



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.



TxDMV Board Meeting

9:00 a.m.

Thursday, February 13, 2025

AGENDA
BOARD MEETING
TEXAS DEPARTMENT OF MOTOR VEHICLES
4000 JACKSON AVE., BUILDING 1, LONE STAR CONFERENCE ROOM
AUSTIN, TEXAS 78731
THURSDAY, FEBRUARY 13, 2025
9:00 A.M.

The presiding officer of the Board of the Texas Department of Motor Vehicles (Board) will be physically present at 4000 Jackson Avenue, Austin, Texas 78731. Some Board members may attend via videoconferencing.

Link to February 13, 2025, Board 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 Board. Agenda item numbers are assigned for ease of reference only and do not necessarily reflect the order of their consideration by the Board. Presentations may be made by the identified staff, Board member, or other personnel as needed. The Board reserves the right to discuss any items in closed session where authorized by the Open Meetings Act.

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1. **Roll Call and Establishment of Quorum**
2. **Pledges of Allegiance - U.S. and Texas**
- 6 3. **Chair's Reports** - Chairman Bacarisse (BRIEFING ONLY)
[Appointment of Civil Rights Officer under Transportation Code, §1001.023\(b\)\(7\)](#)
- 7 4. **Executive Director's Reports** - Daniel Avitia (BRIEFING ONLY)
 - 8 A. [American Association of Motor Vehicle Administrators \(AAMVA\)](#)
 - 11 B. [Midland-Odessa Regional Service Center Ribbon Cutting](#)
 - 12 C. [Motor Vehicle Crime Prevention Authority \(MVCPA\) Meetings Update](#)
 - D. [Awards, Recognition of Years of Service, and Announcements](#)

RULE ADOPTIONS

- 13 5. **Chapter 210, Contract Management** - Chris Hayden (ACTION ITEM)
New: Subchapters A and C
Repeal: Subchapter A
[\(Relating to Cleanup\)](#)
(Published 11/8/2024 - 49 TexReg 8837)
 - 39 6. **Rule Review**
[Rule Review Adoption under Government Code, §2001.039: Chapter 210, Contract Management](#) - Laura Moriaty (ACTION ITEM)
-

(Published 11/8/2024 - 49 TexReg 9031)

- 41 7. **Chapter 217, Vehicle Titles and Registration** - Annette Quintero (ACTION ITEM)
New: §217.66
[\(Relating to Specialized License Plate for Registration of Rental Trailers\)](#)
(Published 12/27/24 - 49 TexReg 10503)

RULE PROPOSAL

- 46 8. [Advisory Committee Recommendations: Motor Vehicle Industry Regulation Advisory Committee \(MVIRAC\)](#) - Laura Moriaty and MVIRAC Presiding Officer (BRIEFING ONLY)
- 49 9. **Chapter 215, Motor Vehicle Distribution** - Annette Quintero (ACTION ITEM)
New: §215.163
[\(Relating to License Plate Disposition for Motor Vehicles Sold at Auction or on Consignment\)](#)

BRIEFING AND ACTION ITEMS

- 65 10. [Specialty Plate Design](#) - Annette Quintero (ACTION ITEM)
Purdue University - Redesign Proposed under Transportation Code §504.851
- 68 11. [House Bill 718 Implementation Update \(88th Texas Legislature, Regular Session\)](#) - Roland Luna, Sr. and Annette Quintero (BRIEFING ONLY)
- 69 12. **Finance and Audit**
- 76 A. [FY 2026 - 2027 Legislative Appropriations Update](#) - John Ralston (BRIEFING ONLY)
- 76 i. Budget Process and Introduced Version of the General Appropriations Act
- 76 B. [Internal Audit Division Status Update](#) - Jason Gonzalez (BRIEFING ONLY)
- 76 i. Fleet Management Audit
- 91 C. [Internal Audit Charter](#) - Jason Gonzalez (ACTION ITEM)

CLOSED SESSION

13. **The Board may enter into closed session under one or more 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; or

- *Lucid Group USA, Inc. vs. Monique Johnston, in her official capacity as Director of the Motor Vehicle Division of the Texas Department of Motor Vehicles, et al.* Case No. 1:22-cv-01116; in the United States District Court for the Western District of Texas, Austin Division.

Section 551.074 - Personnel matters.

- Discussion relating to the appointment, employment, evaluation, reassignment, duties, discipline, and dismissal of personnel.

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.

- security assessments or deployments relating to information resources technology;

- network security information as described by Government Code Section 2059.055(b); or

- the deployment, or specific occasions for implementation, of security personnel, critical infrastructure, or security devices.

14. Action Items from Closed Session

15. Public Comment

16. Adjournment

The Board will allow an open comment period to receive public comment on any agenda item or other matter that is under the jurisdiction of the Board. No action will be taken on matters that are not part of the agenda for the meeting. For subjects that are not otherwise part of the agenda for the meeting, Board members may respond in accordance with Government Code, §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 Board 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 Board:

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.

Board Meeting Date: 2/13/2025
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Charles Bacarisse, Chair
Agenda Item: 3
Subject: Appointment of Civil Rights Officer under Transportation Code, §1001.023(b)(7)

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

The Civil Rights Officer is appointed by the Chair of the Texas Department of Motor Vehicles Board and oversees the Equal Employment Opportunity process for the department as required by Transportation Code, Chapter 1001 to help ensure compliance with civil rights laws and policies.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

The Civil Rights Officer upholds state and federal statutes prohibiting employment discrimination and retaliation in the workplace. The Civil Rights Officer contributes to any necessary revisions of agency policies related to civil rights functions and protections. The Civil Rights Officer receives and investigates employee complaints of discrimination, harassment, and retaliation and serves as the agency's Title VI Non-Discrimination Coordinator.

Ashley Healy has been with TxDMV for one and half years and currently serves as deputy general counsel. Before joining the department, her experience included more than 16 years as a licensed attorney for the State of Texas and has advised on employment, civil rights, and ethics matters at several agencies during her state career.

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 4.A
Subject: Executive Director's Report - American Association of Motor Vehicle Administrators (AAMVA) Committee Appointments

RECOMMENDATION

Briefing Only. Acknowledge and congratulate several members of our Executive Team on their appointment by one of TxDMV's stakeholders, the American Association of Motor Vehicle Administrators (AAMVA). The association serves as a liaison with the private sector and other levels of government who administer and enforce motor vehicle laws.

EXECUTIVE SUMMARY

In December 2024, **Amanda Collins**, Consumer Relations Director, was appointed by AAMVA to serve as the Region 2 Representative on the MVA Operations and Customer Experience Committee for a four-year term. As a committee member, she will provide oversight and guidance in developing standards, technical solutions, best practices, guidelines, and other initiatives. Additionally, she will guide the work of various subcommittees and working groups. The first committee meeting was held in January and the committee anticipates an in-person meeting, April 23-24, 2025, in Minneapolis, Minnesota.

In January, AAMVA appointed **Monique Johnston**, Motor Vehicle Division Director, to serve on the Multi-Stage Vehicle Working Group Committee as a representative for TxDMV and as the Treasurer of the National Association of Motor Vehicle Boards and Commissions Executive Board. Because of her unique qualifications and experience with the aspects of multi-stage vehicles for dealer and manufacturer licensing and regulation, she will research these issues and develop guidance that will provide agencies and regulators the ability to make more informed decisions regarding jurisdiction, laws, rules, policies, procedures, and concerns regarding titling and registration practices, as well as dealer licensing requirements, questions around the regulation of entities selling multi-stage vehicles, and the potential impacts of these decisions on warranties and recalls. The first committee meeting was held January 27 - February 1, 2025, in Arlington, Virginia.

AAMVA also recently appointed **Roland D. Luna, Sr.**, Deputy Executive Director, to serve as a Member-At-Large for the standing Vehicle Committee. As a committee member, he serves with other jurisdiction executives to provide oversight and guidance to various programs in the development of standards, technical solutions, best practices, guidelines, and other initiatives that enhance vehicle and roadway safety, prevent vehicle theft and fraud, and promote consumer protection. Mr. Luna was also appointed as chair of the AAMVA Autonomous Vehicle Subcommittee. In this role, he will work with jurisdiction members, law enforcement, federal agencies, and other stakeholders to gather, organize, and share information and develop best practices to assist member jurisdictions in regulating autonomous vehicles and testing the drivers who operate them.

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 4.B
Subject: Executive Director’s Report – Midland-Odessa Regional Service Center Ribbon Cutting

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Information on the Midland-Odessa Regional Service Center (RSC) remodel and ribbon cutting.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

In line with TxDMV’s commitment to enhancing facilities for Texans, the Midland-Odessa Regional Service Center (RSC) recently underwent a full interior remodel. This project, completed in partnership with TxDOT, included new construction and a restructured office layout to improve service and efficiency.

On January 7, 2025, TxDMV hosted a ribbon cutting celebrating the grand opening of the Midland-Odessa RSC. Executive Director Daniel Avitia and Vehicle Titles and Registration Division (VTR) Director Annette Quintero provided remarks from DMV leadership marking this significant milestone celebrating this grand opening and fresh start for the RSC. Andrews County Tax Assessor-Collector Robin Harper, Ector County Tax Assessor-Collector Lindy Wright, Glasscock County Tax Assessor-Collector Tina Flores, and Ward County Tax Assessor-Collector Vicki Heflin attended along with DMV leadership and staff to assist RSC Manager Nemy Baeza and her staff celebrate.

Since 2009, the Midland-Odessa RSC has been a vital hub for TxDMV services, consistently assisting an average of 24,000 customers annually. In Fiscal Year 2024, the office handled over 4,900 calls and nearly 32,000 in-person transactions, including 5,583 commercial registration account transactions. Ranking fourth statewide in apportion tickets processed, the RSC serves 19 counties with a population exceeding 500,000—an increase of 22.45% since 2010. Additionally, the office supports customers statewide, driven in part by growth in the oil field industry.

This remodel is more than just new bricks and mortar—it enhances the Midland-Odessa RSC’s ability to provide excellent customer service. The updated facility features a more spacious indoor waiting area, improved accessibility, and modernized furnishings. Additionally, new technology, including credit card payment capability, ensures a more efficient and convenient experience for Texans in the region.

The collection of photographs below shows the newly remodeled Midland-Odessa RSC.





Board Meeting Date: 2/13/2025
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 4.C
Subject: Executive Director's Report - Motor Vehicle Crime Prevention Authority (MVCPA) Meetings Update

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

To update the TxDMV Board regarding the MVCPA meetings and Senate Bill (SB) 224 Catalytic Converter grants.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

The MVCPA Grants, Budget, and Reporting Committee met in San Antonio, January 16-17, 2025. The committee heard presentations from 62 law enforcement grant applicants, most had not previously participated in the MVCPA grant application process. Attendees included numerous police chiefs, assistant chiefs, and grant administrative staff. This was the largest number of law enforcement agencies in one room participating in the program. The added joint efforts from these agencies will increase collaboration and sharing of data throughout the state.

The MVCPA Board met in Austin, January 22, 2025, and awarded more than \$5 million to 61 Texas law enforcement agencies. The Board approved \$5.5 million to the Texas Department of Public Safety (DPS) for license plate readers throughout the state. The information gathered will be shared with all local law enforcement agencies. MVCPA Deputy Director Earl Pence gave the board an overview of Fiscal Year (FY) 2024 MVCPA activities. Jason Gonzalez, TxDMV Internal Auditor, summarized the recommendations and the closeout from the FY 2021 State Auditor's Office Report. At the conclusion of the meeting, MVCPA Audit Manager Dan Price provided an overview of the insurance fee collection process, highlighting collaboration with the Comptroller of Public Accounts (CPA). During 2024, through the interagency contract with CPA, MVCPA collected more than \$40 million in previously unreported fees, penalties and interest from various insurance companies for 2020 through the first half of 2023.

The SB 224 Advisory Committee also met in Austin, January 22, 2025. In attendance were representatives from DPS, Texas Department of Licensing and Regulation, metal recycler stakeholders, and MVCPA taskforce commanders. The committee heard operational updates from SB 224 grant recipients Potter County Sheriff's Office and El Paso Police Department.

Board Meeting Date: 2/13/2025
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 4.D
Subject: Executive Director’s Report – Awards, Recognition of Years of Service, Announcements

RECOMMENDATION

Briefing Only. Board Chair and members offer congratulations to employees receiving recognition for an award, reaching a state service milestone, or retirement.

PURPOSE AND EXECUTIVE SUMMARY

The Executive Director announces the name of individuals who retired from the agency and recognizes employees who have reached a state service milestone of 20 years and every five-year increment thereafter. Recognition at the February 13, 2025, Board Meeting for state service awards and retirements include:

- Ivan Alvarez, Vehicle Titles and Registration Division, achieved 20 years of state service.
- Dean Lamb, Information Technology Services Division, achieved 20 years of state service.
- Tiffany Roybal, Motor Carrier Division, achieved 25 years of state service.
- Heath Jackson, Enforcement Division, achieved 30 years of state service.
- Melissa Bennett, Motor Carrier Division, achieved 35 years of state service.

The following individual recently retired from the agency:

- Andrew Kang, Office of Administrative Hearing Division, achieved 22 years of state service.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

No additional background and discussion.

Board Meeting Date: 2/13/2025
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Chris Hayden, Deputy Chief Financial Officer
Agenda Item: 5
Subject: Chapter 210, Contract Management
New: Subchapters A and C
Repeal: Subchapter A
(Relating to Cleanup)

RECOMMENDATION

Action Item. Adopt proposed new sections and the repeal of sections in 43 Texas Administrative Code Chapter 210.

PURPOSE AND EXECUTIVE SUMMARY

The new sections and the repeals are necessary to update and clean up the rule text in Chapter 210.

FINANCIAL IMPACT

There will be no significant fiscal implications due to the adopted amendments and repeals.

BACKGROUND AND DISCUSSION

The amendments and repeals are necessary to do the following:

1. make the rules consistent with statute;
2. remove unnecessary language;
3. organize the rules in a clear manner under a new chapter title; and
4. make the rules consistent with current processes, procedures, and terminology.

If the board adopts the new sections and repeals during its February 13, 2025, open meeting, staff anticipates:

- publication in the February 28, 2025, issue of the *Texas Register*; and
- an effective date of March 6, 2025.

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1 be republished. In conjunction with this adoption, the department is adopting the repeal of Subchapter
2 A, Purchase Contracts, §§210.1-210.3, which is also published in this issue of the *Texas Register*.

3 **REASONED JUSTIFICATION.** The department is conducting a review of its rules in Chapter 210 in
4 compliance with Government Code, §2001.039. As a part of the review, the department is adopting
5 necessary repeals and new sections to update and streamline the rule text, bringing it into compliance
6 with statute and with current department procedure.

7 Chapter 210 is adopted to be retitled “Procurement and Contracting” to more accurately reflect
8 the scope of the chapter and to avoid any confusion with adopted new Subchapter C, Contract
9 Management.

10 Repeal of Subchapter A. Purchase Contracts

11 The adopted repeal of §§210.1, 210.2 and 210.3 allows for the reorganization of the chapter for
12 clarity and ease of reference. Language from these sections is incorporated into adopted new Subchapter
13 C, Contract Management, §§210.41 - 210.43.

14 New Subchapter A. General Provisions

15 Adopted new Subchapter A is titled General Provisions, consistent with the organization and
16 naming conventions found in Chapters 215 and 221 of this title. It includes information that is generally
17 applicable to the remainder of the chapter.

18 Adopted new §210.1 adds definitions to be applicable to the entire chapter. Definitions in Chapter
19 210 were previously set out for each section separately, creating confusion and inconsistency. The
20 chapter-wide definitions adopted in new §210.1 improve clarity, consistency, and readability for the
21 entire chapter.

22 Adopted new §210.1(a) adds an interpretation provision and references to the State Purchasing
23 and General Services Act and the Code Construction Act. It provides that terms found in this chapter have

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1 the same definitions as set forth in those statutes, unless otherwise specified or unless the context clearly
2 requires a different meaning. This allows for consistency and clarity among the department’s rules and
3 other relevant sources of authority.

