title for a nonrepairable motor vehicle; or
- (3) a [~~regular certificate of~~] title for a motor vehicle other than a salvage motor vehicle or a nonrepairable motor vehicle.

(d) An application for a title under Subsection (c) must be submitted to the department on a form prescribed by the department and include:

- (1) a statement that the insurance company has provided at least two written notices attempting to obtain a proper assignment of the evidence of ownership [~~certificate of title~~]; and
- (2) the evidence of ownership [~~certificate of title~~].

(f) An insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle, salvage motor vehicle, or nonrepairable motor vehicle covered by an out-of-state title or out-of-state ownership document may obtain from the department a title, salvage vehicle title, or nonrepairable vehicle title, as appropriate, if:

- (1) the motor vehicle was damaged, stolen, or recovered in this state;
- (2) the motor vehicle owner from whom the company acquired ownership resides in this state; or
- (3) otherwise allowed by department rule.

5. Allow vehicles with out of state salvage-type titles to receive a rebuilt title (Transportation Code, Section 501.100)

Section 501.100 requires issuance of a salvage vehicle title before a rebuilt Texas title can be obtained. The following amendment allows a vehicle with an out-of-state title comparable to a salvage vehicle title to be

issued a rebuilt Texas title without the owner first having to apply for a salvage vehicle title with the department. This eliminates the need for customers to apply for a salvage vehicle title just to immediately surrender it for a rebuilt title and improves department operational efficiency. These changes were included in House Bills 5269 (88R) & 3531 (87R).

Sec. 501.100. APPLICATION FOR ~~[REGULAR CERTIFICATE OF]~~ TITLE FOR SALVAGE VEHICLE.

Section 501.100: (a) The owner of a motor vehicle for which a nonrepairable vehicle title issued prior to September 1, 2003, ~~[or]~~ for which a salvage vehicle title or salvage record of title has been issued, or for which a comparable out-of-state ownership document for a salvage motor vehicle has been issued may apply for a title under Section 501.023 after the motor vehicle has been repaired, rebuilt, or reconstructed and, in addition to any other requirement of law, only if the application:

(1) describes each major component part used to repair, rebuild, or reconstruct the motor vehicle;

(2) states the name of each person from whom the parts used in repairing, rebuilding, or reconstructing ~~[assembling]~~ the vehicle were obtained; and

(3) shows the identification number required by federal law to be affixed to or inscribed on the part.

(f) The department may not issue a ~~[regular]~~ title for a motor vehicle based on a:

(1) nonrepairable vehicle title issued on or after September 1, 2003, or comparable out-of-state ownership document or record, or evidence of a notation described by Section 501.09113(a)(2) on an out-of-state ownership document or record in the National Motor Vehicle Title Information System;

(2) receipt issued under Section 501.1003(b); or

(3) certificate of authority issued under Chapter 683.

Registration & License Plate Items

New Proposals

6. Clean-up Statutory References Authorizing the Electric Vehicle Registration Fee

For the electric vehicle (EV) fee in Transportation Code 502.360, strike the cross-reference to the inspection code and replace with language saying the EV fee is \$200 per year of registration. This corrects a conflict created by the passage of Senate Bill 505 and House Bill 3297 during the 88th Session, as well as re-setting the authorization for 2-year initial registration following the repeal of the 2-year safety inspection process in HB 3297.

Section 502.044. REGISTRATION PERIOD.

(a-1) The department shall designate a vehicle registration period of 24 consecutive months to begin on the first day of a calendar month and end on the last day of the 24th calendar month for a passenger car or light truck that:

(1) is sold in this state or purchased by a commercial fleet buyer described by Section 501.0234(b)(4) for use in this state;

(2) has not been previously registered in this or another state;
and

(3) on the date of sale is of the current or preceding model year.

Section 502.360. ADDITIONAL FEE FOR ELECTRIC VEHICLES.

(b) In addition to other fees authorized under this chapter, at the time of application for registration or renewal of registration of an electric vehicle, the applicant shall pay an additional fee of ~~[+]~~

~~(1) \$400, for the registration of a new vehicle to which Section 548.102 applies; or~~
~~(2)] \$200, for the registration or renewal of registration of a vehicle for each 12 months of registration [to which Section 548.101 applies].~~

7. Clean-up for Dealer Temporary License Plate Fee

Legal analysis of the enacted language in House Bill 718 (Transportation Code, Section 503.008) determined the \$10 fee for each issued dealer temporary license plate is payable every two years at the time of license renewal. However, legislators, stakeholders, and department staff involved in the bill's deliberations during the 88th Session understood that the fee was to be a one-time fee. The following language would ensure the dealer temporary license plate fee is a one-time \$10 per plate.

