



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.



# TxDMV Board Meeting

9:00 a.m.

Thursday, April 10, 2025

**AGENDA**  
**BOARD MEETING**  
**TEXAS DEPARTMENT OF MOTOR VEHICLES**  
**4000 JACKSON AVE., BUILDING 1, LONE STAR CONFERENCE ROOM**  
**AUSTIN, TEXAS 78731**  
**PARKING IS AVAILABLE IN THE PARKING LOT ADJACENT TO BUILDING 1**  
**THURSDAY, APRIL 10, 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 April 10, 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.

PAGE

1. **Roll Call and Establishment of Quorum**
2. **Pledges of Allegiance - U.S. and Texas**
3. **Chair's Reports** - Chairman Bacarisse (BRIEFING ONLY)
4. **Executive Director's Reports** - Daniel Avitia (BRIEFING ONLY)
  - 6 A. [State Agency Internal Audit Forum Elected Technology Chair - Jason Gonzalez](#)
  - 7 B. [American Association of Motor Vehicle Administrators \(AAMVA\) Autonomous Vehicle Subcommittee Visit](#)
  - 8 C. [Awards, Recognition of Years of Service, and Announcements](#)

**CONTESTED CASE**

- 9 5. **Consideration and Approval of Proposed Final Order on Enforcement Case**  
[Texas Department of Motor Vehicles v. T. C. Auto Finance, LLC](#);  
Enforcement Docket No. 21-0015970; SOAH Docket No. 608-24-19753.ENF -  
Laura Moriaty (ACTION ITEM)

**BRIEFING AND ACTION ITEMS**

- 64 6. [Specialty Plate Design](#) - Annette Quintero (ACTION ITEMS)
    - A. Sigma Gamma Rho - New Design Proposed under Transportation Code §504.851
    - B. Ducks Unlimited - Crossover Design Proposed under Transportation Code
-

§504.851 and §504.6011

- C. Houston Christian University - New Design proposed under Transportation Code §504.851

**7. Projects and Operations Committee Update - Committee Chair John Prewitt (BRIEFING ONLY)**

A. Enterprise Projects

- i. [Camp Hubbard Renewal Project](#)
- ii. [House Bill \(HB\) 718 Implementation](#)
- iii. [Regional Service Center \(RSC\) Expansions, Moves, and Renovations](#)
  - a. RSC Expansions
    - Dallas
    - Houston
    - Pharr
  - b. Long Range Facilities Plan

B. Technology Projects

- i. [Registration and Title System \(RTS\) Replacement and Ecosystem Modernization](#)
- ii. [Other Projects](#)
  - a. Voice to Cloud
  - b. Motor Carrier Credentialing System (MCCS) Rewrite

C. [Payment Processing Transition](#)

D. [Accounts Receivable Project](#)

**8. Legislative and Public Affairs**

- A. [89th Regular Session Legislative Update](#) - Keith Yawn (BRIEFING ONLY)
- B. [FY 2026 - 2027 Legislative Appropriations Update](#) - Glenna Bowman (BRIEFING ONLY)

**9. Finance and Audit**

A. [Semi-Annual Report of Revenues and Expenditures](#) - Glenna Bowman (BRIEFING ONLY)

B. [Internal Audit Division Status Update](#) - Jason Gonzalez (BRIEFING ONLY)

- i. Internal Engagements
  - a. Public Information Request Audit
  - b. Motor Carrier Division Credentialing Advisory
  - c. Annual Risk Assessment
- ii. External Engagement - Texas Comptroller of Public Accounts Post Payment Audit

**CLOSED SESSION**

10. The Board may enter into closed session under one or more provisions of
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**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.

**11. Action Items from Closed Session**

**12. Public Comment**

**13. 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

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registration table prior to the agenda item being taken up by the Board or send an email to [GCO\\_General@txdmv.gov](mailto: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.

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## Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

**Board Meeting Date: 4/10/2025**  
**BRIEFING ITEM**

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**To:** Texas Department of Motor Vehicles Board  
**From:** Daniel Avitia, Executive Director  
**Agenda Item:** 4.A.  
**Subject:** Executive Director's Report - State Agency Internal Audit Forum Elected Technology Chair – Jason Gonzalez

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### RECOMMENDATION

Briefing Only.

### PURPOSE AND EXECUTIVE SUMMARY

In February, the State Agency Internal Audit Forum (SAIAF) subcommittee of the State Agency Coordinating Committee (SACC) appointed Jason Gonzalez, TxDMV Internal Audit Director, as the elected Technology Chair.

The Texas State Agency Internal Audit Forum (SAIAF) aims to promote the effective and efficient use of internal audit resources within state agencies, enhancing accountability, productivity, and management control over operations.

### FINANCIAL IMPACT

N/A

### BACKGROUND AND DISCUSSION

N/A

**Board Meeting Date: 4/10/2025**  
**BRIEFING ITEM**

**To:** Texas Department of Motor Vehicles Board  
**From:** Daniel Avitia, Executive Director  
**Agenda Item:** 4.B  
**Subject:** Executive Director's Report - American Association of Motor Vehicle Administrators (AAMVA)  
Autonomous Vehicle Subcommittee Visit

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### RECOMMENDATION

Briefing Only.