4 Adopted new §210.1(b) lists specific definitions for words and terms used in Chapter 210. Adopted
5 new §210.1(b)(1) defines “Act” as Government Code, Chapters 2151 - 2177, otherwise known as the State
6 Purchasing and General Services Act, which governs purchases made by state agencies. Adopted new
7 §210.1(b)(2) adds the same definition for “board” that appears in repealed §210.2. Adopted new
8 §210.1(b)(3) adds a new definition for “contract,” which is more expansive and inclusive of the various
9 types of contracts the department uses. Adopted new §210.1(b)(4) similarly adds a new definition for
10 “contractor” to replace the definition of “vendor” in repealed §210.1(b)(5) for clarity and consistency, and
11 to align with current department contract terminology. Adopted new §210.1(b)(5) adds a definition for
12 “days” to clarify that throughout the chapter, “days” means calendar days rather than business or working
13 days, to be consistent with how days are calculated in the Comptroller’s procurement rules in 34 TAC, Part
14 1. Adopted new §210.1(b)(6) defines “department” for the whole chapter to create consistency and
15 clarity. Adopted new §210.1(b)(7) adds a definition for “executive director” to identify the individual
16 responsible for certain duties and authorities in this chapter. Adopted new §210.1(b)(8), (b)(9), and (b)(10)
17 add definitions for “historically underutilized business,” “interagency contract or interagency agreement,”
18 and “interlocal contract or interlocal agreement” respectively, citing to the relevant defining statutes for
19 clarity and consistency. The department adopts new §210.1(b)(9) and (b)(10) with a change at adoption
20 to decapitalize the word “interagency” and “interlocal,” respectively, the second time the word appears
21 in the term that is defined. The word “purchase,” was defined with slightly different wording in both
22 repealed §210.1(b)(4) and repealed §210.2(b)(7); adopted new §210.1(b)(11) defines “purchase” for the
23 whole Chapter 210 to create consistency and clarity. Adopted new §210.1(b)(12) adds a new definition

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1 for “respondent” to replace the definition of “interested party” in repealed §210.2(b)(6), because the
2 adopted definition is more specific and in better alignment with current procurement terminology and
3 department contract language.

4 Adopted new §210.2 creates a new delegation of signature authority. The department’s board
5 previously delegated contract approval and signature authority through action and a board resolution
6 that incorporated department contract procedures. Adopted new §210.2 eliminates the need for yearly
7 board action on that item and reduces risk by providing a consistent standard that is transparent and
8 readily accessible. It also satisfies the requirement found in Government Code, §2261.254, that the
9 governing body of a state agency must either sign or delegate signature authority for those contracts
10 exceeding \$1,000,000. The delegation is applicable to all types of contracts and agreements and allows
11 the executive director to delegate authority further, as authorized by statute.

12 New Subchapter C. Contract Management.

13 Adopted new Subchapter C incorporates and modifies language from repealed §§210.1 - 210.3.

14 Adopted new §210.41 incorporates language from repealed §210.1, concerning claims for
15 purchase contracts. Adopted new §210.41 does not incorporate the definitions in repealed §210.1,
16 because definitions are adopted to be reorganized into adopted new §210.1. Additionally, as compared
17 to the language in repealed §210.1, adopted new §210.41 and §210.42 replace the word “vendor” with
18 either “contractor” or “respondent,” depending on which is appropriate under the new definitions of
19 those terms in adopted new §210.1(b), for consistency with agency contracting terminology. Adopted
20 new §210.42 also changes the term “interested parties” found in repealed §210.1 to “respondent,” as
21 defined in adopted new §210.1(b), for consistency and clarity. Adopted new §210.41 includes other non-
22 substantive punctuation, grammatical, and organizational changes to the language from repealed §210.1.
23 In adopted new §210.41, the word “mediation” is assigned the meaning set forth in Civil Practice and

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1 Remedies Code, §154.023, and in §210.41(d)(3), the qualifications of the mediator are updated to be
2 consistent with the Attorney General’s model rule, 1 TAC §68.49. Similarly, in adopted new §210.41(d)(4),
3 potential mediation costs are addressed to be consistent with the Attorney General’s model rule, 1 TAC
4 §68.53. In adopted new §210.41(e)(2), which incorporates language from repealed §210.1(f)(2), the word
5 “shall” is changed to “must” for clarity and consistency. Government Code, §311.016 defines the word
6 “must” as “creates or recognizes a condition precedent,” which is the intended meaning in adopted new
7 §210.41(e)(2). The definitions in Government Code, §311.016 apply to Chapter 210 according to
8 Government Code, §311.002(4).

9 The department adopts §210.41(d) with changes at adoption to modify the first sentence in
10 §210.41(d), and to correct the citation to the Civil Practice and Remedies Code in §210.41(d)(3). In the
11 first sentence in §210.41(d), the department changed the term “impartial party” to “impartial third party”
12 to be consistent with the terminology in Government Code, Chapter 2009 and the Attorney General’s
13 model rule, 1 TAC §68.47. The department also replaced the word “subchapter” with the word “section”
14 because mediation is only addressed in §210.41 of Subchapter C of Chapter 210. In addition, the
15 department deleted the word “the” before the reference to Civil Practice and Remedies Code, §154.023
16 because the word is not necessary. In §210.41(d)(3), the department replaced the citation to Civil Practice
17 and Remedies Code, §154.022 with the citation to Civil Practice and Remedies Code, §154.052, which is
18 the correct citation, and added a comma to the citation.

19 Adopted new §210.42 incorporates language concerning protests from repealed §210.2, except
20 for the definitions, which are adopted to be reorganized into adopted new §210.1. Adopted new §210.42
21 updates language from repealed §210.2 to more accurately describe the department’s procedures for
22 protests of department purchases, and to make non-substantive punctuation, grammatical and
23 organizational improvements. Adopted new §210.42(a) incorporates language from repealed §210.2 but

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1 updates the term “vendor” to “respondent” for clarity and consistency with the new definitions in
2 adopted new §210.1.

3 Adopted new §210.42(b) updates the department’s protest rules to be consistent with the
4 Comptroller’s current rules in 34 TAC Chapter 20, as required by Government Code, §2155.076. Adopted
5 new §210.42(b)(1) will only authorize vendors who have submitted a response to a department
6 solicitation to file a protest. This aligns with the Comptroller’s rule, 34 TAC §20.534, and limits protests to
7 those who have proper standing. Adopted new §210.42(b) describes the requirements for a properly filed
8 protest, which is consistent with the language used in the Comptroller’s rule, 34 TAC §20.535 regarding
9 filing requirements for a protest.

10 Adopted new §210.42(c) adds deadlines for a protest to be filed timely, which would vary
11 depending on the type of protest. This adopted language replaces repealed §210.2(c)(1), which had the
12 same filing deadline regardless of protest type. The adopted new deadlines will be easier to determine
13 and calculate accurately because they are based on the specific solicitation and award dates, whereas
14 repealed §210.2(c)(1) was based on when the protestor “knew or should have known” an action had
15 occurred. This change aligns adopted new §210.42 with the Comptroller’s rule, 34 TAC §20.535, and will
16 provide certainty and transparency in the protest process.

17 Adopted new §210.42(d), (f), and (g) incorporate language from repealed §210.2(d), (e), and (f),
18 but only authorizes the department’s executive director or procurement director to move forward with a
19 contract award or performance under a contract while a protest is pending, and only authorize the
20 department’s procurement director to informally resolve a protest, or issue a written determination on a
21 protest. Repealed §210.2(d), (e), and (f) authorized the department’s executive director’s designee to take
22 such actions. The procurement director is the department staff member with the most visibility into the
23 procurement process by virtue of supervising the department’s Purchasing Section and is therefore in the

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1 best position to make initial decisions on matters involving purchasing decisions. Adopted new
2 §210.42(d), (f), and (g) will ensure that protest decisions are made by those with the most knowledge of
3 and authority over the matter.

4 Adopted new §210.42(e) addresses the actions the department may take on a protest, including
5 the dismissal of an untimely protest or a protest that does not meet the filing requirements. This will allow
6 the department increased efficiency in disposing of improper protests, so that it can focus its time and
7 resources on resolving the protests that comply with the filing requirements.

8 Adopted new §210.42(g) incorporates language from repealed §210.2(f), but replaces the term
9 “interested parties” with the word “respondents” to align with the new definitions in adopted new §210.1
10 for clarity and consistency.

11 Adopted new §210.42(h) updates the department’s protest rule to be consistent with the
12 Comptroller’s current rule, 34 TAC §20.538, as required by Government Code, §2155.076. Adopted new
13 §210.42(h) requires that appeals of a written determination be filed with the general counsel and that the
14 general counsel may either make the final determination or refer it to the executive director for final
15 determination. Additionally, adopted new §210.42(h) replaces the term “interested parties” from
16 repealed §210.2(g) with the word “respondent” and deletes the word “working” before the word “days”
17 to align with the new definitions adopted in new §210.1 for clarity and consistency.

18 Adopted new §210.43 incorporates language from repealed §210.3 concerning enhanced
19 contract monitoring. Adopted new §210.43 is titled “Enhanced Contract and Performance Monitoring” to
20 align with statutory language in Government Code, §2261.253. Adopted new §210.43 replaces the word
21 “vendor” from repealed §210.3 with the word “contractor” throughout to align with the new definitions
22 in adopted new §210.1. Additionally, as compared to the repealed language of §210.3, the language of
23 adopted new §210.43(a) adds two additional factors to the risk assessment to determine which contracts

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1 require enhanced contract or performance monitoring: adopted new §210.43(a)(5) adds “special
2 circumstances of the project,” and adopted new §210.43(a)(6) adds “the scope of the goods, products or
3 services provided under the contract.” These additions align with the current risk assessment tool used
4 by the department’s Purchasing Section.

5 The department adopts §210.43(b) and (c) with changes at adoption to change the word “will” to
6 “shall” to be consistent with the terminology in Government Code §2261.253(c).

7 **SUMMARY OF COMMENTS.**

8 No comments on the adopted new sections or repeals were received.

9

1 **SUBCHAPTER A. GENERAL PROVISIONS**

2 **43 TAC §210.1 AND §210.2**

3 **STATUTORY AUTHORITY.** The department adopts new Subchapter A, §210.1 and §210.2 in Chapter 210
4 under Transportation Code, §1001.0411(b), which authorizes the executive director of the Texas
5 Department of Motor Vehicles (department) to delegate duties or responsibilities; Transportation Code,
6 §1002.001, which provides the board of the Texas Department of Motor Vehicles (board) with the
7 authority to adopt rules that are necessary and appropriate to implement the powers and the duties of
8 the department; Government Code, §2001.004, which requires state agencies to adopt rules of practice
9 stating the nature and requirements of all available formal and informal procedures; Government Code,
10 §2260.052(c), which requires state agencies to develop rules to govern negotiation and mediation of
11 contract claims; Government Code, §2161.003, which requires state agencies to adopt the Texas
12 Comptroller of Public Accounts' historically underutilized business rules as their own rules; Government
13 Code, §2261.254(d), which authorizes the board to delegate approval and signature authority for
14 contracts; and the statutory authority referenced throughout the preamble and in the rule text, which is
15 incorporated herein by reference.

16 **CROSS REFERENCE TO STATUTE.** The adopted new sections implement Government Code, Title 10,
17 Subtitle D, Chapters 771 and 791, and §2001.004; and Transportation Code, Chapters 1001 and 1002.

18

19 Text.

20 210.1. Definitions.

21 (a) As used throughout this chapter, the words and terms defined in the State Purchasing and
22 General Services Act, Government Code, Title 10, Subtitle D, and the Code Construction Act,
23 Government Code, Chapter 311 will have the same meaning defined therein, and each word or term

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Chapter 210 – Contract Management

1 listed in this chapter will have the meaning set forth herein, unless:

2 (1) its use clearly requires a different meaning; or

3 (2) a different definition is prescribed in this section, or for a particular section of this

4 chapter or portion thereof.

5 (b) The following words and terms, when used in this chapter, will have the following meaning

6 unless the context clearly indicates otherwise:

7 (1) Act--Government Code, Chapters 2151-2177, the State Purchasing and General

8 Services Act.

9 (2) Board--The Board of the Texas Department of Motor Vehicles.

10 (3) Contract--A legally enforceable written agreement, including a purchase order,

11 between the department and a contractor for goods, products, or services.

12 (4) Contractor--An individual or business entity that has a contract to provide goods,

13 products, or services to the department.

14 (5) Days--Calendar days.

15 (6) Department--The Texas Department of Motor Vehicles.

16 (7) Executive director--The executive director of the department.

17 (8) Historically underutilized business (HUB)--A business as defined in Government

18 Code, §2161.001(2).

19 (9) Interagency contract or interagency agreement--An agreement entered into under

20 the Interagency Cooperation Act, Government Code, Chapter 771.

21 (10) Interlocal contract or interlocal agreement--An agreement entered into under the

22 Interlocal Cooperation Act, Government Code, Chapter 791.

23 (11) Purchase--Any form of acquisition for goods, products, or services, including by

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1 lease or revenue contract, under the Act.

2 (12) Respondent--An individual or business entity that has submitted a bid, proposal, or

3 other expression of interest in response to a specific solicitation for goods, products, or services.

4

5 210.2. Delegation of Approval and Signature Authority.

6 (a) Purpose. The purpose of this section is to establish the approval authority and

7 responsibilities for executing contracts required by the department.

8 (b) Applicability. This section applies to all contracts, interagency contracts, interlocal contracts,

9 as well as informal letters of agreement, memoranda, and agreements.

10 (c) Board Delegation. The board delegates the following duties and authorities to the executive

11 director of the department:

12 (1) the duty and authority to execute contracts, to include approving and signing

13 contracts on behalf of the department;

14 (2) the authority to further delegate contract approval and signature authority to the

15 executive director's designees for contracts with a dollar value up to and including \$1,000,000; and

16 (3) the authority to further delegate contract approval and signature authority to a

17 deputy executive director of the department for contracts with a dollar value exceeding \$1,000,000 as

18 allowed by Government Code, §2261.254.

19

20 ~~**[SUBCHAPTER A. PURCHASE CONTRACTS]**~~

21 **STATUTORY AUTHORITY.** The department adopts the repeal of Chapter 210, Subchapter A, Purchase

22 Contracts, under Transportation Code, §1002.001, which provides the board of the Texas Department of

23 Motor Vehicles (board) with the authority to adopt rules that are necessary and appropriate to

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1 implement the powers and the duties of the department; Government Code, §2001.004, which requires
2 state agencies to adopt rules of practice stating the nature and requirements of all available formal and
3 informal procedures; Government Code, §2155.076, which requires state agencies, by rule, to develop
4 and adopt protest procedures for resolving vendor protests relating to purchasing issues; Government
5 Code, §2260.052(c), which requires state agencies to develop rules to govern negotiation and mediation
6 of contract claims; Government Code, §2261.253(c), which requires state agencies, by rule, to establish
7 a procedure to identify each contract that requires enhanced contract monitoring; and the statutory
8 authority referenced throughout the preamble, which is incorporated herein by reference.

9 **CROSS REFERENCE TO STATUTE.** The adopted repeals implement Government Code, Title 10, Subtitle D;
10 and Transportation Code, Chapters 1001 and 1002.