Sec. 503.008. FEES FOR LICENSE PLATES.

(a) The fee for:

- (1) a dealer's license plate issued under Section 503.061 is \$20 a year;
and
(2) a dealer's temporary license plate issued under Section 503.062 is \$10 for a new plate and \$0 for renewing the same plate.

8. Allow denial of access to the dealer-issued license plate database for fraudulent vehicle inspection reports

The department has the authority under Section 503.0633, Transportation Code, to deny a dealer access to the dealer-issued license plate database if the dealer fraudulently issues license plates or fraudulently uses the database. That authority does not extend to a dealer issuing/obtaining fraudulent vehicle inspection reports. Adding inspection fraud to the instances when the current database access denial process can be used will allow better enforcement of vehicle inspection requirements.

Texas Transportation Code Section 503.0633. DEPARTMENT REGULATION OF DEALER-ISSUED LICENSE PLATES AND ACCESS TO DATABASE OF DEALER-ISSUED LICENSE PLATES.

(f) If the department determines that a dealer is fraudulently obtaining license plates or sets of license plates, or fraudulently using the database of dealer-issued license plates, or obtaining or using fraudulent vehicle inspection reports under Chapter 548, the department may, after giving notice electronically and by certified mail to the dealer, deny access to the database of dealer-issued license plates to the dealer. A dealer denied access to the database of dealer-issued license plates under this subsection may request a hearing on the denial as provided by Subchapter O, Chapter 2301, Occupations Code.

9. Modify procedure for denying or revoking a vehicle registration in certain circumstances.

The department has the authority under Chapter 502, Transportation Code, to deny or revoke a vehicle's registration. Specifically, Section 502.048 allows denial or revocation of a vehicle registration if the vehicle is unsafe, improperly equipped, or otherwise unfit to be operated on a public highway. The law in general, such as the due process clauses of the Constitution and Chapter 2001 of the Government Code, requires agencies to follow procedural steps to take certain actions on registrations. To expedite enforcement of fraudulent activities, denials and revocations of vehicle registrations could be added to the list of exceptions to contested case requirements in Section 2001.223, Government Code. Also, the requirement for notice and opportunity to respond, but not an actual hearing, could be added to Section 502.048, Transportation Code.

Government Code Section 2001.223. EXCEPTIONS FROM DECLARATORY JUDGMENT, COURT ENFORCEMENT, AND CONTESTED CASE PROVISIONS. Section 2001.038 and Subchapters C through H do not apply to:

(1) except as provided by Subchapter D, Chapter 545, the granting, payment, denial, or withdrawal of financial or medical assistance or benefits under service programs that were operated by the former Texas Department of Human Services before September 1, 2003, and are operated on and after that date by the Health and Human Services Commission or a health and human services agency, as defined by Section 521.0001;

(2) action by the Banking Commissioner or the Finance Commission of Texas regarding the issuance of a state bank or state trust company charter for a bank or trust company to assume the assets and liabilities of a financial institution that the commissioner considers to be in hazardous condition as defined by Section 31.002(a) or 181.002(a), Finance Code, as applicable;

(3) a hearing or interview conducted by the Board of Pardons and Paroles or the Texas Department of Criminal Justice relating to the grant, rescission, or revocation of parole or other form of administrative release; or

(4) the suspension, revocation, or termination of the certification of a breath analysis operator or technical supervisor under the rules of the Department of Public Safety.

(5) the denial, renewal, revocation, suspension, annulment, or withdrawal of a registration under Texas Transportation Code §502 and the rules of the Department of Motor Vehicles.

Transportation Code Section 502.048. REFUSAL TO REGISTER UNSAFE VEHICLE. The department may refuse to register a motor vehicle and may cancel, suspend, or revoke a registration after notice and an opportunity to respond but without a hearing if the department determines that a motor vehicle is unsafe, improperly equipped, or otherwise unfit to be operated on a public highway.

Previous Board Recommendations

10. Clarify certain specialty license plate fees.

- a. Eligible customers are issued one set of Legion of Merit license plates, authorized under Section 504.316, Transportation Code, without having to pay registration fees. This matches the treatment of similar types of military-related license plates. However, the statute needs clarification under Section 504.3015 regarding the fee exemption. This change was included in Senate Bill 1182 (88R) & House Bill 3531 (87R).

Section 504.3015: (a) A person applying for a set of license plates under this subchapter shall pay the registration fee required under Chapter 502 and the applicable special plate fee required under this section, except that one set of license plates shall be issued without the payment of the registration fee under:

- (1) Section 504.308;
- (2) Section 504.310(b);
- (3) Section 504.315, other than Subsections (c) and (q) of that section; and
- (4) Section 504.316; and
- (5) Section 504.319.