### PURPOSE AND EXECUTIVE SUMMARY

The American Association of Motor Vehicle Administrators (AAMVA) Automated Vehicle (AV) Subcommittee was in Austin, March 25-28, 2025, for the annual subcommittee in-person meeting. The AV Subcommittee is comprised of leaders from various state law enforcement agencies, state motor vehicle agencies, and representatives from the National Highway Traffic Safety Administration (NHTSA) and the U.S. Federal Motor Carrier Safety Administration (FMCSA). The AV Subcommittee works with jurisdiction members, law enforcement, federal agencies, and other stakeholders to gather, organize, and share information with the AAMVA community related to the development, design, testing, use, and regulation of autonomous vehicles and other emerging vehicle technology.

The AV Subcommittee was hosted at TxDMV headquarters by Executive Director Daniel Avitia, Deputy Executive Directors Roland Luna and Shelly Mellott, and other executive team members and discussed key initiatives and projects, legislative implementation efforts, and discussed proposed AV legislation. Committee members also attended an AV demonstration at the Texas Department of Transportation and met with several AV entities to discuss features, technology, and future plans.

### FINANCIAL IMPACT

N/A

### BACKGROUND AND DISCUSSION

N/A

Board Meeting Date: 4/10/2025  
BRIEFING ITEM

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

### RECOMMENDATION

Briefing Only.

### PURPOSE AND EXECUTIVE SUMMARY

The Executive Director acknowledges employees who have achieved significant state service milestones of 20 years or more and those who have retired from the agency. TxDMV recognizes the following individuals:

State Service Milestones:

#### 20 years:

- Kathy Chung – Vehicle Titles and Registration Division

#### 25 years:

- Carlos Escobedo – Enforcement Division
- Diana McIntosh-Batts – Motor Carrier Division
- Connie Noble – Motor Carrier Division

#### 30 years:

- Richard Goldsmith – Motor Carrier Division

#### Retirements:

- Dawna Eckwall – Motor Carrier Division, 26 years of state service
- Michelle Lingo – Motor Vehicle Division, 28 years of state service

### FINANCIAL IMPACT

N/A

### BACKGROUND AND DISCUSSION

N/A



**Texas Department of Motor Vehicles**

HELPING TEXANS GO. HELPING TEXAS GROW.

**Board Meeting Date: 4/10/2025****ACTION ITEM**

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**To:** Texas Department of Motor Vehicles Board  
**From:** Laura Moriaty, General Counsel  
**Agenda Item:** 5  
**Subject:** Consideration and Approval of Proposed Final Order on Enforcement Case  
Texas Department of Motor Vehicles v. T.C. Auto Finance, LLC; SOAH Docket No. 608-24-19753.ENF;  
Enforcement Docket 21-0015970

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**RECOMMENDATION**

Action Item. For board consideration.

**PURPOSE AND EXECUTIVE SUMMARY**

The State Office of Administrative Hearings (SOAH) issued a Proposal for Decision (PFD) on January 23, 2025, which was modified by the Administrative Law Judge's Exceptions Letter of January 23, 2025. The Board is required to issue a final order in this case.

T.C. Auto Finance, LLC (T.C. Auto) currently holds a general distinguishing number (GDN) issued by the Texas Department of Motor Vehicles (TxDMV). This contested case involves an enforcement action against T.C. Auto for alleged violations of the board's rules and statutes.

The issues before the board are whether to adopt the Findings of Fact and Conclusions of Law from the PFD as modified by the Exceptions Letter, whether to revoke T.C. Auto's GDN, and whether to assess a monetary penalty against T.C. Auto.

The Enforcement Division (Enforcement) and T.C. Auto provided timely notice of their intent to make oral presentations to the board and timely submitted written material.

**FINANCIAL IMPACT**

N/A

**BACKGROUND AND DISCUSSION**

On October 24, 2025, Enforcement issued a Notice of Department Decision (NODD) to T.C. Auto. The NODD alleged T.C. Auto misused buyer's temporary tags or failed to comply with requirements for issuance or recordkeeping of buyer's temporary tags by issuing 1,332 buyer's temporary tags between January 21, 2022, and July 31, 2022, despite reporting only 177 vehicles sold. This resulted in T.C. Auto reporting more than 1,100 tags in excess of reported sales.

The NODD recommended a \$500,000 civil penalty and the revocation of T.C. Auto's GDN, due to the nature and number of violations alleged. T.C. Auto filed a request for an administrative hearing and the matter was referred to SOAH for a contested case hearing.

On October 17, 2024, a SOAH Administrative Law Judge (ALJ) conducted the hearing on the merits and the record was closed on October 18, 2024, upon filing of the exhibits. The ALJ issued the PFD on December 17, 2024. The ALJ found that T.C. Auto violated statutes and TxDMV rules by issuing 903 buyer's temporary tags between January 1, 2022, and July 31, 2022, for vehicles not sold from T.C.'s inventory, based on T.C. Auto's Dealer's Motor Vehicle Inventory Tax Statements that it sold 177 vehicles, while issuing 1080 buyer's temporary tags. In analyzing the civil penalties that should be applied, the ALJ noted that T.C. had two previous board orders, one of which involved buyer's temporary tags.

The ALJ recommended that the board assess a total penalty of \$93,000 against T.C. Auto for 903 buyer's temporary tags issued without corresponding vehicle sales. The ALJ further recommended that the board revoke T.C. Auto's GDN.

Both parties filed exceptions to the PFD in December 2024. The ALJ considered the exceptions by both parties and issued an Exceptions Letter on January 23, 2024. The ALJ found that T.C. Auto's exceptions consisted of "new and repeated arguments, requests to reconsider admitted evidence, and attempts to relitigate the case," and held that "[a]ccordingly, the PFD does not warrant change based on T.C. Auto's exceptions."