11

12 Text.

13 [~~§210.1. Claims for Purchase Contracts.~~]

14 [~~(a) Purpose. Government Code, Chapter 2260, provides a resolution process for certain~~
15 ~~contract claims against the state. Chapter 2260 applies to purchase contracts of the Texas Department~~
16 ~~of Motor Vehicles entered into under the State Purchasing and General Services Act. This section~~
17 ~~governs the filing, negotiation, and mediation of a claim.]~~

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

20 [~~(1) Claim—A claim for breach of a purchase contract between a vendor and the~~
21 ~~department.]~~

22 [~~(2) Department—Texas Department of Motor Vehicles.]~~

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1 ~~[(3) Executive director—The executive director of the department or the director's~~
2 ~~designee not below the level of division director.]~~

3 ~~[(4) Purchase—A procurement action under Government Code, Title 10, Subtitle D, for~~
4 ~~commodities or non-professional services.]~~

5 ~~[(5) Vendor—An individual, partnership, corporation, or other business entity that is a~~
6 ~~party to a written contract for a purchase with the department.]~~

7 ~~[(c) Filing of claim. A vendor may file a notice of claim with the executive director within 180~~
8 ~~days after the date of the event giving rise to the claim. The claim must contain the:]~~

9 ~~[(1) nature of the alleged breach;]~~

10 ~~[(2) amount the vendor seeks as damages; and]~~

11 ~~[(3) legal theory of recovery.]~~

12 ~~[(d) Negotiation.]~~

13 ~~[(1) The executive director will begin negotiations with the vendor to resolve the claim.~~

14 ~~The negotiations will begin no later than the 120th day after the date the claim is received.]~~

15 ~~[(2) The negotiation may be written or oral. The executive director may afford the~~

16 ~~vendor an opportunity for a meeting to informally discuss the disputed matters and provide the vendor~~

17 ~~an opportunity to present relevant information.]~~

18 ~~[(e) Mediation.]~~

19 ~~[(1) The department and the vendor may agree to nonbinding mediation. The~~

20 ~~department will agree to mediation if the executive director determines that the mediation may speed~~

21 ~~resolution of the claim or otherwise benefit the department.]~~

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1 ~~[(2) The executive director will appoint a department employee as mediator. The~~
2 ~~employee must not have had any previous involvement or participation in the administration of the~~
3 ~~contract or the resolution of the claim.]~~

4 ~~[(3) If the vendor objects to the appointment of a department employee as mediator,~~
5 ~~the department will select and hire a private mediator from outside the department. The costs for the~~
6 ~~services of a private mediator will be apportioned equally between the department and the vendor.]~~

7 ~~[(4) The role of a mediator is limited to assisting the parties in attempting to reach an~~
8 ~~agreed resolution of the issues.]~~

9 ~~[(f) Final offer.]~~

10 ~~[(1) The executive director will make a final offer to the vendor within 90 days of~~
11 ~~beginning negotiations.]~~

12 ~~[(2) If the disposition is acceptable to the vendor, the vendor shall advise the executive~~
13 ~~director in writing within 20 days of the date of the final offer. The department will forward an agreed~~
14 ~~disposition involving payment to the vendor for a final and binding order on the claim.]~~

15 ~~[(g) Contested case hearing. If the vendor is dissatisfied with the final offer, or if the claim is not~~
16 ~~resolved before the 270th day after the claim is filed with the department, the vendor may petition the~~
17 ~~executive director for an administrative hearing before the State Office of Administrative Hearings to~~
18 ~~litigate the unresolved issues in the claim under the provisions of Government Code, Chapter 2260,~~
19 ~~Subchapter C.]~~

20

21 ~~[\$210.2. Protest of Department Purchases under the State Purchasing and General Services Act.]~~

22 ~~[(a) Purpose. The purpose of this section is to provide a procedure for vendors to protest~~
23 ~~purchases made by the department. Purchases made by the Texas Procurement and Support Services~~

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1 ~~division of the Comptroller of Public Accounts office on behalf of the department are addressed in 34~~
2 ~~TAC Chapter 20.]~~

3 ~~[(b) Definitions. The following words and terms, when used in this section, shall have the~~
4 ~~following meanings, unless the context clearly indicates otherwise.]~~

5 ~~[(1) Act—Government Code, Chapters 2151–2177, the State Purchasing and General~~
6 ~~Services Act.]~~

7 ~~[(2) Board—Board of the Texas Department of Motor Vehicles.]~~

8 ~~[(3) Department—Texas Department of Motor Vehicles.]~~

9 ~~[(4) Division—An organizational unit in the department.]~~

10 ~~[(5) Executive director—The executive director of the department.]~~

11 ~~[(6) Interested party—A vendor that has submitted a bid, proposal, or other expression~~
12 ~~of interest for the purchase involved.]~~

13 ~~[(7) Purchase—A procurement action for commodities or non-professional services~~
14 ~~under the Act.]~~

15 ~~[(c) Filing of protest.]~~

16 ~~[(1) An actual, prospective bidder, or offeror who is aggrieved in connection with the~~
17 ~~solicitation, evaluation, or award of a purchase, may file a written protest. The protest must be~~
18 ~~addressed to the attention of the executive director. The protest must be received in the office of the~~
19 ~~executive director within 10 working days after such aggrieved person knows, or should have known, of~~
20 ~~the action.]~~

21 ~~[(2) The protest must be sworn and contain:]~~

22 ~~[(A) the provision of or rule adopted under the Act that the action is alleged to~~
23 ~~have violated;]~~

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1 ~~[(B) a specific description of the alleged violation;]~~

2 ~~[(C) a precise statement of the relevant facts;]~~

3 ~~[(D) the issue to be resolved;]~~

4 ~~[(E) argument and authorities in support of the protest; and]~~

5 ~~[(F) a statement that copies of the protest have been mailed or delivered to~~

6 ~~other identifiable interested parties.]~~

7 ~~[(d) Suspension of award or performance. If a protest or appeal of a protest has been filed, then~~

8 ~~the department will not proceed with the solicitation or the award of the purchase unless the executive~~

9 ~~director's designee, not below the level of division director, makes a written determination that the~~

10 ~~award of the purchase should be made without delay to protect substantial interests of the department.~~

11 ~~If the purchase has already been awarded, then the department will not allow the vendor to continue~~

12 ~~performance under the contract unless the executive director makes a written determination that~~

13 ~~continued vendor performance is necessary to protect substantial interests of the department.]~~

14 ~~[(e) Informal resolution. The executive director's designee may informally resolve the dispute,~~

15 ~~including:]~~

16 ~~[(1) soliciting written responses to the protest from other interested parties; and]~~

17 ~~[(2) resolving the dispute by mutual agreement.]~~

18 ~~[(f) Written determination. If the protest is not resolved by agreement, the executive director's~~

19 ~~designee will issue a written determination to the protesting party and interested parties which sets~~

20 ~~forth the reason of the determination. The designee may determine that:]~~

21 ~~[(1) no violation has occurred; or]~~

22 ~~[(2) a violation has occurred and it is necessary to take remedial action as appropriate to~~

23 ~~the circumstances, which may include:]~~

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1 ~~[(A) declaring the purchase void;]~~

2 ~~[(B) reversing the award; or]~~

3 ~~[(C) re-advertising the purchase using revised specifications.]~~

4 ~~[(g) Appeal.]~~

5 ~~[(1) An interested party may appeal the determination to the executive director. The~~
6 ~~written appeal must be received in the executive director's office no later than 10 working days after the~~
7 ~~date of the determination. The appeal is limited to a review of the determination.]~~

8 ~~[(2) The appealing party must mail or deliver copies of the appeal to the executive~~
9 ~~director's designee and other interested parties with an affidavit that such copies have been provided.]~~

10 ~~[(3) The general counsel of the department shall review the protest, the determination,~~
11 ~~the appeal, and prepare a written opinion with recommendation to the executive director.]~~

12 ~~[(4) The executive director may:]~~

13 ~~[(A) issue a final written determination; or]~~

14 ~~[(B) refer the matter to the board for its consideration at a regularly scheduled~~
15 ~~open meeting.]~~

16 ~~[(5) The board may consider oral presentations and written documents presented by the~~
17 ~~department and interested parties. The board chairman shall set the order and the amount of time~~
18 ~~allowed for presentation. The board's determination of the appeal shall be adopted by order and~~
19 ~~reflected in the minutes of the meeting.]~~

20 ~~[(6) The decision of the board or executive director shall be final.]~~

21 ~~[(h) Filing deadline. Unless the board determines that the appealing party has demonstrated~~
22 ~~good cause for delay or that a protest or appeal raises issues significant to procurement practices or~~
23 ~~procedures, a protest or appeal that is not filed timely will not be considered.]~~

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1 ~~[(i) Document retention. The department shall maintain all documentation on the purchasing~~
2 ~~process that is the subject of a protest or appeal in accordance with the retention schedule of the~~
3 ~~department.]~~

4

5 ~~[\$210.3. Enhanced Contract Monitoring Program.]~~

6 ~~[(a) The department will apply risk assessment factors to agency contracts as defined in~~
7 ~~Government Code, §2261.253 to identify those contracts that require enhanced contract or~~
8 ~~performance monitoring. The risk assessment will consider the following factors:]~~

9 ~~[(1) dollar amount of contract;]~~

10 ~~[(2) total contract duration;]~~

11 ~~[(3) vendor past performance;]~~

12 ~~[(4) risk of fraud, abuse or waste;]~~

13 ~~[(5) business process impact of failure or delay; and]~~

14 ~~[(6) board or executive director's request for enhanced contract or performance~~
15 ~~monitoring.]~~

16 ~~[(b) The department will notify the board of the results of the risk assessment and present~~
17 ~~information to the board resulting from the enhanced contract or performance monitoring.]~~

18 ~~[(c) The chief financial officer or procurement manager shall immediately notify the~~
19 ~~department's governing body of any serious issue or risk that is identified under this section.]~~

20

21 **SUBCHAPTER C. CONTRACT MANAGEMENT**

22 **43 TAC §§210.41, 210.42, AND 210.43**

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Chapter 210 – Contract Management

1 **STATUTORY AUTHORITY.** The department adopts new §§210.41, 210.42, and 210.43 in Chapter 210
2 under Transportation Code, §1002.001, which provides the board of the Texas Department of Motor
3 Vehicles (board) with the authority to adopt rules that are necessary and appropriate to implement the
4 powers and the duties of the department; Government Code, §2001.004, which requires state agencies
5 to adopt rules of practice stating the nature and requirements of all available formal and informal
6 procedures; Government Code, §2155.076, which requires state agencies, by rule, to develop and adopt
7 protest procedures for resolving vendor protests relating to purchasing issues; Government Code,
8 §2260.052(c), which requires state agencies to develop rules to govern negotiation and mediation of
9 contract claims; Government Code, §2261.253(c), which requires state agencies, by rule, to establish a
10 procedure to identify each contract that requires enhanced contract or performance monitoring; and
11 the statutory authority referenced throughout the preamble and in the rule text, which is incorporated
12 herein by reference.

13 **CROSS REFERENCE TO STATUTE.** The adopted new sections implement Government Code, Title 10,
14 Subtitle D, and §2001.004; and Transportation Code, Chapters 1001 and 1002.

15

16 Text.

17 §210.41. Claims for Purchase Contracts.

18 (a) Purpose. Government Code, Chapter 2260, provides a resolution process for certain contract
19 claims against the state. Chapter 2260 applies to contracts of the department entered into under the
20 State Purchasing and General Services Act. This section governs the filing, negotiation, and mediation of
21 a claim. When used in this section, the terms “contract” and “contractor” are defined in Government
22 Code, §2260.001.

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1 **(b) Filing of claim. A contractor may file a notice of claim with the executive director within 180**
2 **days after the date of the event giving rise to the claim. The claim must contain:**

3 **(1) the nature of the alleged breach;**

4 **(2) any amount the contractor seeks as damages; and**

5 **(3) the legal theory supporting recovery.**

6 **(c) Negotiation.**

7 **(1) The executive director shall negotiate with the contractor to resolve the claim;**

8 **(2) Negotiations will begin no later than the 120th day after the date the claim is**
9 **received by the department;**

10 **(3) Negotiations may be written or oral; and**

11 **(4) The executive director may afford the contractor an opportunity for a meeting to**
12 **informally discuss the claim and provide the contractor with an opportunity to present relevant**
13 **information.**

14 **(d) Mediation. The parties may agree to mediate a claim through an impartial third party. For**
15 **the purposes of this section, “mediation” is assigned the meaning set forth in Civil Practice and**
16 **Remedies Code, §154.023. The mediation is subject to the provisions of the Governmental Dispute**
17 **Resolution Act, Government Code, Chapter 2009. The parties may be assisted in the mediation by legal**
18 **counsel or other individual.**

19 **(1) The department and the contractor may agree to nonbinding mediation;**

20 **(2) The department will agree to mediation if the executive director determines that**
21 **mediation may speed resolution of the claim or otherwise benefit the department;**

22 **(3) The mediator shall possess the qualifications required under Civil Practice and**
23 **Remedies Code, §154.052;**

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1

2

(4) Unless otherwise agreed in writing, each party shall be responsible for its own costs

3

incurred in connection with a mediation, including without limitation, costs of document reproduction,

4

attorney's fees, consultant fees and expert fees, and the cost of the mediator shall be divided equally

5

between the parties.

6

(e) Final offer.

7

(1) The executive director will make a final offer to the contractor within 90 days of

8

beginning negotiations; and

9

(2) If the final offer is acceptable to the contractor, the contractor must advise the

10

executive director in writing within 20 days of the date of the final offer. The department will forward a

11

settlement agreement to the contractor for signature to resolve the claim.

12

(f) Contested case hearing. If the contractor is dissatisfied with the final offer, or if the claim is

13

not resolved before the 270th day after the claim is filed with the department, then, unless the parties

14

agree in writing to an extension of time, the contractor may file a request with the executive director for

15

an administrative hearing before the State Office of Administrative Hearings to resolve the unresolved

16

issues of the claim under the provisions of Government Code, Chapter 2260, Subchapter C.

17

18

§210.42. Protest of Department Purchases under the State Purchasing and General Services Act.

19

(a) Purpose. The purpose of this section is to provide a procedure for respondents to protest

20

purchases made by the department. Purchases made by the Texas Procurement and Support Services

21

division of the Texas Comptroller of Public Accounts' office on behalf of the department are addressed

22

in 34 TAC, Part 1, Chapter 20.

23

(b) Filing of protest.

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1 (1) A respondent who has submitted a written response to a department solicitation
2 may file a written protest.

3 (2) The protest must contain:

4 (A) the specific statutory or regulatory provision the protestant alleges the
5 solicitation, contract award or tentative award violated;

6 (B) a specific description of each action by the department that the protestant
7 alleges violated the identified statutory or regulatory provision;

8 (C) a precise statement of the relevant facts, including:

9 (i) sufficient documentation to establish that the protest has been
10 timely filed; and

11 (ii) a description of the resulting adverse impact to the protestant,
12 department and the state;

13 (D) a statement of any issues of law or fact that the protestant contends must
14 be resolved;

15 (E) a statement of the protestant's argument and authorities that the protestant
16 offers in support of the protest;

17 (F) an explanation of the subsequent action the protestant is requesting; and

18 (G) a statement that copies of the protest have been mailed or delivered to
19 other identifiable respondents.

20 (3) The protest must be signed by an authorized representative of the protestant and
21 the signature to the protest must be notarized.

22 (4) The protest must be filed in the time period specified in this section.

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Chapter 210 – Contract Management

1 (5) The protest must be mailed or delivered to the department, to the attention of the
2 procurement director.

3 (c) Timeliness. To be considered timely, the protest must be filed:

4 (1) by the end of the posted solicitation period, if the protest concerns the solicitation
5 documents or actions associated with the publication of solicitation documents;

6 (2) by the day of the award of a contract resulting from the solicitation, if the protest
7 concerns the evaluation or method of evaluation for a response to the solicitation; or

8 (3) no later than 10 days after the notice of award, if the protest concerns the award.

9 (d) Suspension of contract award or performance. If a protest or appeal of a protest has been
10 filed, then the department will not proceed with the contract award or performance under the contract
11 resulting from the solicitation unless the executive director or procurement director makes a written
12 determination that the contract award should be made or performance under the contract should
13 proceed without delay to protect the best interests of the state and department.

14 (e) Action by department. Upon receipt of a protest, the department may:

15 (1) dismiss the protest if:

16 (A) it is not timely; or

17 (B) it does not meet the requirements of subsection (b) of this section;

18 or

19 (2) consider the protest under the procedures in this section.

20 (f) Informal resolution. The procurement director may solicit written responses to the protest
21 from other affected vendors and attempt to settle and resolve the protest by mutual agreement.

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1 (g) Written determination. If the protest is not resolved by agreement, the procurement director
2 will issue a written determination to the protesting party and other respondents, setting forth the
3 reason for the determination. The procurement director may determine that:

4 (1) no violation has occurred; or

5 (2) a violation has occurred and it is necessary to take remedial action as appropriate to
6 the circumstances, which may include:

7 (A) declare the purchase void;

8 (B) reverse the contract award; or

9 (C) re-advertise the purchase using revised specifications.

10 (h) Appeal.

11 (1) A protestant may appeal the determination of a protest, to the general counsel. An
12 appeal must be in writing and received in the office of general counsel not later than 10 days after the
13 date the procurement director sent written notice of their determination. The scope of the appeal shall
14 be limited to review of the procurement director's determination.

15 (2) The general counsel may:

16 (A) refer the matter to the executive director for consideration and a final
17 written decision that resolves the protest; or

18 (B) may issue a written decision that resolves the protest.

19 (3) An appeal that is not filed in a timely manner may not be considered unless good
20 cause for delay is shown or the executive director determines that an appeal raises issues that are
21 significant to agency procurement practices or procedures in general.

22 (4) A written decision of the executive director or general counsel shall be the final
23 administrative action of the department.

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Adopted Sections

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Chapter 210 – Contract Management

1

2 §210.43. Enhanced Contract and Performance Monitoring.

3 (a) The department will apply risk assessment factors to its contracts as defined in Government
4 Code, §2261.253 to identify those contracts that require enhanced contract or performance monitoring.

5 The risk assessment may consider the following factors:

6 (1) dollar amount of the contract;

7 (2) total contract duration;

8 (3) contractor past performance;

9 (4) risk of fraud, abuse or waste;

10 (5) special circumstances of the project;

11 (6) the scope of the goods, products, or services provided under the contract;

12 (7) business process impact of failure or delay; and

13 (8) the board or executive director's request for enhanced contract or performance

14 monitoring.

15 (b) The department's contract management office or procurement director shall notify the
16 board of the results of the risk assessment and present information to the board resulting from the
17 enhanced contract or performance monitoring.

18 (c) The department's contract management office or procurement director shall immediately
19 notify the board of any serious issue or risk that is identified under this section.

20

21

To: Texas Department of Motor Vehicles Board
From: Laura Moriaty, General Counsel
Agenda Item: 6
Subject: Rule Review Adoption under Government Code, §2001.039: Chapter 210, Contract Management

RECOMMENDATION

Action Item. Approval to publish the notice of readoption of 43 Texas Administrative Code (TAC) Chapter 210, Contract Management, in the *Texas Register*. The department has determined that the reasons for initially adopting the rules in 43 TAC Chapter 210 continue to exist.