- b. Transportation Code Section 504.512 is not clear that the Gold Star license plate is issued with no plate fee. The other license plates in the subchapter are expressly stated to have no fee for issuance; amendment provides clarity and consistency. This change was included in Senate Bill 1182 (88R).

Sec. 504.512:

(c) There is no fee for issuance of the license plates.

- c. Transportation Code Sections 504.513 is not clear that the Firefighter license plate is issued with no plate fee. The other license plates in the subchapter are expressly stated to have no fee for issuance; amendment provides clarity and consistency. The proposal also corrects the related association name, which has changed since the statute was enacted. This change was included in Senate Bill 1182 (88R).

Sec. 504.513. FIREFIGHTERS. (a) The department shall issue specialty license plates for:

- (1) volunteer firefighters certified by:
 - (A) the Texas Commission on Fire Protection; or
 - (B) the State Firefighter's [Firemen's] and Fire Marshals' Association of Texas; and
- (2) fire protection personnel as that term is defined by Section 419.021, Government Code.

(c) There is no fee for issuance of the license plates.

- d. Transportation Code Section 504.516 is not clear that the Rental Trailer and the Travel Trailer license plates are issued with no plate fee. The other license plates in the subchapter are expressly stated to have no fee for issuance; amendment provides clarity and consistency. This change was included in Senate Bill 1182 (88R).

Sec. 504.516:

(c) There is no fee for issuance of the license plates.

11. Clarifications to the registration of farm trailers less than 4,000 pounds, and related vehicles

Farm trailers less than 4,000 lbs., farm tractors, and implements of husbandry have long been exempted from registration requirements. The statute that made the exemption explicit was inadvertently repealed several sessions ago. The amendment would make the long-standing exemption clear in statute. The TxDMV board recommended this amendment in a past legislative session. This change was included in Senate Bill 1182 (88R).

Sec. 502.147. CERTAIN FARM TRAILERS, FARM SEMITRAILERS, FARM TRACTORS, AND IMPLEMENTS OF HUSBANDRY. An owner is not required to register a farm trailer or farm semitrailer that has a gross weight of 4,000 pounds or less or a farm tractor or an implement of husbandry, if the trailer, semitrailer, tractor, or implement is operated only temporarily on the highways.

Oversize/Overweight Permit Items

Previous Board Recommendations

12. Clarify fee references for certain oversize/overweight permits

- a. Oversize/overweight permits must be obtained by governmental entities, including the military, for moving oversize/overweight equipment or loads. The vehicle moving the load must have either state or federal exempt license plates and the governmental entity does not currently pay permit fees. The proposed statute clarifies that the department can waive the permit fee and surety bond requirements in such cases by rule.

Section 623.009. SURETY REQUIREMENTS AND PERMIT FEES FOR GOVERNMENTAL AGENCIES. The department by rule may waive fees and surety requirements, including requirements for a bond or letter of credit, for permits issued by the department to governmental agencies. The department by rule may also waive any surety requirements for governmental agencies under Sections 622.134 and 623.163.

- b. The annual envelope permit described by Section 623.071, Transportation Code can be issued to either a vehicle or a company. The highway maintenance fee in Section 623.077 is not charged to either permit under current operations. The proposed amendment clarifies that the fee does not apply to either annual envelope permit.

Section 623.077: (a) An applicant for a permit under this subchapter, other than a permit under Section 623.071(c)(3) or (d), must also pay a highway maintenance fee in an amount determined according to the following table: ...

DRAFT



Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Committee Meeting Date: 6/26/2024
ACTION ITEM

To: Legislative & Public Affairs Committee, Texas Department of Motor Vehicles Board
From: Glenna Bowman, Chief Financial Officer
Agenda Item: 4.D
Subject: Preliminary FY 2026 – 2027 Legislative Appropriations Request

RECOMMENDATION

Action Item. Recommend to the full board that staff be directed to prepare the FY 2026-2027 Legislative Appropriations Request (LAR) to include items presented by staff.

PURPOSE AND EXECUTIVE SUMMARY

The LAR is the department's biennial budget request that is submitted to the Texas Legislature, which convenes in regular session in January of each odd-numbered year. The current LAR will provide funding for the FY 2026-2027 biennium, which begins September 1, 2025, and ends August 31, 2027.

The LAR is divided into two components:

Baseline Funding — funding necessary to maintain existing operations and capital projects, plus adjustments for essential operational needs that can be supported by revenues and available balances within TxDMV Fund 0010.