In response to Enforcement's exceptions, the ALJ corrected six clerical errors pointed out by Enforcement. The ALJ agreed with Enforcement that the \$93,000 penalty in Conclusion of Law No. 12 was the result of a mathematical error, but found that the \$1,000 per violation amount on page 14 was the result of a typographical error and should have read "100 per violation for a total of \$90,300." The ALJ held that she had previously considered Enforcement's arguments requesting a \$500,000 penalty and found them to be unsupported by evidence. The ALJ therefore declined Enforcement's request for that penalty amount. The ALJ modified paragraph IV. 1. on page 14 of the PFD to read, "the ALJ recommends \$100 per violation for a total of \$90,300 in civil penalties be assessed against Respondent." The ALJ further modified Conclusion of Law No. 12 to show "\$90,300" in civil penalties.

### **Board Authority**

- The board has jurisdiction to consider the contested case and enter a final order in accordance with Texas Occupations Code §2301.709.
- Under Texas Occupations Code §2301.651, the board may revoke a license for a violation of board rules and statutes, including the rules and statutes regarding the issuance and record keeping requirements for temporary buyer's tags.
- Texas Transportation Code §503.095 allows for a civil penalty of up to \$1,000 for each violation, or per day for a continuing violation, of Transportation Code, Chapter 503 and the related rules.
- Texas Occupations Code §2301.801 also authorizes civil penalties of up to \$10,000 per violation, or per day for a continuing violation, for violations of Occupations Code, Chapter 2301, the rules adopted under it, or Transportation Code §503.038(a), which includes misuse or allowing the misuse of temporary tags. In determining the amount of a penalty, Texas Occupations Code §2301.801(b) states:

...[T]he board shall consider:

- (1) the seriousness of the violation, including the nature, circumstances, extent, and gravity of any prohibited act, and the harm or potential harm to the safety of the public;
- (2) the economic damage to the public caused by the violation;
- (3) the history of previous violations;
- (4) the amount necessary to deter a future violation;
- (5) efforts to correct the violation; and

(6) any other matter that justice may require.

- Texas Government Code §2001.058(e) authorizes the board to change a finding of fact or a conclusion of law made by the ALJ in a PFD only if the ALJ:
  - a. misapplied or misinterpreted applicable law, agency rules, written policies provided to the ALJ by the agency, or prior administrative decisions,
  - b. relied on a prior administrative decision that is incorrect or should be changed, or
  - c. made a technical error in a finding of fact that should be changed.

The Board must state in writing the specific reason and legal basis for any change it makes to a finding of fact or conclusion of law.

### **Attachments**

The following documents are attached to this Executive Summary for consideration by the Board:

- |                      |  |
|----------------------|--|
| 1. December 17, 2024 | SOAH ALJ's PFD                                   |
| 2. December 23, 2024 | T.C. Auto's Exceptions to the PFD                |
| 3. December 31, 2024 | Enforcement's Response and Exceptions to the PFD |
| 4. January 23, 2025  | SOAH ALJ's Exceptions Letter                     |
| 5. March 13, 2025    | Petitioner's Proposed Final Order                |
| 6. March 20, 2025    | Respondent's Proposed Final Order                |
| 7. March 20, 2025    | Respondent's Exhibit 7                           |

FILED TxDMV Board Meeting eBook  
608-24-19753  
12/17/2024 3:58 PM  
STATE OFFICE OF  
ADMINISTRATIVE HEARINGS  
Amy Robles, CLERK

April 10, 2025

ACCEPTED  
608-24-19753 12  
12/17/2024 4:00:22 pm  
STATE OFFICE OF  
ADMINISTRATIVE HEARINGS  
Amy Robles, CLERK

# State Office of Administrative Hearings

Kristofer S. Monson  
Chief Administrative Law Judge

December 17, 2024

Texas Department of Motor Vehicles  
Attn: Joyce Lowe

VIA EFILE TEXAS

T.C. Auto Finance LLC  
Attn: Nestor Hernandez

VIA REGULAR MAIL

**RE: Docket Number 608-24-19753.ENF; Texas Department of Motor Vehicles No. 21-0015970; *Texas Department of Motor Vehicles v. T.C. Auto Finance LLC***

Dear Parties:

Please find attached a Proposal for Decision in this case.

Exceptions and replies may be filed by any party in accordance with 1 Texas Administrative Code section 155.507(b), a SOAH rule which may be found at [www.soah.texas.gov](http://www.soah.texas.gov).

CC: Service List

**SOAH Docket No. 608-24-19753****Suffix: ENF**

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# **BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS**

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**TEXAS DEPARTMENT OF MOTOR VEHICLES,  
PETITIONER**

**V.**

**T.C. AUTO FINANCE LLC,  
RESPONDENT**

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## **PROPOSAL FOR DECISION**

The staff (Staff) of the Texas Department of Motor Vehicles—Enforcement Division (Department) seeks to have administrative penalties assessed against T.C. Auto Finance LLC (Respondent) for violations of the Texas Transportation Code (Code) and Title 43 of the Texas Administrative Code. Staff seeks an administrative penalty of \$500,000 and revocation of Respondent’s dealer general distinguishing number (GDN), license number P119179. The Administrative Law Judge (ALJ) finds Staff proved all the alleged violations and recommends that the

Department impose an administrative penalty of \$93,000 and revocation of Respondent's dealer GDN.