PURPOSE AND EXECUTIVE SUMMARY

The department conducted a review of 43 TAC Chapter 210 in compliance with Government Code §2001.039.

FINANCIAL IMPACT

There will be no significant fiscal implications due to the proposed new sections, and repeals.

BACKGROUND AND DISCUSSION

Government Code §2001.039 requires state agencies to review their rules every four years and to readopt, readopt with amendments, or repeal the current rules.

The notice of the department's intention to review was published in the *Texas Register* on November 8, 2024 (49 TexReg 9031). The comment period closed on December 9, 2024. No comments were received on the rule review.

As a result of the review, the department identified necessary new sections and repeals in Chapter 210. Those new sections and repeals are also presented to the board at this meeting for consideration to adopt.

TITLE 43. TRANSPORTATION

Adopted Rule Review

Part 10. Texas Department of Motor Vehicles

Chapter 210 – Contract Management

Notice of Readoption

The Texas Department of Motor Vehicles (department) files this notice of readoption of Title 43 Texas Administrative Code (TAC), Part 10, Chapter 210, Contract Management, Subchapter A, §§210.1-210.3, Subchapter C, §§210.41-210.43 that were published in the *Texas Register*. The review was conducted pursuant to Government Code §2001.039.

Notice of the department's intention to review was published in the November 8, 2024, issue of the *Texas Register* (49 TexReg 9031). The department did not receive any comments on the rule review for Chapter 210.

As a result of the review, the department readopts Chapter 210 in accordance with the requirements of Government Code, §2001.039, with new sections and repeal. The department has determined that the reasons for initially adopting the readopted rules continue to exist.

This concludes the review of Chapter 210, Contract Management.

Board Meeting Date: 2/13/2025
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Annette Quintero, Vehicle Titles & Registration Division Director
Agenda Item: 7
Subject: Chapter 217, Vehicle Titles and Registration
New: §217.66
(Relating to Specialized License Plate for Registration of Rental Trailers)

RECOMMENDATION

Action Item. Adopt proposed new section for 43 Texas Administrative Code Chapter 217.

PURPOSE AND EXECUTIVE SUMMARY

A stakeholder who owns fleets of trailers that are rented frequently for one-way trips has requested that the department issue a “permanent license plate” for the trailers by removing the requirement that the trailers bear a license plate with an expiration date or a separate registration insignia to validate the license plate at renewal. The stakeholder explained that annually returning a trailer to its registration address for a new registration insignia is logistically difficult and reduces business efficiency and profitability. If adopted, new §217.66 would designate the rental trailer license plate as a specialized license plate without additional registration insignia for utility trailers in rental fleets, to eliminate the need for regular replacement of registration insignia on these vehicles.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

This rule item adopts new §217.66 to designate a specialized license plate for utility trailers that weigh 7,500 pounds or less and are part of a rental fleet of five or more rental trailers that are owned by the same owner and offered for rent or rented without drivers. Transportation Code, §502.059(e)(1) authorizes the department to designate specialized license plates that are exempt from the requirement to attach a registration insignia to validate the license plate under Transportation Code, §502.059(c). By designating the rental trailer license plate under Transportation Code, §504.516 as a specialized license plate, new §217.66 would remove the need for regular replacement of additional registration insignia, thereby potentially saving costs and creating business efficiencies for rental fleet owners.

If the board adopts the new section during the open meeting on February 13, 2025, staff anticipates:

- publication in the February 28, 2025, issue of the *Texas Register*; and
- an effective date of March 6, 2025.

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Chapter 217 – Vehicle Titles and Registration

1 **ADOPTION OF REVISION TO**2 **SUBCHAPTER B. MOTOR VEHICLE REGISTRATION**3 **43 TAC §217.66**

4 **INTRODUCTION.** The Texas Department of Motor Vehicles (department) adopts new 43 Texas
5 Administrative Code (TAC) Chapter 217, Subchapter B, Motor Vehicle Registration, §217.66. The
6 department adopts new §217.66 without changes to the proposed text as published in the December 27,
7 2024, issue of the *Texas Register* (49 TexReg 10503). The rule will not be republished.

8 **REASONED JUSTIFICATION.** A stakeholder who owns fleets of trailers that are rented frequently for one-
9 way trips has requested that the department issue a “permanent license plate” for the trailers by
10 removing the requirement that the trailers bear a license plate with an expiration date or a separate
11 registration insignia to validate the license plate at renewal. This stakeholder explained that returning a
12 trailer to its registration address annually for a new registration insignia is logistically difficult and reduces
13 business efficiency and profitability. Transportation Code, §504.516 allows the department to issue
14 specially designed license plates for rental trailers, and Transportation Code, §502.059(e)(1) authorizes
15 the department to designate specialized license plates that are exempt from the requirement to attach a
16 registration insignia to validate the license plate under Transportation Code, §502.059(c). Adopted new
17 §217.66 designates the rental trailer license plate as a specialized license plate, with no required
18 additional registration insignia. The adopted new rule eliminates the regular replacement of additional
19 registration insignia on these vehicles.

20 However, without registration insignia, the specialized rental trailer license plate will provide less
21 information for law enforcement, since it will no longer be evident from the face of the plate whether the
22 trailer’s registration was current. It is therefore important to limit the number of vehicles that are eligible
23 for this specialized license plate, to limit the impact on law enforcement. First, Transportation Code,

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1 §504.516(b)(2) limits the vehicles that are eligible for the plate by defining a “rental trailer” as a “utility
2 trailer,” so the rental trailer plate is only available for a utility trailer. In the industry, “utility trailer” is a
3 commonly used term for flatbed trailers with no roof and either low side walls or no side walls. Adopted
4 new §217.66(a)(2) defines “utility trailer” to reflect this meaning. It also limits “utility trailer” to only
5 include a vehicle with a gross weight of 7,500 pounds or less, to exclude heavier flatbed vehicles that are
6 not typically described in the industry as “utility trailers.” Further, adopted new §217.66(a)(1) creates a
7 definition for “rental fleet” so that persons who rent fewer than five trailers do not qualify for the
8 specialized plate, further ensuring that the specialized plate has a limited impact on law enforcement.

9 Adopted new §217.66 applies to any vehicle registration type for which the applicant qualifies,
10 except for registration under Transportation Code, §502.0023, which requires the license plate to include
11 the expiration date of the registration period unless the license plate is issued for a token trailer. The
12 department is not authorized by rule to exempt a registrant from the requirement to display the
13 expiration date on the license plate under Transportation Code, §502.0023(d)(2). Also, a “utility trailer,”
14 as defined by adopted new §217.66(a)(2), does not qualify for a token trailer license plate because
15 Transportation Code, §502.255(a) states that the token trailer license plate is only available for a
16 semitrailer that has a gross weight of more than 6,000 pounds.

17 SUMMARY OF COMMENTS.

18 No comments were received on the proposed new section.

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Chapter 217 – Vehicle Titles and Registration

1 **STATUTORY AUTHORITY.** The department adopts new section §217.66 under Transportation Code,
2 §502.0021, which authorizes the department to adopt rules to administer Transportation Code, Chapter
3 502; Transportation Code, §502.059(e)(1), which authorizes the department to designate specialized
4 license plates that are exempt from the requirement to attach a registration insignia to validate the
5 license plate; Transportation Code, §504.0011, which authorizes the board to adopt rules to implement
6 and administer Transportation Code, Chapter 504; Transportation Code, §504.516, which allows the
7 department to issue specially designed license plates for rental utility trailers and to prescribe a
8 manner of designating a “rental fleet”; Transportation Code, §1002.001, which authorizes the board
9 to adopt rules that are necessary and appropriate to implement the powers and the duties of the
10 department, and the statutes referenced throughout this preamble.

11 **CROSS REFERENCE TO STATUTE.** Transportation Code, Chapters 502, 504 and 1002.

12

13 TEXT.

14

SUBCHAPTER B. MOTOR VEHICLE REGISTRATION

15 §217.66. Specialized License Plate for Registration of Rental Trailers.

16 (a) For purposes of this section:

17 (1) “rental fleet” means five or more rental trailers that are:

18 (A) owned by the same owner; and

19 (B) offered for rent or rented without drivers.

20 (2) “utility trailer” means:

21 (A) a trailer of flatbed design with no roof and either low side walls or

22 no side walls; and

23 (B) with a gross weight of 7,500 pounds or less.

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1 (b) Notwithstanding §217.27(a)(2) and (c)(2) of this title (relating to Vehicle Registration
2 Insignia), the department shall issue a registration receipt and one specialized metal license plate
3 as evidence of registration for a utility trailer that is part of a rental fleet. The specialized metal
4 license plate under this section does not include an expiration date or require an annual
5 registration insignia to be valid under Transportation Code, §502.059.

6 (c) This section does not apply to vehicles registered under Transportation Code,
7 §502.0023.

Board Meeting Date: 2/13/2025
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Laura Moriaty, General Counsel
Agenda Item: 8
Subject: Motor Vehicle Industry Regulation Advisory Committee (MVIRAC) Recommendations

RECOMMENDATION

Briefing Only. Texas Department of Motor Vehicles Board (board) consider advisory committee recommendations for proposed new 43 Texas Administrative Code (TAC) §215.163.

PURPOSE AND EXECUTIVE SUMMARY

To implement Transportation Code §1001.031, by retaining or establishing one or more advisory committees to make recommendations to the board or the executive director.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

MVIRAC is tasked with making recommendations to the board on topics related to regulation of the motor vehicle industry. On November 18, 2024, MVIRAC held a meeting to review and to discuss possible amendments to 43 TAC Chapter 215, Motor Vehicle Distribution—specifically, a draft new 215.163 relating to License Plate Disposition for Motor Vehicles Sold at Auction or on Consignment. As a result of those meetings, MVIRAC made recommendations for changes to the draft rule text for proposed new §215.163 that appear in the summary chart on the next page.

Under 43 TAC §206.93(j), recommendations of the advisory committees are reported to the board at a board meeting prior to board action on issues related to the recommendations. The Presiding Officer of the advisory committee or the presiding officer’s designee may appear before the board to present the advisory committee’s recommendations. MVIRAC Presiding David Blassingame will appear before the board to present MVIRAC’s recommendations.

Staff incorporated MVIRAC’s recommendations into the draft rule text for proposed amendments to proposed new 43 TAC §215.163 that the board will consider as Item 8 on this agenda.

Motor Vehicle Regulation Advisory Committee (MVIRAC) Recommendations to TxDMV Board

Impacted Section	Recommended Change
§215.163(a)	<p>Modify text as follows:</p> <p>(a) Wholesale Motor Vehicle Auctions.</p> <p><u>(1)</u> A dealer that consigns or delivers a motor vehicle from their inventory for sale at a wholesale motor vehicle auction shall:</p> <p><u>(A)</u> (1) mark any license plate issued to the vehicle as void;</p> <p><u>(B)</u> (2) destroy, recycle, or return any license plate as required in §215.158 of this title, relating to General Requirements for Buyer’s License Plates; and</p> <p><u>(C)</u> (3) update the license plate database.</p> <p><u>(2)</u> <u>A wholesale motor vehicle auction that receives consignments and delivery of a motor vehicle from a person who is not a GDN holder for the purpose of sale at a wholesale motor vehicle auction shall:</u></p> <p><u>(A) remove any license plates affixed to the vehicle;</u></p> <p><u>(B) mark any license plates as void;</u></p> <p><u>(C) destroy, recycle or return any license plates, as required in §215.158 of this title, relating to General Requirements for Buyer’s License Plates.</u></p>
§215.163(c)	<p>Modify text as follows:</p> <p>(c) Other Consignment Sales.</p> <p>(1) A dealer offering for sale a consigned motor vehicle owned by a person who is not a GDN holder shall remove and securely store the license plates during the period of consignment at the dealer’s licensed location, as required under §215.150(f) of this title, relating to Dealer Authorization to Issue License Plates. The dealer to which the vehicle is consigned may use its dealer’s temporary license plate to demonstrate the consigned motor vehicle to a potential purchaser.</p> <p>(2) Upon the sale of a consigned motor vehicle owned by a person who is not a GDN holder the dealer shall:</p> <p>(A) update the license plate database; and</p> <p>(B) provide any issued license plate to a Texas retail buyer that purchases the vehicle unless the buyer has a specialty, personalized, or other qualifying license plate to transfer consistent with §215.151 of this title; or</p> <p>(C) if the vehicle is sold to an out-of-state buyer, for export, or to a Texas dealer:</p> <p>(i) mark any license plate previously issued to the vehicle as void;</p>

Impacted Section	Recommended Change
	<p>(ii) destroy, recycle, or return the license plate as required in §215.158 of this title, relating to General Requirements for Buyer's License Plates; and</p> <p>(iii) update the license plate database.</p> <p><u>(3) An independent motor vehicle dealer whose primary business is the sale of total loss vehicles at auction that receives consignment and delivery of a motor vehicle from a person, who is not a GDN holder for purposes of sale, shall:</u></p> <p><u>(A) remove any license plates affixed to the vehicle;</u></p> <p><u>(B) mark any license plates as void;</u></p> <p><u>(C) destroy, recycle, or return the license plate as required in §215.158 of this title, relating to General Requirements for Buyer's License Plates.</u></p>

To: Texas Department of Motor Vehicles Board
From: Annette Quintero, Vehicle Titles & Registration Division Director
Agenda Item: 9
Subject: Chapter 215, Motor Vehicle Distribution
New: §215.163
(Relating to License Plate Disposition for Motor Vehicles Sold at Auction or on Consignment)

RECOMMENDATION

Action Item. Approval to publish the proposed new section in the *Texas Register* for public comment.

PURPOSE AND EXECUTIVE SUMMARY

This rule implements House Bill 718, enacted during the 88th Legislature, Regular Session (2023) and proposes how wholesale motor vehicle auctions and dealers should handle license plates when a motor vehicle is sold at auction or on consignment.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

This rule item proposes new §215.163, License Plate Disposition for Motor Vehicles Sold at Auction or on Consignment, to implement the requirements of HB 718, which amended Transportation Code, Chapter 503 to eliminate the use of paper temporary tags when purchasing a motor vehicle and replaced these tags with categories of metal license plates, effective July 1, 2025.

HB 718 requires the department to determine proposed new procedures and safeguards to protect Texas citizens from license plate fraud. Section 34 of HB 718 grants the department authority to adopt rules necessary to implement or administer these changes in law. The department published proposed rules in the July 12, 2024, issue of the *Texas Register*, and published the adopted rules in the November 8, 2024, issue of the *Texas Register* (49 TexReg 8953).

During this rulemaking process, license holders raised questions about disposition of license plates when motor vehicles are sold at auction or on consignment based on concerns that the department may require operational changes that would increase business costs. In November 2024, the department provided an early draft of this proposed new rule to the Motor Vehicle Industry Regulation Advisory Committee (MVIAC). The department incorporated input from this committee into this rule proposal, as well as comments from license holders that regularly hold or participate in motor vehicle auctions.

This proposal addresses general distinguishing number holder license plate disposition and reporting responsibilities when motor vehicles are sold in the following circumstances:

1. wholesale motor vehicle auctions,

2. public auctions, and
3. other types of motor vehicle consignments, including consignment of salvage and total loss vehicles.

In proposing this rule, the department seeks to minimize opportunities for license plate fraud related to auction and other consignment sales and to eliminate any unnecessary operational or cost impacts to license holders. Staff anticipates publication in the February 28, 2025, issue of the *Texas Register*. The effective date for this proposed rule would be July 1, 2025.

1 **PROPOSAL OF**

2 **SUBCHAPTER D. GENERAL DISTINGUISHING NUMBERS AND IN-TRANSIT LICENSES.**

3 **43 TAC §215.163**

4

5 **INTRODUCTION.** The Texas Department of Motor Vehicles (department) proposes a new section to 43
6 Texas Administrative Code (TAC) Subchapter D, General Distinguishing Numbers and In-Transit Licenses,
7 §215.163, concerning the disposition of license plates for motor vehicles sold at auction or on
8 consignment. This proposed new section is necessary to implement the requirements of House Bill (HB)
9 718, enacted during the 88th Legislature, Regular Session (2023). HB 718 amended Transportation Code,
10 Chapter 503 to eliminate the use of paper temporary tags when purchasing a motor vehicle and replaced
11 these tags with categories of metal license plates, effective July 1, 2025. HB 718 requires the department
12 to determine proposed new distribution methods, systems, and procedures, and safeguards to protect
13 Texas citizens from license plate fraud. Section 34 of HB 718 grants the department authority to adopt
14 rules necessary to implement or administer these changes in law, and the department published proposed
15 rules in the July 12, 2024, issue of the *Texas Register*, and published adopted rules in the November 8,
16 2024, issue of the *Texas Register* (49 TexReg 8953). During the rulemaking process, license holders raised
17 questions about disposition of license plates when motor vehicles are sold at auctions or on consignment
18 based on concerns that the department may require operational changes that would increase business
19 costs. In November 2024, the department provided an early draft of this proposed new rule to the Motor
20 Vehicle Industry Regulation Advisory Committee (MVIRAC). Committee members voted on formal
21 motions and provided informal comments. The department incorporated input from this committee into
22 this rule proposal, as well as comments from license holders that regularly hold or participate in motor
23 vehicle auctions. In proposing this rule, the department seeks to minimize opportunities for license plate

1 fraud related to auction and other consignment sales and to eliminate any unnecessary operational or
2 cost impacts to license holders. The effective date for this proposed rule would be July 1, 2025.