Exceptional items — for funding requests that exceed the General Revenue (GR) baseline limit established by the Legislative Budget Board (only applies to MVCPA), or that promote transparency and provide visibility with the Legislature into the department's highest priority needs that are funded from TxDMV Fund 0010.

The LAR also includes requests to establish, update or amend various appropriation riders that govern how the department may spend funds within its larger appropriations, e.g., capital budget authority, performance measure targets, unexpended balance authority, and special project directives.

The LAR is expected to be due in early August.

FINANCIAL IMPACT

TxDMV is a revenue-generating agency for the state, collecting revenues from registrations, licenses, titles, permits, and credentials. The majority of TxDMV collected revenue is directed to the Texas Highway Fund for use in constructing and maintaining the state's transportation networks and highway system. The department's operations are also supported by these collections. Department staff estimate that \$426.4 million will be deposited to TxDMV Fund 0010 for the FY 2026-2027 biennium, which provides funding for the majority of the department's appropriations request. Expenditures for the Motor Vehicle Crime Prevention Authority (MVCPA) are paid from General Revenue with amounts collected on motor vehicle insurance policies and statutorily directed to efforts to detect and prevent motor vehicle theft and, more recently, catalytic converter theft.

BACKGROUND AND DISCUSSION

Baseline Increases

The department is completing the process of identifying potential increases to its baseline funding requests and evaluating them to determine which items will be approved, reduced, or eliminated. With the current economy, costs continue to increase, which is driving the cost of numerous items in the baseline budget. We are working to ensure that items in the proposed baseline budget are essential to the efficient operation of the TxDMV and are well within projected revenue levels and available cash balances in the TxDMV Fund 0010. The total of any baseline increase is expected to be less than 5% of the FY 2024-2025 baseline amount for TxDMV Fund 0010.

Exceptional Items

At this time, staff proposes to submit a total of two (2) exceptional items:

- **Registration and Title System (RTS) Modernization Phase Two.** This exceptional item will request appropriation authority for Phase 2 of the RTS Modernization effort. The 88th Texas Legislature appropriated \$6.75 million to TxDMV for FY 2024-25 to implement RTS Replacement Phase 1, which includes assessment of both the internal and external system environments, definition of the future system specifications, and projected costs. Phase 1 will continue into FY 2026, and the information gathered will be used to refine the cost estimate for Phase 2. The current estimated cost for this project is \$125,000,000.
- **Enhance and Improve Core Services and Customer Support.** As the population of Texas continues to grow, so does the number of customers served by the TxDMV. At the same time, the department has taken on new responsibilities and adjusted operating procedures and systems to adapt to changing needs and customer expectations. This exceptional item will address ongoing operational needs to enhance and improve the core services and customer support provided by the department, including additional compliance activities and investigations, license processing and background checks, revenue processing, customer relations, information technology, administrative hearings, and customer support in the regional service centers. This exceptional item is currently estimated at \$8.7 million and would support 50.0 full-time equivalent positions (FTEs).

Texas Department of Motor Vehicles



Preliminary FY 2026–2027 Legislative Appropriations Request

Legislative Appropriations Request Process

Legislative Appropriations Request (LAR) - The LAR is the department's biennial budget request that is submitted to the Texas Legislature, which convenes in regular session in January of each odd-numbered year.

➤ The current LAR will provide funding for the FY 2026-2027 biennium, which begins September 1, 2025, and ends August 31, 2027.

➤ The LAR is divided into two components:

Baseline Funding — funding necessary to maintain existing operations and capital projects, plus adjustments that can be supported by revenues and available balances within TxDMV Fund 0010; and

Exceptional items — for funding requests that exceed the General Revenue (GR) baseline limit established by the Legislative Budget Board (only applies to MVCPA), or that promote transparency and provide visibility with the Legislature into the department's highest priority needs that are funded from TxDMV Fund 0010.

➤ The LAR also includes requests to establish, update or amend various appropriation riders that govern how the department may spend funds within its larger appropriations, e.g., capital budget authority, performance measure targets, unexpended balance authority, and special project directives.

Due Date

➤ The LAR is expected to be due in early August.

FY 2026-2027 Estimated Revenue Collections

TxDMV is a revenue-generating agency for the state, collecting revenues from registrations, licenses, titles, permits, and credentials. The majority of TxDMV collected revenue is directed to the State Highway Fund for use in constructing and maintaining the state's transportation networks and highway system. The department's operations are also supported by these collections. Department staff estimate that \$426.4 million will be deposited to TxDMV Fund 0010 for the FY 2026-2027 biennium, which provides funding for the majority of the department's appropriations request. Expenditures for the Motor Vehicle Crime Prevention Authority (MVCPA) are paid from General Revenue with amounts collected on motor vehicle insurance policies and statutorily directed to efforts to detect and prevent motor vehicle theft and, more recently, catalytic converter theft.