## **I. NOTICE, JURISDICTION, AND PROCEDURAL HISTORY**

There are no contested issues of jurisdiction or notice in this proceeding; therefore, those matters are addressed solely in the Findings of Fact and Conclusions of Law.

State Office of Administrative Hearings ALJ Amber Morgan convened the hearing on October 17, 2024, via videoconference. Staff was represented by Joyce Lowe, Enforcement Division attorney. Respondent appeared through and was represented by its owner, Nestor Hernandez. The record closed on October 18, 2024, when the admitted exhibits were filed into the record.

## **II. APPLICABLE LAW**

A dealer is a person, including a corporation, who regularly and actively buys, sells, or exchanges vehicles at an established and permanent location.<sup>1</sup> A dealer must hold a GDN license issued by the Department under Code chapter 503.<sup>2</sup> A dealer must comply with the requirements of Code chapter 503, Texas Occupations Code chapter 2301, and 43 Texas Administrative Code chapter 215.<sup>3</sup>

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<sup>1</sup> Code § 503.001(4); *see also* Tex. Occ. Code §§ 2301.002(7), .251(a).

<sup>2</sup> Tex. Occ. Code § 2301.002(7), (17), (27),

<sup>3</sup> *See* Code ch. 503; Tex. Occ. Code § 2301.351.

This Proposal for Decision will focus on the alleged violations of Respondent's obligations concerning buyer temporary tags, as well as any appropriate sanctions.

### **A. BUYER'S TAG REQUIREMENTS**

For each vehicle sold, a dealer must issue one temporary buyer tag to the purchaser.<sup>4</sup> A dealer may only issue one temporary buyer tag for each vehicle sale.<sup>5</sup> Dealers must enter information into the Department's database for persons to whom temporary tags are issued and obtain a specific number for the tag before a temporary tag may be issued and printed.<sup>6</sup> A dealer may not misuse or allow the misuse of a temporary tag.<sup>7</sup> The dealer is responsible for the safekeeping and distribution of each buyer's tag the dealer obtains.<sup>8</sup>

### **B. SANCTIONS AND DISCIPLINE**

A person who violates chapter 503 of the Texas Transportation Code, or any rule adopted under that chapter, is subject to a penalty of not less than \$50 and not more than \$1,000.<sup>9</sup> Each act in violation of chapter 503 of the Texas Transportation

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<sup>4</sup> Code § 503.063(a). The Texas Legislature amended Code section 503.063, effective September 1, 2021. The amendments are not relevant to this case; therefore, citations to this section will be to the current version.

<sup>5</sup> Code § 503.063(a).

<sup>6</sup> Code § 503.0631. The Texas Legislature amended Code section 503.0631, effective September 1, 2021. The amendments are not relevant to this case; therefore, citations to this section will be to the current version. *See also* 43 Tex. Admin. Code §§ 215.150, .152-.153, .155.

<sup>7</sup> Code § 503.038(a)(12).

<sup>8</sup> Code § 503.063(d).

<sup>9</sup> Code § 503.095(a).

Code and each day of a continuing violation is a separate violation.<sup>10</sup> Further, if after a hearing the Department finds that a person has violated Code section 503.038(a) (addressing certain violations related to the GDN), the Texas Occupations Code authorizes the Department to impose a penalty not to exceed \$10,000 per violation.<sup>11</sup> Each act of violation and each day of a continuing violation is a separate violation.<sup>12</sup> The following factors must be considered in determining the amount of the penalty under the Texas Occupations Code:

1. The seriousness of the violation, including the nature, circumstances, extent, and gravity of any prohibited act, and the harm or potential harm to the safety of the public;
2. The economic damage to the public caused by the violation;
3. The history of previous violations;
4. The amount necessary to deter a future violation;
5. Efforts to correct the violation; and
6. Any other matter that justice may require.

In addition to these factors, the Department's disciplinary matrix (Matrix) states that the Department will consider the following mitigating factors in determining the amount of civil penalty to assess and whether revocation is appropriate: (1) acknowledgement of wrongdoing; (2) willingness to cooperate with the Department; (3) efforts to correct the violation; and (4) any other matter that justice may require, including rehabilitative potential and present value to the

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<sup>10</sup> Code § 503.095(b).

<sup>11</sup> Tex. Occ. Code § 2301.801(a).

<sup>12</sup> Tex. Occ. Code § 2301.801(a).



community.<sup>13</sup> The Matrix includes the following aggravating factors: (1) history of violations of a similar nature; (2) number of violations or number of consumers harmed by violation; (3) attempted concealment of the violation; (4) intentional, premeditated, knowing, or grossly negligent act constituting a violation; and (5) violation of an order issued by the Department.<sup>14</sup> The Matrix includes suggested “low” and “high” sanction amounts.

The Department may cancel a GDN if the dealer commits any of several acts, including if the dealer “files a false or forged tax document”<sup>15</sup> or “misuses or allows the misuse of a temporary tag authorized under this chapter.”<sup>16</sup> The Department can revoke a GDN if the dealer violates any law relating to the sale and distribution of motor vehicles, chapter 2301 of the Occupations Code, or any rule adopted by the Board of the Department.<sup>17</sup> In determining whether revocation is appropriate, the Matrix states that the Department will consider the following factors:

1. Whether the licensee is unfit under the standards governing the occupation, including the qualifications for a license;
2. Whether the licensee made a material misrepresentation in any information filed according to the Department’s statutes or rules;
3. Whether the licensee willfully defrauded a purchaser; and

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<sup>13</sup> Department’s Disciplinary Matrix (Matrix) at 1, available at <https://www.txdmv.gov/sites/default/files/body-files/Motor-Vehicle-Disciplinary-Matrix.pdf> (last visited December 17, 2024).