3 **EXPLANATION.**

4 Proposed new §215.163 would address how a license holder must handle a license plate or set
5 of license plates for motor vehicles sold at auction or on consignment. Proposed new §215.163 is
6 necessary to clarify license plate disposition and the reporting responsibilities of a dealer and a
7 wholesale motor vehicle auction general distinguishing number (GDN) holder when offering a motor
8 vehicle for sale at a wholesale auction, and to clarify a dealer's responsibilities when offering a motor
9 vehicle with an assigned license plate or set of license plates for sale at auction or on consignment at the
10 dealer's licensed location consistent with the requirements of Transportation Code, §503.063 and
11 §504.901 effective July 1, 2025. This proposed rule will also align license plate transfer requirements in
12 the auction and consignment contexts with the amended rules regarding license plate transfers that the
13 department adopted in October 2024 to implement HB 718; those amended rules will become effective
14 July 1, 2025.

15 Proposed new §215.163(a) would address license plate disposition requirements for motor
16 vehicles offered for sale at a wholesale motor vehicle auction, in which only dealers are allowed to
17 purchase a motor vehicle under Transportation Code, §503.037. The only exception allowed under
18 Transportation Code, §503.037(d) is for the sale of a vehicle owned by a state or federal government
19 entity, and such a motor vehicle typically has an exempt license plate which does not transfer with the
20 motor vehicle. Proposed new §215.163(a)(1) would require a wholesale motor vehicle auction GDN holder
21 that receives a motor vehicle on consignment from a person who is not a GDN holder to remove and mark
22 any license plate with the vehicle as void; destroy, recycle, or return any license plate as required under
23 adopted amended 43 TAC §215.158 (relating to General Requirements for Buyer's License Plates); and

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1 update the license plate database to notify the department of the auction sale. Proposed new
2 §215.163(a)(2) would require a GDN dealer that consigns or delivers a motor vehicle from the GDN
3 dealer's inventory for sale at a wholesale auction to remove and mark the vehicle's license plate or set of
4 license plates as void; destroy, recycle, or return any license plate as required under adopted amended
5 43 TAC §215.158 (relating to General Requirements for Buyer's License Plates); and update the license
6 plate database. Proposed new §215.163(a) is necessary to prevent Texas license plates from being
7 distributed out-of-state or exported and used fraudulently. These proposed provisions are also consistent
8 with Transportation Code, §503.063 and §504.901 as amended by HB 718, because a retail buyer may not
9 purchase a motor vehicle at a wholesale motor vehicle auction with an assigned general issue license
10 plate, so the cost and delay associated with securely maintaining and transferring an assigned license
11 plate with the vehicle are unnecessary.

12 Proposed new §215.163(b) would define a dealer's license plate disposition responsibilities if a
13 motor vehicle is sold at a public auction, at which members of the public can bid on and purchase a motor
14 vehicle. Proposed new §215.163(b) closely aligns with the more general rules the department has already
15 adopted for license plate disposition in sales by a dealer to a member of the public, requiring general issue
16 license plates to be removed, securely stored, and reassigned to the buyer except in certain circumstances
17 where destruction of the plates is necessary to reduce the opportunity for fraud. If a dealer offers a motor
18 vehicle from the dealer's inventory or a vehicle consigned to the dealer for sale at a public auction, the
19 dealer is required to maintain any license plate assigned to the vehicle in a secure storage area as required
20 in adopted amended 43 TAC §215.150(f) (relating to Dealer Authorization to Issue License Plates) until the
21 motor vehicle is sold. If the purchaser is a Texas retail buyer, the dealer must securely transfer the license
22 plates to the purchaser and update the license plate database unless the buyer has a specialty
23 personalized or other qualifying license plate to transfer, consistent with adopted amended 43 TAC

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1 §215.151 (relating to License Plate General Use Requirements). If the purchaser at the public auction is a
2 dealer, export buyer, or out-of-state buyer, the selling dealer must mark any license plate previously
3 assigned to the vehicle as void; destroy, recycle, or return the license plate as required in adopted
4 amended 43 TAC §215.158 (relating to General Requirements for Buyer's License Plates); and update the
5 license plate database. Additionally, if the purchaser at an auction is an out-of-state buyer, the dealer may
6 only issue a buyer's temporary license plate if the buyer requires this license plate to transport the vehicle
7 to another state in accordance with Transportation Code, §503.063, as amended by HB 718, and with
8 adopted amended 43 TAC §215.150(c) (relating to Dealer Authorization to Issue License Plates). Proposed
9 new §215.163(b) is necessary to clarify license plate disposition for different types of sales that can occur
10 at a public auction and to minimize potential fraud or misuse of license plates that may occur, consistent
11 with the requirements of Transportation Code, §503.063 and §504.901, as amended by HB 718, and of
12 adopted amended 43 TAC §§215.150, 215.151, and 215.158.

13 Proposed new §215.163(c) would implement dealer requirements for other types of consignment
14 sales which occur at a dealer's licensed location and not at auction. Proposed new §215.163(c) is
15 necessary to address license plate disposition for other types of consignment sales and to minimize
16 potential fraud or misuse of license plates, consistent with the requirements of Transportation Code,
17 §503.063 and §504.901, as amended by HB 718, and the requirements of the department's adopted
18 amended rules implementing HB 718. Proposed new §215.163(c)(1) would require a dealer to remove
19 and securely store any license plate during the period of consignment at the licensed location, to align
20 with adopted amended 43 TAC §215.150(f) (relating to Dealer Authorization to Issue License Plates).
21 Proposed new §215.163(c)(1) would further clarify that a dealer may use its dealer's temporary license
22 plate to demonstrate the consigned vehicle to a potential purchaser, in accordance with adopted
23 amended 43 TAC §215.138 (relating to Use of Dealer's License Plates).

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1 Proposed new §215.163(c)(2) would align the requirements for dealer consignment sales with the
2 general license plate disposition requirements in the department's adopted amended rules implementing
3 HB 718. Proposed new §215.163(c)(2) would require a dealer, upon the sale of a consigned motor vehicle,
4 to provide any assigned license plate to a Texas retail buyer that purchases the vehicle unless the buyer
5 has a specialty personalized or other qualifying license plate to transfer and to update the license plate
6 database, consistent with adopted amended 43 TAC §215.151 (relating to License Plate General Use
7 Requirements). If the vehicle is sold to an out-of-state buyer, for export, or to a Texas dealer, a dealer
8 must mark any license plate as void; destroy, recycle, or return the license plate, as required in adopted
9 amended 43 TAC §215.158 (relating to General Requirements for Buyer's License Plates); and update the
10 license plate database, as required by adopted amended 43 TAC §215.151 (relating to License Plate
11 General Use Requirements).

12 Proposed new §215.163(c)(3) is necessary to clarify license plate disposition requirements for
13 independent motor vehicle dealers whose business includes the sale of salvage vehicles or total loss
14 vehicles as defined by the applicable insurance contract, and who may receive consignments from non-
15 GDN holders such as insurance or finance companies. In these situations, an independent motor vehicle
16 dealer must remove and mark any license plate as void; destroy, recycle, or return the license plate as
17 required in adopted amended §215.158 (relating to General Requirements for Buyer's License Plates);
18 and update the license plate database, as required by adopted amended 43 TAC §215.151 (relating to
19 License Plate General Use Requirements). Under Occupations Code, §2302.009, an independent motor
20 vehicle dealer that acts as a salvage vehicle dealer or displays a motor vehicle as an agent of an insurance
21 company must comply with Occupations Code, Chapter 2302, including the requirement to immediately
22 remove any unexpired license plate. Requiring an independent motor vehicle dealer to void, destroy,
23 recycle, or return the license plate as required in adopted amended §215.158 (relating to General

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1 Requirements for Buyer’s License Plates) is necessary to reduce the risk of fraud or misuse of the plates,
2 since salvage or total loss vehicles may not be driven on Texas roads. Proposed new §215.163(c) is
3 necessary to minimize potential fraud or misuse of these license plates and is consistent with the
4 requirements of Occupations Code, Chapter 2302, and Transportation Code, §503.063 and §504.901.

5 **FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Glenna Bowman, Chief Financial Officer,
6 has determined that for each year of the first five years the proposed new section will be in effect, there
7 will be no fiscal impact on state or local governments as a result of the enforcement or administration of
8 the proposal. Annette Quintero, Director of the Vehicle Titles and Registration (VTR) Division has
9 determined that there will be no measurable effect on local employment or the local economy as a result
10 of the proposal.

11 **PUBLIC BENEFIT AND COST NOTE.** Ms. Quintero has also determined that, for each year of the first five
12 years the proposed new section is in effect, the public will benefit because of the reduction of Texas
13 license plates leaving Texas, which will reduce the opportunity for bad actors to use these license plates
14 to commit license plate fraud and related crimes. The department prioritized the public benefits
15 associated with reducing fraud and related crime and improving public health and safety, while carefully
16 considering potential costs to license holders consistent with board and department responsibilities.

17 Anticipated Public Benefits. The public benefits anticipated as a result of the proposal include
18 limiting the criminal activity of bad actors who may obtain Texas license plates and sell or provide these
19 license plates to persons seeking to engage in violent criminal activity, including armed robbery, human
20 trafficking, and assaults on law enforcement, or to criminally operate uninsured and uninspected vehicles
21 which are hazardous to Texas motorists and the environment.

22 Anticipated Costs To Comply With The Proposal. Ms. Quintero anticipates that while dealer GDN
23 holders will not incur additional costs to comply with the proposed rule, wholesale motor vehicle auction

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1 GDN holders may incur costs to comply with the proposed rule. For dealers, proposed new §215.163 has
2 the same requirements that are already in place under other previously adopted rules or existing statutes
3 and will not impose any new cost requirements.

4 However, this proposal may require wholesale motor vehicle auction GDN holders to make an
5 operational change or incur a cost. The department can estimate certain associated costs. Proposed new
6 §215.163 would require a wholesale motor vehicle auction GDN holder to permanently mark the front of
7 a buyer's license plate with the word "void" or a large "X." Department research suggests that the cost of
8 a permanent marker is \$1.35 per marker. Proposed new §215.163 would also require a wholesale motor
9 vehicle auction GDN holder to destroy a void buyer's license plate, recycle a void plate with a registered
10 metal recycler, or return the void plate to the department, or to a county tax assessor-collector. Aviation
11 tin snips may be used to destroy a void license plate. Department research suggests that the cost of tin
12 snips, which can cut metal, is approximately \$18.50. A motor vehicle auction GDN holder may choose to
13 recycle void license plates. Department research suggests that the cost of doing so through a metal
14 recycler will vary by locality and the availability of local recycling facilities, with some regions benefitting
15 from free curbside-pickup recycling programs and others requiring license holders to expend
16 transportation costs to take the plates to a recycling facility. Department research also suggests that scrap
17 aluminum, such as voided license plates, is currently worth about \$.72 per pound when sold to a metal
18 recycler. Lastly, a motor vehicle auction GDN holder may return a void buyer's license plate to the
19 department, including one of the regional service centers, or a county tax assessor-collector office, or mail
20 a void plate to the department. Department research suggests that a typical average cost to mail a plate
21 is \$9.75. The proposed rule provides a motor vehicle auction GDN holder with multiple options for
22 responsible disposal of void license plates and each license holder may choose which option is least
23 expensive or most convenient based on the license holder's operation. Ms. Quintero has reviewed the

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1 department research regarding the cost of marking and the options for destroying, recycling, or returning
2 void license plates and has determined that these costs are reasonable and necessary to reduce the
3 potential for fraudulent plate use and to protect the public, including law enforcement personnel. Indeed,
4 it is possible that many wholesale motor vehicle auction GDN holders will incur no costs as a result of the
5 proposed rule: the wholesale motor vehicle auction GDN holders who commented or provided informal
6 feedback on the draft rule stated that they already have existing systems in place to collect and dispose
7 of license plates and to report vehicle transfers using the currently available web-based tools.

8 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by Government
9 Code, §2006.002, the department has determined that this proposal may have an adverse economic
10 effect or disproportionate economic impact on small or micro-businesses. The department has
11 determined that the proposed rule will not have an adverse economic effect on rural communities
12 because rural communities are exempt from the requirement to hold a GDN under Transportation Code,
13 §503.024.

14 The cost analysis in the Public Benefit and Cost Note section of this proposal determined that the
15 proposed new rule may result in additional costs for existing license holders. Based on data from the
16 Comptroller and the Texas Workforce Commission, the department estimates that most license holders
17 are small or micro-businesses. The department has tried to minimize costs to both wholesale motor
18 vehicle auction and dealer GDN holders. The proposed new requirements are designed to set minimum
19 standards that will prevent license plate fraud, protect public health and safety, and allow these license
20 holders to operate without incurring significant ongoing or unreasonable costs. These requirements do
21 not include requirements that will cause a license holder to incur unnecessary or burdensome costs, such
22 as employing additional persons.

TITLE 43. TRANSPORTATION

Proposed Section

Part 10. Texas Department of Motor Vehicles

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Chapter 215 – Motor Vehicle Distribution

1 Under Government Code, §2006.002, the department must perform a regulatory flexibility
2 analysis. The department considered the alternatives of not adopting a rule, exempting small and micro-
3 business license holders from the rule, and adopting a limited version of this rule for small and micro-
4 business applicants and license holders. The department rejected all three options. The department
5 reviewed licensing records, including records for license holders who have been denied access to the
6 temporary tag system, and determined that small and micro-business license holders are largely the bad
7 actors who have historically perpetrated fraud. The department, after considering the purpose of the
8 authorizing statutes, does not believe it is feasible to waive or limit the requirements of the proposed rule
9 for small or micro-business GDN dealers. Also, Government Code, §2006.002(c-1) does not require the
10 department to consider alternatives that might minimize possible adverse impacts on small businesses
11 and micro-businesses if the alternatives would not be protective of the health and safety of the state.

12 **TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property interests
13 are affected by this proposal and that this proposal does not restrict or limit an owner's right to property
14 that would otherwise exist in the absence of government action and, therefore, does not constitute a
15 taking or require a takings impact assessment under Government Code, §2007.043.

16 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the
17 first five years the proposed new section is in effect, no government program would be created or
18 eliminated. Implementation of the proposed new section would not require the creation of new employee
19 positions or the elimination of existing employee positions. Implementation would not require an increase
20 or decrease in future legislative appropriations to the department or an increase or decrease of fees paid
21 to the department. The proposed new section would create a new regulation by creating new §215.163
22 to set out the requirements for plate disposition in the context of motor vehicle sales through auctions
23 and consignments, and would limit an existing regulation by allowing dealers selling vehicles from their

TITLE 43. TRANSPORTATION

Proposed Section

Part 10. Texas Department of Motor Vehicles

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Chapter 215 – Motor Vehicle Distribution

1 inventory at wholesale auction to void and destroy license plates rather than removing, securely storing,
2 and transferring a previously assigned license plate when a motor vehicle is sold to an in-state buyer. The
3 proposed new section would not expand or repeal an existing regulation. Lastly, the proposed new section
4 does not affect the number of individuals subject to the rule's applicability and will not negatively affect
5 this state's economy.

6 REQUEST FOR PUBLIC COMMENT.

7 If you want to comment on the proposal, submit your written comments by 5:00 p.m. (CDT or CST, as
8 applicable) on March 31, 2025. A request for a public hearing must be sent separately from your written
9 comments. Send written comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office
10 of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a
11 hearing is held, the department will consider written comments and public testimony presented at the
12 hearing.