Estimated TxDMV Fund 0010 revenue collections are shown in the following table.

Estimated TxDMV Revenue Collections by Fund				
Fund Type	FY 2024	FY 2025	FY 2026	FY 2027
TxDMV Fund 0010	191,082,000	193,640,000	209,596,000	216,847,000
Total	191,082,000	193,640,000	209,596,000	216,847,000

Deposits to TxDMV Fund 0010 are on track to exceed FY 2023 amounts by 3.4%, with additional increases projected for the four-year period beginning in FY 2024. Major revenue categories in Fund 0010 are shown below.

Estimated TxDMV Fund 0010 Revenue Collections				
Category	FY 2024	FY 2025	FY 2026	FY 2027
Motor Vehicle Certificates of Title	49,609,000	50,209,000	50,817,000	51,432,000
Motor Vehicle Registration	43,170,000	49,374,000	63,750,000	69,281,000
Motor Carrier - Oversize/Overweight	14,868,000	15,070,000	15,296,000	15,601,000
Motor Vehicle Business Licenses	6,472,000	6,472,000	6,472,000	6,472,000
Processing and Handling Fee	58,315,000	58,606,000	59,192,000	59,784,000
Miscellaneous Fees	18,648,000	13,909,000	14,069,000	14,277,000
Total	191,082,000	193,640,000	209,596,000	216,847,000

Legislative Appropriations Requests

Baseline Increases

The department is completing the process of identifying potential increases to its baseline funding requests and evaluating them to determine which items will be approved, reduced, or eliminated. With the current economy, costs continue to increase, which is driving the cost of numerous items in the baseline budget. We are working to ensure that items in the proposed baseline budget are essential to the efficient operation of the TxDMV and are well within projected revenue levels and available cash balances in the TxDMV Fund 0010. The total of any baseline increase is expected to be less than 5% of the FY 2024-2025 baseline amount for TxDMV Fund 0010.

Exceptional Items

Exceptional Item 1 – Registration and Title System (RTS) Modernization Phase Two	FTEs	FY 2026-27 Estimated Cost
This exceptional item will request appropriation authority for Phase 2 of the RTS Modernization effort. The 88th Texas Legislature appropriated \$6.75 million to TxDMV for FY 2024-25 to implement RTS Replacement Phase 1, which includes assessment of both the internal and external system environments, definition of the future system specifications, and projected costs. Phase 1 will continue into FY 2026, and the information gathered will be used to refine the cost estimate for Phase 2.	N/A	\$125,000,000
Exceptional Item 2 – Enhance and Improve Core Services and Customer Support	FTEs	FY 2026-27 Estimated Cost
As the population of Texas continues to grow, so does the number of customers served by the TxDMV. At the same time, the department has taken on new responsibilities and adjusted operating procedures and systems to adapt to changing needs and customer expectations. This exceptional item will address ongoing operational needs to enhance and improve the core services and customer support provided by the department, including additional compliance activities and investigations, license processing and background checks, revenue processing, customer relations, information technology, administrative hearings, and customer support in the regional service centers.	50.0	\$8,660,560

FY 2026-2027 Capital Budget Project Summary

The following table presents the preliminary FY 2026-2027 capital budget, including proposed changes to naming conventions and the deletion of line items that are not necessary for the effective administration of the department's capital budget.

Capital Budget	Biennial Appropriation	Preliminary Biennial Base Request
	FY 2024-2025	FY 2026-2027
Regional Service Center Expansion	931,606	-
Camp Hubbard Renewal Project	143,000,000	-
RSC Maintenance and Repair	700,000	1,000,000
TxDMV Automation System	10,500,000	10,500,000
PC Replacement	1,212,000	1,400,000
Technology Replacement and Upgrades - Regional Support for County Tax Assessor-Collector Offices	10,000,000	10,000,000
Registration and Title System (RTS) Replacement Phase One	4,421,489	-
Registration and Title System (RTS) Modernization Phase Two	-	125,000,000
House Bill 718 Implementation	15,500,000	-
Data Center Consolidation	29,722,977	29,722,977
Cybersecurity Initiative Projects	400,000	400,000
Total Capital Budget	216,388,072	178,022,977
Method of Finance		
Debt Proceeds Fund 7805	143,000,000	-
Texas Department of Motor Vehicles Fund 0010	73,388,072	178,022,977
Total Method of Finance	216,388,072	178,022,977



Texas Department
of Motor Vehicles