<sup>14</sup> Matrix at 1.

<sup>15</sup> Code § 503.038(a)(2).

<sup>16</sup> Code § 503.038(a)(12).

<sup>17</sup> Tex. Occ. Code § 2301.651(a)(3)-(4).

4. Whether the licensee failed to fulfill a written agreement with a retail purchaser of a motor vehicle.<sup>18</sup>

Staff has the burden of proving, by a preponderance of the evidence, that Respondent committed the alleged violations and the appropriate sanction for any such violations.<sup>19</sup>

### **III. EVIDENCE**

Department Exhibits 1-29 (a total of 37 separate documents) were admitted. Respondent's Exhibit 7<sup>20</sup> was admitted. Heather Pierce, Kyle Komanich, and Lucy Prieto testified on behalf of the Department. Keith Henry, Simon Penuela, Carolina Molina, Lorena Canaga, Jorge Castillo, Jesus Quintanilla, and Nestor Hernandez testified on behalf of Respondent.<sup>21</sup>

#### **A. STAFF'S EVIDENCE**

##### **1. Kyle Komanich Testimony**

Mr. Komanich testified that he is an Assistant Chief Investigator for the Department. Specific to this case, the Department opened an investigation into Respondent's use of temporary tags in response to a complaint filed against

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<sup>18</sup> Matrix at 1.

<sup>19</sup> Tex. Admin. Code § 155.427; *Granek v. Tex. State Bd. of Med. Exam'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.) (concluding that preponderance of the evidence standard is appropriate for agency proceedings, which are civil in nature).

<sup>20</sup> Resp. Ex. 7 is a March 13, 2023, Houston Police Department report.

<sup>21</sup> An interpreter was provided during the testimony of Simon Penuela, Carolina Molina, Lorena Canaga, Jorge Castillo, and Jesus Quintanilla.

Respondent following a traffic stop. At that stop, the officer discovered that four buyer temporary tags were issued to one vehicle being driven in that jurisdiction. The investigation revealed discrepancies in the number of temporary tags issued, and in reported vehicle sales, from January 2022 through July 2022.

Respondent's sales reported to Harris County Appraisal District (HCAD) Dealer's Motor Vehicle Inventory Statements (filed by Respondent for January 2022 through July 2022) were compared with the Department's Buyer's Temporary Tag Report (showing the number of tags issued by Respondent from January 1 through July 31, 2022) and revealed the following:

<b>Month</b>	<b>Vehicles Sales</b>	<b>Buyer Temporary Tags Issued</b>
Jan. 2022	8	123
Feb. 2022	26	107
Mar. 2022	17	159
Apr. 2022	17	150
May 2022	36	176
Jun. 2022	16	182
Jul. 2022	57	183
<b>TOTALS</b>	<b>177</b>	<b>1080</b>

The discrepancy between temporary tags issued under Respondent's GDN and sales reported by Respondent to HCAD led to an investigation of Respondent's records. The investigation resulted in Staff alleging the violation of misusing a

buyer's temporary tag by issuing them in excess of reported sales, during the period of January 1, 2022, through July 30, 2022.

## **2. Lucie Prieto Testimony**

Ms. Prieto is a Background and Fraud Supervisor for Department and testified to the proper use of temporary tags by dealers, as well as Respondent's responses to Department inquiries. She explained that dealers are allotted a specific number of temporary tags by the Department based on numerous factors. If they run out, they can apply for more. In this case, Respondent ran out of temporary tags and applied twice for additional tags, which were later administratively withdrawn because they were incomplete. Respondent was asked why additional tags were needed and Respondent indicated that due to having two locations and potentially a third one coming up they needed more. He also mentioned the possibility of his system being hacked. Ms. Prieto stated that if a dealer's account has a problem, such as hacking, the dealer should immediately request their administrative information by changed through the system. She noted that this was not done by Respondent.

## **3. Heather Pierce Testimony**

Ms. Pierce is the managing attorney in the Enforcement Division of the Department. The Department issued Respondent Motor Vehicle GDN P119179<sup>22</sup> on November 9, 2012, and the license is in Expired Status.<sup>23</sup> The license expired on October 31, 2022, and prior to the license expiring, an application to renew was

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<sup>22</sup> Pet. Ex. 1a.

<sup>23</sup> Pet. Ex. 1b.

timely filed. Specifically, Department records indicate that the license holder has a License Renewal Application and a License Amendment Application on file.

On January 12, 2015, the Department and Respondent entered into an Agreed Final Order,<sup>24</sup> in which the following were admitted: (1) Respondent offered for sale motor vehicles that did not display the Federal Trade Commission Buyer's Guide; (2) Respondent failed to remove and properly dispose of the issued Texas license plates and/or registration insignia for a vehicle being displayed or offered for sale at Respondent's location; (3) Respondent failed to have the dealer or bona fide employee present at Respondent's location during the posted business hours for the purpose of buying, selling, exchanging, or leasing vehicles; and (4) Respondent failed to remit motor vehicle sales tax and failed to apply for the transfer of the title and registration of a motor vehicle, in connection with the sale of a vehicle. Respondent agreed to pay a civil penalty of \$500.00 and attend an approved Dealer Training Seminar. Respondent was ordered to cease and desist any activities constituting violations of the Code and Texas Occupations Code and complete a Dealer Training Seminar.