TITLE 43. TRANSPORTATION

Proposed Section

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Chapter 215 – Motor Vehicle Distribution

1 **STATUTORY AUTHORITY.** In addition to the rulemaking authority provided in Section 34 of HB 718, the
2 department proposes new §215.163 under Occupations Code, §2301.151, which gives the board authority
3 to regulate the distribution, sale, and lease of motor vehicles and the authority to take any action that is
4 necessary or convenient to exercise that authority; Occupations Code, §2301.152, which authorizes the
5 board to establish the qualifications of license holders, to ensure that the distribution, sale, and lease of
6 motor vehicles is conducted as required by statute and board rules, to prevent fraud, unfair practices,
7 discrimination, impositions, and other abuses in connection with the distribution and sale of motor
8 vehicles, and to enforce and administer Occupations Code, Chapter 2301 and Transportation Code,
9 Chapter 503; Occupations Code, §2301.155, which authorizes the board to adopt rules as necessary or
10 convenient to administer Occupations Code, Chapter 2301 and to govern practice and procedure before
11 the board; Occupations Code, §2301.651, which gives the board authority to deny an application for a
12 license, revoke or suspend a license, place on probation a person whose license has been suspended, or
13 reprimand a licensee if the applicant or license holder is unfit, makes a material misrepresentation,
14 violates any law relating to the sale, distribution, financing, or insuring of motor vehicles, willfully defrauds
15 a purchaser, or fails to fulfill a written agreement with a retail purchaser of a motor vehicle; Occupations
16 Code, §2302.051, which gives the board authority to adopt rules as necessary to administer and enforce
17 Chapter 2302; Transportation Code, §503.0631 which requires the department to adopt rules to
18 implement and manage the department's database of dealer-issued buyer's license plates; Transportation
19 Code, §503.002, which authorizes the board to adopt rules for the administration of Transportation Code,
20 Chapter 503; Transportation Code, §504.0011 which allows the board to adopt rules to implement and
21 administer Transportation Code, Chapter 504; Transportation Code, §1002.001, which authorizes the
22 board to adopt rules that are necessary and appropriate to implement the powers and the duties of the
23 department; and Government Code, §2001.004, which requires state agencies to adopt rules of practice

1 stating the nature and requirements of all available formal and informal procedures, as well as the
2 statutes referenced throughout this preamble.

3 **CROSS REFERENCE TO STATUTE.** The proposed new section would implement Government Code, Chapter
4 2001; Occupations Code, Chapters 2301 and 2302; and Transportation Code, Chapters 503, 504, and 1002.

5

6 **TEXT.**

7 **SUBCHAPTER D. GENERAL DISTINGUISHING NUMBERS AND IN-TRANSIT LICENSES.**

8

43 TAC §215.163

9 §215.163. License Plate Disposition for Motor Vehicles Sold at Auction or on Consignment.

10 (a) Wholesale Motor Vehicle Auctions.

11 (1) A wholesale motor vehicle auction GDN holder that receives a consignment and
12 delivery of a motor vehicle from a person who is not a GDN holder for the purpose of sale at auction shall:

13 (A) remove and mark any license plate as void;

14 (B) destroy, recycle, or return any license plate as required in §215.158 of this
15 title (relating to General Requirements for Buyer's License Plates); and

16 (C) update the license plate database.

17 (2) A GDN dealer that consigns or delivers a motor vehicle from the GDN dealer's
18 inventory for sale at a wholesale motor vehicle auction shall:

19 (A) remove and mark any license plate as void;

20 (B) destroy, recycle, or return any license plate as required in §215.158 of this
21 title; and

22 (C) update the license plate database.

23 (b) Public Auctions.

TITLE 43. TRANSPORTATION

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Part 10. Texas Department of Motor Vehicles

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Chapter 215 – Motor Vehicle Distribution

1 (1) A dealer shall remove and securely store any assigned license plate, as required under
2 §215.150(f) of this title (relating to Dealer Authorization to Issue License Plates), before offering a
3 consigned motor vehicle for sale at a public auction.

4 (2) If the purchaser at a public auction is a Texas retail buyer, the dealer shall securely
5 transfer the license plates to the purchaser and update the license plate database unless the buyer has a
6 specialty, personalized, or other qualifying license plate to transfer consistent with §215.151 of this title
7 (relating to License Plate General Use Requirements).

8 (3) If the purchaser at the public auction is a dealer, export buyer, or out-of-state buyer,
9 the selling dealer shall:

10 (A) mark any license plate previously issued to the vehicle as void;

11 (B) destroy, recycle, or return the license plate as required in §215.158 of this
12 title; and

13 (C) update the license plate database.

14 (4) Notwithstanding §215.150(c) of this title, if the purchaser at a public auction is an out-
15 of-state buyer, the dealer shall issue a buyer's temporary license plate only if the buyer requires this
16 license plate to transport the vehicle to another state in which the vehicle will be titled and registered in
17 accordance with the laws of that state.

18 (c) Other Consignment Sales.

19 (1) A dealer shall remove and securely store any license plates during the period of
20 consignment at the dealer's licensed location, as required under §215.150(f) of this title, when offering
21 for sale a consigned motor vehicle owned by a person who is not a GDN holder. The dealer to which the
22 vehicle is consigned may use its dealer's temporary license plate to demonstrate the consigned motor
23 vehicle to a potential purchaser.

TITLE 43. TRANSPORTATION

Proposed Section

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Chapter 215 – Motor Vehicle Distribution

1 (2) Upon the sale of a consigned motor vehicle owned by a person who is not a GDN
2 holder, the dealer shall:

3 (A) provide any issued license plate to a Texas retail buyer that purchases the
4 vehicle unless the buyer has a specialty, personalized, or other qualifying license plate to transfer
5 consistent with §215.151 of this title and update the license plate database; or

6 (B) if the vehicle is sold to an out-of-state buyer, for export, or to a Texas dealer:

7 (i) mark any license plate previously issued to the vehicle as void;

8 (ii) destroy, recycle, or return the license plate as required in §215.158 of
9 this title; and

10 (iii) update the license plate database.

11 (3) An independent motor vehicle dealer who receives consignment and delivery of a
12 salvage vehicle or total loss vehicle (as defined by the applicable insurance contract) for sale from a person
13 who is not a GDN holder shall:

14 (A) remove and mark any license plate previously issued to the vehicle as void;

15 (B) destroy, recycle, or return the license plate as required in §215.158 of this
16 title; and

17 (C) update the license plate database.

18

19

20

To: Texas Department of Motor Vehicles Board
From: Annette Quintero, Vehicle Titles & Registration Division Director
Agenda Item: 10
Subject: Specialty Plate Design – Purdue University – Redesign Proposed under Transportation Code §504.851

RECOMMENDATION

Action Item. The Vehicle Titles and Registration Division seeks board approval or denial for one plate design submitted for your consideration. Plate design is from the marketing vendor, My Plates.

PURPOSE AND EXECUTIVE SUMMARY

Purdue University is a redesign of an existing My Plates (vendor) plate.

FINANCIAL IMPACT

Costs incurred by the department related to the My Plates program and an \$8 administrative fee per plate are recouped from the My Plates vendor. Revenue generated from the sale of vendor specialty license plates is split between the state (General Revenue Fund) and My Plates. The details of the revenue splits can be found in Section IV (State/Contractor Revenue Sharing) of the Specialty License Plate Marketing contract.



BACKGROUND AND DISCUSSION

Statutory authority for the board to approve vendor specialty license plates and invite the public’s comment on proposed vendor plate designs is in Texas Transportation Code §504.851(g) and (g-1) (1). Statutory authority for a sponsor of a specialty license plate under Texas Transportation Code Chapter 504, Subchapter J, to contract with the private vendor authorized under Texas Transportation Code §504.851 for the marketing and sale of the specialty license plate is in Texas Transportation Code §504.6011. Statutory authority for the board to approve non-profit organization specialty license plates and invite the public’s comment on proposed plate designs is in Texas Transportation Code §504.801. The board’s approval criteria are clarified in Texas Administrative Code §217.45 Specialty License Plates, Symbols, Tabs, and Other Devices, and §217.52 Marketing of Specialty License Plates through a Private Vendor.

The vendor contract (Statement of Work paragraph #2, Marketing Services) specifies that following the board’s contingent approval of a plate, the vendor must get at least 200 commitments within six months of the approval for a plate to be produced (*existing* plates must also maintain 200 registrations to stay in the program). My Plates’ procedure is to first offer a plate to the public to register their interest. Following the board’s contingent approval, My Plates then offers a plate online for prepaid orders and confirms when 200 prepaid orders are achieved.

TxDMV’s procedure is to invite comments on all proposed plates ahead of the board’s review. The department’s intent is to determine if there are any unforeseen public concerns about a plate design. The department publishes a 10-day “like/dislike/comment-by-email” survey, called an eVIEW, on its website. Although the survey counts the public’s “likes” and “dislikes,” it is unscientific and not used as an indicator of a plate’s popularity.

The plate design listed below was presented to the public in a December 2024 eVIEW. The count of the public’s “like/dislikes” are noted below:

Purdue University	CURRENT	Redesign
234 people liked this design and 299 did not	 <p>The current license plate features a black top bar with "TEXAS" in white. Below it is a shield-shaped logo with a football helmet and the word "PURDUE". The alphanumeric code "BB01BB" is in the center, and a gold bottom bar contains "PURDUE UNIVERSITY®".</p>	 <p>The redesigned license plate features a black top bar with "TEXAS" in white. Below it is a large gold "P" logo. The alphanumeric code "BB01BB" is in the center, and a gold bottom bar contains "PURDUE UNIVERSITY®".</p>

PURDUE UNIVERSTIY REDESIGN



TEXAS SPECIALTY PLATE BUSINESS

Vehicle Titles and
Registration Division
Special Plates Unit (5FTEs) 02/25



VTR Director
Annette Quintero

FEB. 2025



< NEW NON-PROFIT PLATE
GUADALUPE MTS. NATL. PARK

NEW VENDOR EMBOSSED PLATE >
BLACK & WHITE



< NEW COLLEGIATE PLATE
TEXAS A&M UNIVERSITY TEXARKANA

NEW VENDOR EMBOSSED PLATE >
CARBON FIBER



< REDESIGNED COLLEGIATE PLATE
AUSTIN COLLEGE



SLP AVAILABLE _____ 567
MILITARY AND DV _____ 220
RESTRICTED USE _____ 64
STATE SPECIALTY _____ 129
VENDOR SPECIALTY _____ 154



TOP TEN DATA 12-2024	LINKED	UNLINKED	TOTAL
1. ANIMAL FRIENDLY	6,290	275	6,565
2. CONSERVATION: HORNED LIZARD	5,455	233	5,688
3. CONSERVATION: BLUEBONNET	4,209	243	4,452
4. CONSERVATION: WHITE-TAILED DEER	2,958	152	3,110
5. CONSERVATION: HUMMINGBIRD	1,902	122	2,024
6. BIG BEND NATIONAL PARK	1,790	101	1,891
7. CONSERVATION: LARGE MOUTH BASS	1,755	111	1,866
8. CONSERVATION: CAMPING	1,555	217	1,772
9. NATIVE TEXAN	1,626	100	1,726
10. CONSERVATION: MONARCH BUTTERFLY	1,409	138	1,547



1. CLASSIC BLACK	63,537	10,949	74,486
2. LARGE STAR WHITE-BLACK	35,727	4,573	40,300
3. CLASSIC BLACK-SILVER	21,921	3,281	25,202
4. CARBON FIBER	15,350	2,939	18,289
5. LONE STAR BLACK	15,237	2,549	17,786
6. TEXAS BLACK 1845	15,163	2,580	17,743
7. LONE STAR 1836	5,452	948	6,400
8. LOVE HEART	4,986	707	5,693
9. TEXAS OIL AND GAS	4,224	753	4,977
10. TEXAS A&M (MAROON)	4,222	795	4,717



1. DISABLED VETERAN	218,140	6,251	224,391
2. DV U.S. ARMY	59,407	1,664	61,071
3. DV U.S. MARINE CORPS	34,616	901	35,517
4. DV U.S. AIR FORCE	27,622	697	28,319
5. DV U.S. NAVY	25,198	652	25,850
6. DV BRONZE STAR MEDAL	15,549	370	15,919
7. MERITORIOUS SERVICE MEDAL	13,886	572	14,458
8. PURPLE HEART	11,921	320	12,241
9. U.S. MARINE CORPS	11,449	506	11,955
10. U.S. ARMY	10,036	463	10,499

SPECIAL PLATES UNIT CUSTOMER SERVICE STATISTICS FY 2025

25,810 Personalized Plate Applications Reviewed (97% Approved)	7,919 Telephone Calls	25 Walk-in Customers	3,248 Emails	874 Refunds	5 Public Information Open Records	1,509 Correspondence (Including Plate Applications)
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Board Meeting Date: 2/13/2025
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Roland Luna, Deputy Executive Director
Agenda Item: 11
Subject: House Bill 718 Implementation Update (88th Texas Legislature, Regular Session)

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Since May 2023, TxDMV programs have developed and begun implementing a plan for House Bill 718, which eliminates various temporary tags and timed permits. Staff will provide an overview of the implementation progress, including operational impacts, operational considerations, and coordination with stakeholders. The effective date for HB 718 is July 1, 2025.

FINANCIAL IMPACT

The 88th Texas Legislature appropriated \$35 million to TxDMV in the 2024-25 biennial budget to implement the requirements of HB 718. The funding included 44 total FTEs across multiple divisions.

BACKGROUND AND DISCUSSION

The Department began working on the implementation of HB 718 in the summer of 2023 by creating seven staff committees to assist with different components of the legislation and manage the implementation activities. Each committee is tasked with clearly defined goals to make the implementation of HB 718 seamless and efficient across the Department. A chair was appointed to each committee to organize the committee's goals and tasks, and to coordinate cross-committee efforts. Committees include the Technology Committee, License Plate Design & Manufacturing Committee, Compliance Committee, Regulatory Affairs Committee, Program Implementation Committee, Communications Committee, and the Executive Advisory Committee. A workgroup of internal and external representatives was established to identify the unique process challenges related to limited and full-service deputy operations on behalf of the counties.

Notable deliverables and major activities have been completed or are nearing completion. Adoption of the HB 718 rule package by the TxDMV Board during the October 2024 Board Meeting was completed in advance of the December 1, 2024, due date required by the legislation. Other completed activities include expanded webDEALER training for dealers and tax assessor collectors, new license plate designs, acquisition of a new Inventory Management System (IMS), and partnership with a vendor that will serve as the distribution center for metal plates. Ongoing activities include the creation and design of targeted communications to various stakeholder groups, development of a training module for law enforcement, development of the dealer plate compliance framework, and programming efforts to align TxDMV systems such as webDEALER, Registration and Title System, and eLICENSING to the new processes.

To: Texas Department of Motor Vehicles Board
From: John Ralston, Director of Budget & Forecasting
Agenda Item: 12.A
Subject: FY 2026 – 2027 Legislative Appropriations Update

RECOMMENDATION

Briefing item with no recommendation.

PURPOSE AND EXECUTIVE SUMMARY

To provide a briefing on the Fiscal Year 2026-2027 Legislative Appropriations Request (LAR) and the recommended appropriations as included in the introduced versions of House Bill 1 (HB 1) and Senate Bill 1 (SB 1).

FINANCIAL IMPACT

In January 2025, the House of Representatives and the Senate filed their respective versions of the state’s budget bills, HB 1 and SB 1, respectively. Both introduced bills include identical levels of baseline funding for the department totaling \$529.7 million for the biennium. The individual fiscal year amounts are \$269 million in FY 2025 and \$260.8 million in FY 2027.

BACKGROUND AND DISCUSSION

TxDMV submitted its LAR to the Legislative Budget Board (LBB) on August 23, 2024. Following the submission, LBB staff analyzed the LARs for all state agencies and made initial funding recommendations. On January 22, 2025, the introduced versions of the state’s budget bills were filed.

Both HB 1 and SB 1 include all baseline funding requested by TxDMV. Major baseline increases include postage, sticker paper, Data Center Services, PC replacement, and Regional Service Center facilities maintenance. The introduced bills also continue full funding for the Motor Vehicle Crime Prevention Authority (MVCPA), including the ability to carryforward unexpended balances within the biennium, as well as between biennia (from FY 2025 to FY 2026). In addition to the specific items related to the TxDMV appropriations request, the introduced appropriations bill also includes all riders and rider revisions requested by TxDMV.

The introduced bills do not include the two exceptional items requested by TxDMV (1. RTS Modernization and 2. Enhance and Improve Core Services and Customer Support). This is not unusual at this point in the appropriations process. However, the House version of the bill includes a provision in Article IX, General Provisions (Sec. 17.15 (b) that articulates legislative intent for the Legislature to provide funding in the supplemental appropriations bill for “Cross Article ... Information Technology projects.” The LBB has indicated that RTS Modernization is included among these projects.

The RTS Modernization exceptional item has been modified and resubmitted for consideration by the Legislature; the request now moves out-year costs into FY 2026 while maintaining the overall project cost at its original level.



TxDMV's first budget hearing of the 89th Legislature was with the Senate Finance Committee on February 12, 2025.

A schedule for the House Appropriations Committee has not been set.

LAR Update

FY 2026 – 2027

Legislative Appropriations Request



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.



Appropriations Process

- ❑ In August 2024, TxDMV submitted its LAR for FY 2026-2027.
- ❑ The LBB analyzed all agency requests.
- ❑ In January 2025, the House of Representatives and the Senate filed their respective versions of the state's budget bills, HB 1 and SB 1, respectively.
- ❑ Based on the introduced bill, exceptional items may be revised.