On September 26, 2023, the Department and Respondent entered into an Agreed Final Order,<sup>25</sup> in which Respondent admitted to misusing a buyer's temporary tag or failing to comply with the requirements for issuance or recordkeeping of the buyer's temporary tag in connection with the sale of a vehicle. Specifically, Respondent issued more than one buyer's tag after the sale. Respondent

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<sup>24</sup> Pet. Ex. 19.

<sup>25</sup> Pet. Ex. 20.

also admitted that it failed to remit motor vehicle sales tax and failed to apply for the registration and title of the motor vehicle, in connection with the sale of a vehicle. No civil penalty was charged, but Respondent was required to complete a Dealer Training Seminar.

Ms. Pierce testified that in this matter, Respondent issued 903 more temporary tags than the number of cars that were sold over a seven-month period. She explained that Department has a disciplinary matrix that is used as a guideline in assigning a penalty, not a limit. The disciplinary matrix would allow a sanction of issuing a penalty of \$1000 per misuse/failure to follow procedure for issuance/record. She considered issuing 903 extra temporary tags to be significantly egregious.<sup>26</sup> The disciplinary matrix states “When a licensee misuses a temporary tag, that is an extraordinary breach of trust. Cases involving the misuse of temporary tags will be sanctioned as such. Each misused temporary tag is a separate violation, and each misused temporary tag will incur a separate penalty.

Ms. Pierce then discussed any mitigating factors that may be available to reduce the penalty assessed. In her experience, there are no mitigating factors for tag misuse. Allegations that the misuse was by a different person is not a defense or mitigating factor. Considering the misuse in this case went for an extraordinarily long time, at a minimum, seven months, Ms. Pierce believed the \$500,000 penalty was appropriate.

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<sup>26</sup> Heather Pierce testimony at 1:32:03.

Ms. Pierce testified that the dealership itself holds the ultimate responsibility for all misuse that occurs under their license. It was Respondent's responsibility to monitor its account and ensure all information in the account was accurate. There were no breaches within the DMV system from January 2022, through July 2022, according to the DMV's Chief Information Officer.<sup>27</sup> Therefore, any discrepancies were on the dealership's end. Taking all of that information into consideration, the Department recommends a \$500,000 penalty and revocation of Respondent's license.

## **B. RESPONDENT'S EVIDENCE**

Respondent argued that the dealership was the victim of malware, hacking, and identity theft.

### **1. Keith Henry**

Mr. Henry identified himself as the director of Kick Street, which does web design, graphic design, and computer programming. Mr. Henry testified that he was hired in April 2023 to evaluate Respondent's computer system. Mr. Henry identified malware that necessitated performing a factory reset on the computer system. Respondent again hired Mr. Henry's company to perform a malware scan in September 2024. The malware that was identified was mirroring software, which could be used to mirror passwords and login credentials.

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<sup>27</sup> Pet. Ex. 18.

## **2. Respondent's Employees**

Respondent called five witnesses who were current or former employees of Respondent: Simon Penuela, Carolina Molina, Lorena Canaga, Jorge Castillo, and Jesus Quintanilla. None of these witnesses had seen any misuse of the paper tag system. There were instances in which individuals entered Respondent's place of business to purchase paper tags, which were denied. The purported instances occurred in 2023, which is outside of the period at issue here, January 2022 through July 2022.

## **3. Nestor Hernandez Testimony**

Mr. Hernandez is the sole owner of Respondent. He emphasized that neither he, nor any of his employees, has misused the paper tag system. He focused on what he believed to be widespread hacking and stolen identities in this case. His testimony focused on situations occurring after the period at issue here, January 2022 through July 2022. He admitted that he did not notice or identify any issues with his computer system until possibly October 2022; but he testified that he believes the problematic malware and/or hacking occurred much earlier than when he noticed it. In evidence is a police report he filed in March 2023, to support his assertion.<sup>28</sup> Regarding his dealership, Mr. Hernandez explained that he only had a few hundred vehicle sales per year, and the value of the vehicles sold was somewhat low.

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<sup>28</sup> Resp. Ex. 7.



## **IV. ANALYSIS**

The Department is authorized to deny an application for a license, revoke, or suspend a license under Texas Occupations Code section 2301.651, Code section 503.038, and 43 Texas Administrative Code section 215.141(a). A dealer is allowed to create only one buyer's tag per sale. Further, Code section 503.095 allows for a civil penalty of up to \$1,000.00 for each violation, or per day for a continuing violation, of Code Chapter 503, or a rule or order adopted under the chapter. Texas Occupations Code section 2301.801 allows for a civil penalty of up to \$10,000.00 for each violation, or per day for a continuing violation, of Texas Occupations Code Chapter 2301, or a rule or order adopted under the chapter.

### **1. Civil Penalty**

The ALJ finds Respondent committed 903 tag violations—the difference between the number of buyer temporary tags issued and the number of vehicles sold. Under Code section 503.095(a), a person is subject to a civil penalty of not less than \$50 or more than \$1,000 per day for these violations. For the 903 violations, the Department could assess \$903,000. Department contends that Respondent's misuse of the buyer's temporary tags was a serious violation and required a high penalty.

In determining an appropriate penalty in this case, several factors must be considered. First, the nature, circumstances, extent, and gravity of the prohibited act, and the harm or potential harm to the safety of the public. Department did not provide persuasive evidence as to the gravity of the prohibited act, or the potential

harm to the safety of the public. Second, the economic damage to the public caused by the violation should be considered. The evidence provided by the Department regarding this factor did not explain any economic damage to the public. Third is the history of previous violations. Respondent had a history of one violation before this occurrence, and one after. The one after this occurrence (in 2023) included one instance of misuse of buyer temporary tags. The only penalty was for the initial violation, and that totaled \$500, both violations resulted in ordered dealer education. The fourth is the amount necessary to deter a future violation. Respondent is not a large dealership. It is a smaller dealership with several hundred sales per year of lower cost vehicles. The fifth consideration evaluates Respondent's efforts to correct the violation. Based on the evidence presented, Respondent did not attempt to correct the violation for several months. For the seven months, Respondent did not notice that over 900 tags were issued under its license. Remediation efforts did not begin until months after the violations occurred. Respondent was not contrite and did not take responsibility for failing to monitor his dealer account and notice that more than six times the number of buyer's temporary tags being issued than his sales.

Regarding Respondent's misuse of the buyer's temporary tags, Staff provided insufficient evidence of economic harm to the public. The violation itself, however, is severe. Taking into consideration Respondent's failure to address the violations, size of dealership, types of previous violations, the ALJ recommends \$1000 per violation, for a total of \$93,000 in civil penalties be assessed against Respondent.

## 2. Revocation

Revocation of Respondent's GDN is appropriate in this case. The Department may revoke a dealer's GDN if the dealer misuses or allows the misuse of a temporary tag. As detailed above, Respondent significantly misused and abused the buyer's temporary tag and eTag System when it issued 1080 temporary tags and reported only 177 sales.

## V. FINDINGS OF FACT

1. T.C. Auto Finance, LLC (Respondent) holds General Distinguishing Number (GDN) P119179, a license issued by the Texas Department of Motor Vehicles (Department) on November 9, 2012.
2. During the period of January 1, 2022, through July 31, 2022, Respondent created 1080 buyer's tags and reported to the Harris County Appraisal District (HCAD) on its Dealer's Motor Vehicle Inventory Tax Statements (Tax Statements) that it sold 177 vehicles:
  - a. In January 2022, Respondent created 123 buyer's temporary tags. Respondent reported to HCAD on its Tax Statements that it sold 8 vehicles in January 2022.
  - b. In February 2022, Respondent created 107 buyer's temporary tags. Respondent reported to HCAD on its Tax Statement that it sold 26 vehicles in February 2022.
  - c. In March 2022, Respondent created 159 buyer's temporary tags. Respondent reported to HCAD on its Tax Statement that it sold 17 vehicles in March 2022.
  - d. In April 2022, Respondent created 150 buyer's temporary tags. Respondent reported to HCAD on its Tax Statement that it sold 17 vehicles in April 2022.

- e. In May 2022, Respondent created 176 buyer's temporary tags. Respondent reported to HCAD on its Tax Statement that it sold 36 vehicles in May 2022.
  - f. In June 2022, Respondent created 182 buyer's temporary tags. Respondent reported to HCAD on its Tax Statement that it sold 16 vehicles in June 2022.
  - g. In July 2022, Respondent created 183 buyer's temporary tags. Respondent reported to HCAD on its Tax Statement that it sold 57 vehicles in June 2022.
- 3. On January 12, 2015, and September 6, 2023, the staff (Staff) of the Department and Respondent entered two Agreed Orders stipulating to various violations of the Texas Occupations Code and Texas Transportation Code, including misuse of a buyer's temporary tag or failure to comply with the requirements for issuance and recordkeeping of the buyer's temporary tag.
  - 4. On June 11, 2024, August 21, 2024, and October 9, 2024, Staff mailed its Notice of Hearing to Respondent at its address of record.
  - 5. Together, the Notice of Hearing and Order No. 1. contained a statement of the time, place, and nature of the hearing; a statement of the legal authority and jurisdiction under which the hearing was to be held; a reference to the particular sections of the statutes and rules involved; and either a short, plain statement of the factual matters asserted or an attachment that incorporated by reference the factual matters asserted in the complaint or petition.
  - 6. State Office of Administrative Hearings (SOAH) Administrative Law Judge (ALJ) Amber Morgan convened the hearing on the merits by videoconference on October 17, 2024. Attorney Joyce Lowe represented Staff, and Nestor Hernandez represented Respondent as its authorized representative. The hearing concluded that day. The record closed on October 18, 2024, upon filing of the exhibits.