Introduced Bill Compared to LAR

Description	Amount	FTEs
HB1/SB1 Introduced	\$ 529,774,242	902
LAR Baseline Request	\$ 529,774,242	902
Difference	\$ -	-

- Includes all requested baseline funding increases.
- Major baseline increases requested and approved:
 - Postage and License Plate production
 - Technology initiatives and Data Center Services
 - Continuation of Automation Project and PC Replacement
 - Regional Service Center and HQ facilities maintenance
- Continues full funding for Motor Vehicle Crime Prevention Authority (MVCPA) programs.



Exceptional Items

The introduced bills do not include the exceptional items requested by TxDMV. This is not unusual at this point in the appropriations process.

HB 1 includes Sec. 17.15(b) in Article IX, General Provisions, stating intent to provide funding in the supplemental appropriations bill for “Cross Article ... Information Technology projects.” This includes RTS Modernization.

SB1 does not include this language.

RTS Modernization out-year costs are moved to FY 2026. The total project cost remains the same.

Exceptional Item	FY 2026	FY 2027	Information
RTS Modernization	\$175,000,000	-	Out-year costs moved to FY 2026. Total costs remains the same.
Additional Authorized FTEs	\$3,574,677	\$3,178,677	No change - request is for 50 FTEs and associated costs



Other Provisions and Information

- Capital budget minimum threshold continued at \$500k
- All requested riders were approved and included in the Introduced versions.
- Senate Finance Committee hearing - Feb 12.
- House Appropriations Committee hearing schedule has not been set.

To: Texas Department of Motor Vehicles Board
From: Jason Gonzalez, Internal Audit Director
Agenda Item: 12.B
Subject: Internal Audit Division Status Update

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

This status update provides information on current Internal Audit Division (IAD) activities.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

Internal Engagements

IAD completed the Fleet Management Audit. The audit's objective was to evaluate the effectiveness of fleet monitoring, vehicle maintenance and compliance with the State Fleet Plan. There were two audit results and five recommendations:

Result #1: The Department generally reported data accurately, however, improvements can be made.

Result #2: While the Department ensured preventative maintenance was performed, it was not always within the scheduled timeframe.

Audit recommendations related to development of policies and procedures, maximizing utilization of existing systems to track and monitor fleet data, maximizing utilization of existing systems to incorporate preventative maintenance record keeping, ensuring vehicle cleanliness, and ensuring consistent application of Texas Department of Motor Vehicles branded logos on fleet vehicles.

The Consumer Relations Division's Quality Assurance Advisory is in the reporting phase. The advisory objective was to evaluate the Consumer Relations Division's quality assurance processes. The advisory service will provide management with a comparison of quality assurance metrics benchmarked against other state agencies and private sector call centers, identification of quality assurance process inefficiencies, and recommendations on streamlining quality assurance processes.

IAD has started audit recommendation follow-up to validate whether divisions have implemented outstanding recommendations. There are 32 audit recommendations that are tracked. IAD has requested documentation to determine if recommendations can be closed. This project will conclude in March 2025.

External Engagements

None.



Texas Department
of Motor Vehicles
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Fleet Management Audit Report 25-03

Internal Audit Division
February 2025

Fleet Management Audit 25-03

Executive Summary

The Office of the Comptroller of Public Accounts (CPA) oversees the vehicle fleet management program for the state of Texas through the Office of Vehicle Fleet Management (OVFM). The Texas State Vehicle Fleet Management Plan developed by the OVFM mandates fleet management guidelines for state agencies and compliance with operational requirements including fleet size limits, maintenance, utilization, and reporting. The Department of Motor Vehicles (TxDMV or Department) is responsible for ensuring that processes and procedures align with the State Fleet Plan for monitoring and maintaining its fleet.

WHAT WE FOUND

The audit found that audit processes are at a Level 3 - Established: The function achieves its purpose in an organized way, following established processes, but those processes may not be consistently followed, well communicated, or documented.

- **Observation:** TxDMV fleet drivers are satisfied with the services provided by the Department.
- **Result #1:** The Department generally reported data accurately, however, improvements can be made.
- **Result #2:** While the Department ensured preventative maintenance was performed it was not always within the scheduled timeframe.

WHAT WE RECOMMEND

IAD made recommendations in this audit related to the following areas:

	<p>Develop policies and procedures to reflect current processes for reporting data, monitoring and performing vehicle maintenance.</p>		<p>Consider maximizing the utilization of existing systems to incorporate record keeping and ensure preventative maintenance is performed timely.</p>
	<p>Consider maximizing the utilization of existing systems to track and monitor fleet data to ensure reporting accuracy.</p>		<p>Ensure vehicle cleanliness and consistent application of current TxDMV logos on fleet vehicles.</p>

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Background

The Finance and Operations (FAO) Division's Fleet Services Section provides centralized services, daily resources, and support, while maintaining and monitoring the TxDMV fleet. Staff located at Headquarters and the Austin Regional Service Center (RSC) use fleet services for vehicle reservations, while staff located at other regional service centers make reservations through the RSC manager.

TxDmv operates 16 RSCs, each equipped with 1 to 4 fleet vehicles. According to the Texas Fleet System, the number of vehicles assigned per division are:

- Enforcement - 36
- Vehicle Title & Registration - 16
- Finance and Operations - 13
- Executive Director's Office - 1
- Office of Administrative Hearings – 1.

FAO staff monitor the Department's fleet to detect under and over utilization of fleet vehicles. Over or underutilized vehicles are exchanged with one another to ensure that vehicles wear equally. Staff are also tasked with monitoring vehicle registrations, required preventative maintenance, and related expenses.

In Fiscal Year 2024, the TxDMV fleet consisted of 67 fleet vehicles, including 60 vehicles carried forward from Fiscal Year 2023 and 7 newly acquired vehicles. As shown in Figure 1, a total of 202 TxDMV employees (drivers) traveled 376,253 miles throughout the state during Fiscal Year 2024.

Figure 1: Utilization of Fleet Services



Strengths

- The Department leverages technology and automation within its IT systems to ensure vehicles are monitored and can be accessed 24/7.
- The Fleet Services Section collaborates with other divisions ensuring utilization of the fleet and manages multiple activities all while providing consistent service.

Audit Engagement Team

The audit was performed by Sonja Murillo (Senior Internal Auditor), Terry Berkley (Internal Auditor), and Jason Gonzalez (Internal Audit Director).

Audit Results

Observation: TxDMV employees are satisfied with the Department's fleet services.

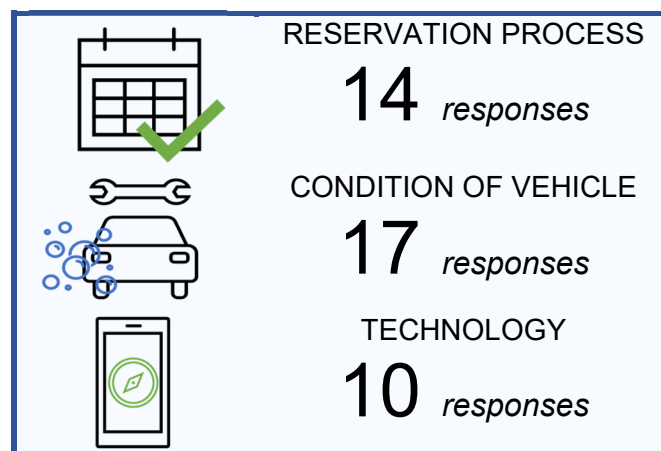
Internal Audit conducted a survey of TxDMV employees that were identified as drivers of a fleet vehicle during Fiscal Year 2024. IAD identified 197 total drivers (excluding 4 Fleet Services staff and 1 miscellaneous driver) and provided the survey via email. 62 of 197 (31%) employees surveyed provided a response. The survey consisted of seven questions, one overall satisfaction rating and an open comment box. As shown in Figure 2, Fleet Services received an overall satisfaction rating of 4.36 out of 5, with 1 being the lowest rating and 5 being the highest rating.

Figure 2: Satisfaction Rating



Respondents were asked to provide an opinion on three survey topics: reservations, condition of vehicle, and the use of technology. As shown in Figure 3, 14 responses indicated room for improvement in the reservation process, 17 responses indicated issues with vehicle condition, and 10 responses indicated issues with using fleet management technology.

Figure 3: Areas of Improvement



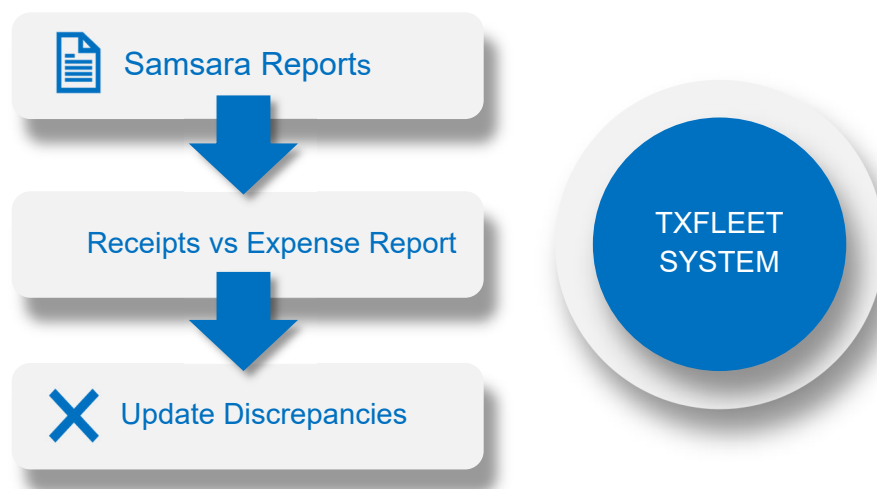
Audit Results #1: The Department generally reported data accurately, however, improvements can be made.

The Texas Vehicle Fleet Management Plan provides state agencies with procedures required to maintain an agency fleet. State agencies are required to submit their vehicle fleet reports on a quarterly basis to Texas Fleet System (TxFS). The Department uses a third-party fleet management system called Samsara to monitor the Department 's fleet. Samsara is a GPS tracking and monitoring system that enables Fleet Services to obtain real time data regarding its fleet. The data collected and analyzed includes location, mileage, maintenance schedules, and maintenance expenses.

Fleet Services performs a monthly reconciliation, as shown in Figure 4, by retrieving a report of all 70 vehicles from Samsara with current odometer readings, vehicle assignments and locations. Next, Fleet Services reconciles receipts with the expense report and updates the system of record (TxFS). IAD reviewed a total of 630 individual data points such as asset name, year make and model, and assigned location reported to the TxFS and determined that 93% of the reported data was accurate.

Examples of inaccuracies included: 13 vehicles did not have the correct assigned division, 11 vehicles had an odometer reading that was 9% over what was indicated in TxFS, and 10 vehicles did not have the correct location (county) assigned.

Figure 4: Reconciliation Process



Site Visit

In addition to reviewing data reported in TxFS, IAD conducted site visits to physically inspect vehicles. IAD selected the three Regional Service Centers with the highest number of fleet vehicles assigned for review. According to TxFS, the San Antonio RSC had a total of 4 vehicles assigned, the Houston RSC had a total of 8 vehicles assigned, and Travis County (comprised of the Austin RCS and TxDMV Headquarters) had a total of 28 vehicles assigned.

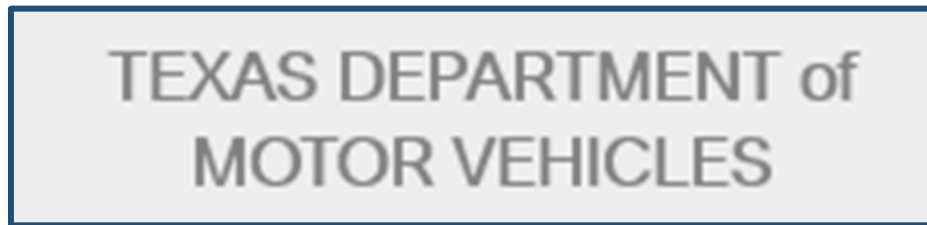
IAD determined that 8 of 40 (20%) vehicles selected were not located at the assigned RSC indicated in TxFS. These vehicles had been relocated, however, TxFS had not been updated to

reflect the new location. IAD also identified a vehicle at the Houston RSC that was assigned in TxFS to the El Paso RSC.

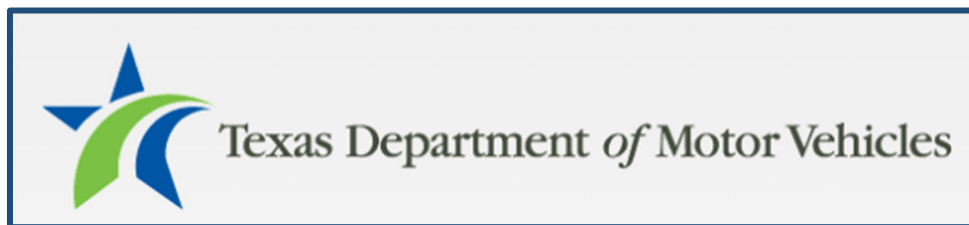
Finally, IAD identified two vehicles that did not have current registration, three vehicles that did not have updated TxDMV logos (see in Figure 5), and two vehicles that had not received a recent car wash.

Figure 5: Prior Logo vs Current Logo

Prior TxDMV Fleet Vehicle Logo



Current TxDMV Vehicle Logo



Inaccurate data in the system of record could lead to OVFM reporting inaccurate TxDMV fleet data to the legislature. According to Fleet Services, in Fiscal Year 2024 Fleet Services was experiencing turnover and restructuring that led to deviation from processes including updating fleet data into TxFS.

Recommendations

1. The Department should develop policies and procedures to reflect current practices for reporting fleet data to TxFS.
2. The Department should consider maximizing the utilization of existing systems to track and monitor fleet data to ensure its accuracy when reported to TxFS.
3. The Department should ensure vehicle cleanliness and that current TxDMV logos are consistently applied to Fleet Vehicles.

Audit Results #2: While the Department ensured preventative maintenance was performed it was not always within the scheduled timeframe.

Per the Fleet Operations Manual, drivers and custodians are responsible for ensuring that preventative maintenance and any necessary repairs are performed as prescribed by the vehicle manufacturer owner's manual or at the discretion TxDMV Fleet Services. TxDMV Fleet Services monitors upcoming preventative maintenance requirements for fleet vehicles using the Samsara system to create and monitor maintenance schedules according to each vehicle owner's manual.

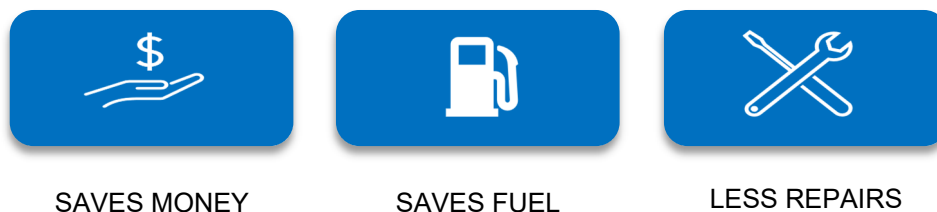
IAD reviewed preventative (routine) maintenance that is to be performed, including oil changes, tire rotations, as well as additional items like brakes, batteries, and wiper blades. IAD determined that oil changes and tire rotations were essential maintenance that if not performed could have the greatest impact on the fleet.

IAD selected all TxDMV fleet vehicles for review and determined that 54 (81%) of 67 vehicles had preventative maintenance performed according to maintenance schedules. However, 13 of 67 (19%) did not receive maintenance as required:

- 6 vehicles did not receive an oil change or tire rotation according to the maintenance schedules;
- 4 vehicles did not receive an oil change within the period detailed in the maintenance schedules; and,
- 3 vehicles did not receive a tire rotation according to maintenance schedules.

Proper fleet vehicle maintenance is important because it not only enhances driver safety but also lowers the cost of fuel, saves the agency on costly repairs, and saves time by avoiding breakdowns (see Figure 6). According to Fleet Services, in Fiscal Year 2024 the section was understaffed with only two full-time employees, which led to inefficiencies as prioritization of activities was required due to capacity restraints.

Figure 6: Importance of Vehicle Maintenance



Recommendations

4. The Department should develop policies and procedures for Fleet Services to reflect current practices for monitoring and performing vehicle maintenance.
5. The Department should consider maximizing the utilization of existing systems to incorporate record keeping and ensure preventative maintenance is performed timely.

Appendix 1: Objectives, Scope, Methodology, and Rating Information

Objectives

To evaluate the effectiveness of fleet monitoring, vehicle maintenance and compliance with the State Fleet Plan.

Scope and Methodology

The scope of the Fleet Management Audit included vehicles that were part of the fleet during September 1, 2023 through August 31, 2024.

Information and documents evaluated in the audit included the following:

- Interviewed Fleet Operations senior management and staff
- Reviewed the State Fleet Plan
- Reviewed the Fleet Operations Manual
- Performed walk-through of Internal IT System, Samsara
- Performed walk-through of the vehicle reservation process
- Obtained and analyzed TxDMV fleet vehicle list
- Selected a sample of 40 vehicles for site visit review
- Performed on-site inspection of selected vehicles
- Selected all vehicles and assets for data accuracy review
- Created a flowchart of the Reservation Process
- Obtained and analyzed TxDMV list of drivers during audit scope
- Created client satisfaction survey
- Surveyed all employees that were identified as drivers during audit scope.

This audit was included in the FY25 Internal Audit Plan. IAD conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and in conformance with the Internal Standards for the Professional Practice of Internal Auditing. Those standards require that IAD plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on our audit objectives. IAD believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit object.

Report Distribution

In accordance with the Texas Internal Auditing Act, this report is distributed to the Board of the Texas Department of Motor Vehicles, Governor's Office of Budget, Planning, and Policy, Legislative Budget Board, and the State Auditor's Office.

Ratings Information

Maturity Assessment Rating Definition

IAD derived the maturity assessment ratings and definitions from the Control Objectives of Information and Related Technologies (COBIT) 5 IT Governance Framework and Maturity Model, the Enterprise Risk Management (ERM) Maturity Model, and the ISACA Maturity Model.

The model was adapted for assurance audit purposes and does not provide a guarantee against reporting misstatement and reliability, non-compliance, or operational impacts. The ratings and definitions are provided in Table 1.

Table 1. Maturity Assessment/Process Capability Rating Definitions

Rating	Name	Definition
1	Minimal	The function may have policies and procedures established for some activities but relies on intuition and handles issues on an ad-hoc basis.
2	Informal and Reactive	The function achieves its purpose with basic processes and activities that are not very organized or followed.
3	Established	The function achieves its purpose in an organized way, following established processes, but those processes may not be consistently followed or well communicated.
4	Predictable	The function fully achieves its purpose, is well-defined, and its performance is quantitatively measured. The function is fully integrated within the Department, the function has full resources to achieve business objectives, and policies and procedures are regularly improved.
5	Optimized	The function fully achieves its purpose, is well-defined, and its performance is quantitatively measured. There is continuous improvement that is pursued, and technology is heavily leveraged to automate workflow and improve quality and effectiveness of processes.

Appendix 2: Internal Audit Division: Fleet Services Client Feedback Survey.

Internal Audit Division: Fleet Services Client Feedback Survey

The Internal Audit Division is conducting an audit of Fleet Operations and would like to hear from you! Please provide feedback on your experience with Fleet Operations and driving a TXDMV fleet vehicle.

1. I can reserve a fleet vehicle with ease.

- Strongly Disagree
- Disagree
- Neither Agree nor Disagree
- Agree
- Strongly agree

2. The vehicle type/size I need is always available.

- Strongly Disagree
- Disagree
- Neither Agree nor Disagree
- Agree
- Strongly agree

3. I can pick-up the reserved fleet vehicle with ease.

- Strongly Disagree
- Disagree
- Neither Agree nor Disagree
- Agree
- Strongly agree

4. The fleet vehicle is clean and/or orderly at pick-up.

- Strongly Disagree
- Disagree
- Neither Agree nor Disagree
- Agree
- Strongly agree

5. The fleet vehicle did not require routine maintenance during travel. (oil change, washer fluid, bald tires etc.)

- Strongly Disagree
- Disagree
- Neither Agree nor Disagree
- Agree
- Strongly agree

6. Fleet staff provide prompt assistance when experiencing vehicle issues or incidents.

- Strongly Disagree
- Disagree
- Neither Agree nor Disagree
- Agree
- Strongly agree

7. The Samsara driver app is convenient and easy to use.

- Strongly Disagree
- Disagree
- Neither Agree nor Disagree
- Agree
- Strongly agree

8. On a scale of 1-5, how satisfied are you with Fleet Services?



Please share any additional comments or questions

Appendix 3: Management Response and Action Plan

The Finance & Operations Division provided the following response:

Recommendation	Responsible Department and Section/Unit	Management Response	Completion Date
1. The Department should develop policies and procedures to reflect current practices for reporting fleet data to TxFS.	Finance and Operations, Director of Operations	Division management agrees with the recommendation and will develop and document an updated process to collect the required fleet data and ensure it is uploaded to TxFS timely and accurately.	August 31, 2025
2. The Department should consider maximizing the utilization of existing systems to track and monitor fleet data to ensure its accuracy when reported to TxFS.	Finance and Operations, Director of Operations	Division management agrees with the recommendation and will ensure vehicles are assigned to appropriate divisions/locations. Additionally, the Asset Management team will review the current process utilizing the third-party Samsara system to accurately update TxFS systems. Also, division staff will update procedures to include a communication process that includes vehicle drivers/operators and division leadership to ensure that all necessary information, including vehicle location, is entered into the Samsara and TxFS.	August 31, 2025
3. The Department should ensure cleanliness and that current TxDMV logos are consistently applied to Fleet Vehicles.	Finance and Operations, Director of Operations	Division management agrees with the recommendation and will update current practices to clarify the roles and responsibilities of operators. This will emphasize the importance of assisting the agency in keeping fleet vehicles well maintained and clean. Additionally, division staff will conduct Austin HQ fleet inspections to ensure cleanliness of vehicles and work with vehicle operators to take their fleet vehicles to a local body shop to apply the new decal.	August 31, 2025
4. The Department should develop policies and procedures for Fleet Services to reflect current practices for	Finance and Operations, Director of Operations	Division management agrees with the recommendation and will review and update existing policies and procedures to reflect the department's changing operational environment as we expand the number of fleet vehicles. The updated	August 31, 2025

Recommendation	Responsible Department and Section/Unit	Management Response	Completion Date
monitoring and performing vehicle maintenance.		procedures will include a communication process that includes vehicle drivers/operators and division leadership to ensure that maintenance issues are addressed timely for all vehicles in accordance with the new policy.	
5. The Department should consider maximizing the utilization of existing systems to incorporate record keeping and ensure preventative maintenance is performed timely.	Finance and Operations, Director of Operations	Division management agrees with the recommendation and will develop a process to streamline the current maintenance and reporting procedures. This will ensure data points are accurate and shared with fleet operators and their division leadership.	August 31, 2025

To: Texas Department of Motor Vehicles Board
From: Jason Gonzalez, Internal Audit Director
Agenda Item: 12.C
Subject: Internal Audit Charter

RECOMMENDATION

Action Item. Recommendation to approve the TxDMV Internal Audit Charter.

PURPOSE AND EXECUTIVE SUMMARY

TxDMV’s Internal Audit Charter (Charter) authorizes the range of services that the Internal Audit Division provides, including but not limited to, assurance services (audits), advisory services (consulting), and investigations of internal fraud, waste, and abuse. It further gives authority to the Internal Audit Division to have full access to records, personnel, and physical properties needed to successfully conduct services.

The Charter was last approved by the TxDMV Board in October 2023.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

The Texas Internal Auditing Act (Texas Government Code §2102.008) requires that the Internal Audit Division adhere to the International Standards for the Professional Practice of Internal Auditing (Standards) from the Institute of Internal Auditors (IIA). Those standards require the Internal Audit Division to have an Internal Audit Charter (Charter) reviewed and updated periodically. The IIA’s Standards were updated in January 2025 to require, “the chief audit executive to develop an internal audit charter, defined as a formal document that includes the internal audit function’s mandate, organizational position, reporting relationships, scope of work, types of services, and other specifications.”

The Charter outlines the purpose, mission, professional standards, authority, independence, objectivity, scope, and responsibilities of the Internal Audit Division. It authorizes the range of services that can be provided by the Internal Audit Division, including but not limited to assurance services (audits), advisory services (consulting), and investigations of internal fraud, waste, and abuse. It further gives authority to the Internal Audit Division to have full access to records, personnel, and physical properties needed to conduct services.

The Charter is a formal document approved by the Board and agreed to by management. According to the IIA, the Charter provides the organization with a blueprint for how internal audit will operate and helps the governing body to clearly signal the value it places on internal audit’s independence. The IIA updated the Standards to include documentation of the audit function’s mandate (Texas Government Code 2102.008), which has been included in the Charter for approval.

The following pages include the Charter for your consideration and approval.



Internal Audit Charter

PURPOSE AND MISSION

The purpose of the Texas Department of Motor Vehicle's (TxDMV or Department) Internal Audit Division is to provide independent, objective assurance and consulting (advisory) services designed to add value and improve the Department's operations. The Internal Audit Division will also investigate suspected internal fraud, waste, or abuse allegations as necessary. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit Division helps TxDMV accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

MANDATE

Texas Government Code requires the Department to conduct an internal audit program that includes: an annual audit plan prepared using risk assessment techniques. The audit program should also identify individual audits to be conducted annually and should include periodic audits of the Department's major systems and controls.

AUDITING STANDARDS

The Internal Audit Division will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. The Internal Audit Division will also follow the Generally Accepted Government Auditing Standards (GAGAS) as promulgated by the U.S. Government Accountability Office (GAO).

The Internal Audit Director will report periodically to the TxDMV Board (Board) and the TxDMV Executive Director (Executive Director) regarding the Internal Audit Division's conformance to the auditing standards.

AUTHORITY

The Internal Audit Director will report functionally to the Board and administratively to the Executive Director. The Board delegates management of the Internal Audit Division to the Internal Audit Director, who fulfills the activity's mission and objectives through authorization to:

- Communicate and interact directly with the Board and present any matter that may warrant immediate attention or action without management present.
- Present any matter and have direct access to the Executive Director and General Counsel that may warrant immediate attention or action.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.

- Obtain the necessary assistance of TxDMV personnel as appropriate, as well as other specialized services from within or outside of TxDMV for internal audit engagements in accordance with departmental policies and procedures.

The Board authorizes the Internal Audit Director and the Internal Audit Division staff to:

- Have unrestricted access to all TxDMV divisions, personnel, activities, confidential and non-confidential data and records, information systems, physical property, and contractors relevant to the performance of engagements and subject to applicable state and federal laws.
- Audit or review any function, activity, or unit of the TxDMV, including vendors, contractors, and subcontractors in accordance with contract terms.
- Obtain timely reports from management on actions proposed and taken pertaining to audit recommendations.
- Be prudent in the use and safeguarding of information acquired in performing the engagements.

The Director and Internal Audit Division staff shall not direct the activities of any TxDMV employee not employed by the Internal Audit Division, except to the extent such personnel have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

SCOPE OF INTERNAL AUDIT DIVISION ACTIVITIES

The Internal Audit Division provides a wide range of quality, independent assessments to the Board, management, and oversight entities which includes but is not limited to:

- **Assurance Objectives:** To provide independent assurance over TxDMV's governance, risk management, and control processes with the goal of safeguarding assets, enhancing operational efficiency, and complying with applicable laws and the Department's policies.
- **Consulting and Advisory Objectives:** To provide assessments and advice for improving TxDMV's governance, risk management, and control processes with management's agreement on the nature and scope of the service. Examples of advisory services include participating on internal workgroups or committees in a non-voting capacity, providing routine advice on policies and internal controls, and providing training.
- **Investigations:** To conduct or assist in the investigation of suspected internal fraud, waste, or abuse.

The Internal Audit Director also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

INDEPENDENCE AND OBJECTIVITY

The Internal Audit Division will remain independent and free from control on matters of audit selection, scope, procedures, frequency, timing, and report content. The Internal Audit Division will also perform its duties with objectivity so that opinions, conclusions, and recommendations are impartial and viewed as impartial by knowledgeable third parties.

Organizational Placement

To assure the independence of the Internal Audit Division, the Internal Auditor reports functionally to the Board and administratively to the Executive Director.

Operational Duties

The Internal Audit Division will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditors' independence. Internal auditors will not assess specific operations for which they had responsibility within the previous year.

Potential Impairment of Independence

The Internal Audit Director will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate TxDMV personnel, the Board, or agencies as appropriate.
- Exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

Where the Internal Audit Director has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

The Internal Audit Director will disclose to the Board any potential interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results. The Internal Audit Director will annually confirm to the Board the organizational independence of the Internal Audit Division.

ROLES AND RESPONSIBILITIES

Certain roles and responsibilities of the Internal Audit Director, Board, Finance & Audit Committee, and Management, and are critical to the success of the internal audit activity.

Internal Audit Director

The Internal Audit Director's responsibilities are defined by the Board as part of their oversight and include the following:

1. **Internal Audit Charter:** Reviewing the Internal Audit Division Charter periodically and proposing amendments for the Board's approval as necessary.
2. **Internal Audit Plan:** Submitting, at least annually, a risk-based internal audit plan for review and approval. This includes monitoring the progress of the plan, determining appropriate resources with regard to staff competency and skill, and communicating the impact of resource limitations and resources needed to complete the internal audit plan. The Internal Audit Director will also review and adjust the internal audit plan as necessary in response to changes in TxDMV's business, risks, operations, programs, systems, and controls. These changes will be communicated to the Board and the Executive Director.
3. **Quality Assurance and Improvement Program:** Maintaining a quality assurance and improvement program that covers all aspects of the Internal Audit Division. The program will include (a) an evaluation on conformance with audit standards and an evaluation on whether internal auditors apply the IIA's Code of Ethics and (b) an assessment on the efficiency and effectiveness of the Internal Audit Division and identify opportunities for improvement. The Internal Audit Director will communicate to the Board and Executive Director on this program, including results of ongoing internal assessments and external assessments conducted at least once every three years.
4. **Risk assessment:** Working with the Board and management to review and refine risk appetite for strategic, operational, and fraud, waste, and abuse risks. The Internal Audit Division will keep a list of risks and their scores as well as any additional information provided by management on risk mitigation. The Internal Audit Director will alert the Board of any risk accepted by management which may be unacceptable. The Internal Audit Director will also communicate emerging trends and issues.
5. **External Liaison:** Acting as the external liaison for all external auditors and monitoring external engagements, including in the disposition of any external recommendations issued to the Department.
6. **Investigations:** Serving as the main contact for internal fraud, waste, and abuse allegations, including any complaints received from the State Auditor's Office, and take action as needed.
7. **Communication:** Communicating at least monthly to the Finance and Audit Committee, the Board Chair, and Executive Director and quarterly to the Board on internal audit activities. Significant risk exposures and control issues, such as fraud, waste, and abuse risks, governance issues, recommendation implementation status, and other matters requiring the attention of, or requested by the Board, will also be communicated. The Internal Audit Division will provide training to the Department and Board on the role and purpose of internal audit activities.

Board

The Board, as part of its role in overseeing the Internal Audit Division, is responsible for the following:

1. **Internal Audit Documents:** The Board will approve documents such as the internal audit charter, risk-based internal audit plan(s), and the annual internal audit budget and resource plan.
2. **Internal Audit Director:** The Board will approve decisions regarding the appointment and removal of the Internal Audit Director. The Board will also be responsible for providing an annual performance evaluation and approving the remuneration of the Internal Audit Director.

3. **Internal Audit Performance:** The Board will review and approve the budget and resources dedicated to the Internal Audit Division to adequately cover the activity's scope.

Finance & Audit Committee

The Board has charged the Finance and Audit Committee with oversight of the Internal Audit Division. As such, the Committee is responsible for the following:

1. **Internal Audit Performance:** The Committee will monitor and assess the Internal Audit Division's performance relative to the internal audit plan.
2. **Governance:** The Committee will review documents presented to them and stay abreast on all internal audit activities, including those that do not result in a report, and stay informed on all significant matters arising from work performed. The Committee can make inquiries to determine whether there is inappropriate scope or resource limitation that impact the results of the internal audit activities.
3. **Risk Assessment:** The Committee will review risk information and use the information to oversee the effectiveness of risk management and risk reporting.

Management

Management is responsible for the following:

1. Establishing and maintaining effective controls to ensure that goals and objectives are met, services are provided effectively, and assets are safeguarded.
2. Cooperating with the Internal Audit Division during the performance of internal audits and advisory projects by providing information as requested.
3. Reviewing draft reports from the Internal Audit Division and providing timely, written management responses to address issues and recommendations.
4. Informing the Internal Audit Division of external reviews, evaluations, assessments, audits, or inspections and coordinating with the Internal Audit Division to respond to issues and recommendations contained in those reports.

APPROVALS

The charter was approved by the Board of the Texas Department of Motor Vehicles on October 12, 2023.

Charles Bacarisse
Chairman, TxDMV Board

Brett Graham, Chair
Chair, TxDMV Finance & Audit Committee

Daniel Avitia
Executive Director, TxDMV

Jason Gonzalez
Internal Audit Director, TxDMV



Texas Department
of Motor Vehicles