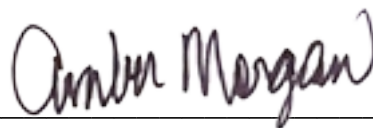
## VI. CONCLUSIONS OF LAW

1. The Department has jurisdiction and authority to revoke, probate, or suspend a license to sell a motor vehicle, and to reprimand and/or impose a civil penalty against a license holder. Tex. Transp. Code §§ 503.038(a), .095(2); Tex. Occ. Code §§ 2301.651, .801(a).
2. SOAH has jurisdiction over all matters relating to the conduct of a hearing in this case, including the preparation of a proposal for decision with findings of fact and conclusions of law. Tex. Gov't Code ch. 2003; Tex. Occ. Code § 2301.704.
3. Respondent received proper and timely notice of Department's Decision and the hearing on the merits. Tex. Occ. Code § 2301.705; Tex. Gov't Code §§ 2001.051-.052.
4. Staff has the burden to prove by a preponderance of the evidence that Respondent committed the alleged violations and that the sanctions it recommended were appropriate. 1 Tex. Admin. Code § 155.427; *Granek v. Tex. State Bd. Of Med. Exam'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.).
5. A person who violates any Board rule adopted under chapter 503 of the Texas Transportation Code is subject to a civil penalty of not less than \$50 or more than \$1,000. Tex. Transp. Code § 503.095(a).
6. Each act in violation of chapter 503 of the Texas Transportation Code and each day of a continuing violation is a separate violation. Tex. Transp. Code § 503.095(b).
7. In determining the amount of civil penalties to assess, the Department must consider the following factors: (1) the seriousness of the violation, including the nature, circumstances, extent, and gravity of any prohibited act, and the harm or potential harm to the safety of the public; (2) the economic damage to the public caused by the violation; (3) the history of previous violations; (4) the amount necessary to deter a future violation; (5) efforts to correct the violation; and (6) any other matter that justice may require. Tex. Occ. Code § 2301.801(b).

8. In deciding on the amount of civil penalties and whether or not to revoke a license, the Department must also consider: (1) acknowledgement of wrongdoing; (2) willingness to cooperate with the Department; (3) efforts to correct the violation; and (4) any other matter that justice may require, including rehabilitative potential and present value to the community. Department's Disciplinary Matrix (Matrix) at 1, available at <https://www.txdmv.gov/sites/default/files/body-files/Motor-VehicleDisciplinary-Matrix.pdf> (last visited December 17, 2024).
9. In deciding whether revocation is appropriate, the Department must consider the following factors: (1) whether the licensee is unfit under the standards governing the occupation, including the qualifications for a license; (2) whether the licensee made a material misrepresentation in any information filed according to the Department's statutes or rules; (3) whether the licensee willfully defrauded a purchaser; and (4) whether the licensee failed to fulfill a written agreement with a retail purchaser of a motor vehicle. Matrix at 1.
10. A dealer is allowed to create only one buyer's tag per sale. Tex. Transp. Code § 503.063(a).
11. Respondent misused the buyer's temporary tags or failed to comply with the requirements for issuance or recordkeeping of the buyer's temporary tags during the period of January 1, 2022, through June 30, 2022, by issuing 903 buyer's tags without corresponding vehicle sales.
12. Respondent should be assessed a penalty of \$93,000 for issuing 903 buyer's temporary tags without corresponding vehicle sales. Tex. Transp. Code § 503.038(a)(12); Tex. Occ. Code § 2301.801(a).
13. Respondent's GDN should be revoked. Tex. Transp. Code § 503.038(a)(3).

**Signed December 17, 2024.**

ALJ Signature:



Amber Morgan

Presiding Administrative Law Judge



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Status as of 12/17/2024 4:02 PM CST

Associated Case Party: T.C. Auto Finance LLC

Name	BarNumber	Email	TimestampSubmitted	Status
Erik Wilson		erik@erikwilsonlaw.com	12/17/2024 3:58:11 PM	SENT
Nestor Hernandez		tcautofinance@gmail.com	12/17/2024 3:58:11 PM	SENT

**Case Contacts**

Name	BarNumber	Email	TimestampSubmitted	Status
Joyce Lowe		joyce.lowe@txdmv.gov	12/17/2024 3:58:11 PM	SENT
Erik Wilkson		erik@erikwilsonlaw.com	12/17/2024 3:58:11 PM	SENT



SOAH Docket Number 608-24-19753.ENF

TDMV No. 21-0015970

Texas Department of Motor Vehicles

Petitioner

vs.

T.C. Auto Finance LLC

Respondent

FILED  
608-24-19753  
12/23/2024 12:00 AM  
STATE OFFICE OF  
ADMINISTRATIVE HEARINGS  
Carol Hale, CLERK

ACCEPTED  
608-24-19753  
12/23/2024 7:35:34 am  
STATE OFFICE OF  
ADMINISTRATIVE HEARINGS  
Carol Hale, CLERK

Texas Department of Motor Vehicle Attn: Joyce Lowe

T.C. Auto Finance LLC represented by Nestor Hernandez

T.C. AUTO FINANCE LLC'S EXEPTIONS TO THE  
ADMINISTRATIVE LAW JUDGE'S PROPOSAL FOR DECISION FOR THIS CASE.

NOW COMES T.C. AUTO FINANCE LLC, by and through his owner, Nestor A Hernandez, and submits the following exceptions to the Administrative Law Judge's ("ALJ") PFD,

1. Even though several months passed before taking action about the paper plates being issued not all by T.C. AUTO FINANCE LLC but by a third malicious and unauthorized party as found by our internal investigation, actions were taken when calling police to report the problem, assigning an investigator to the case to help solve the problem, that later would reveal

through a cyber assessment that a SPYWARE SOFTWARE WAS INSTALLED in our system, an online store was selling the paper plates was also discovered that is still active there selling the plates probably using some else's account now, and many witnesses testified witnessing the paper plates sales around our office, I feel the ALJ did not take much importance and consideration to all our effort to prove our position through police report, proof of online paper sales, cyber assessment done by expert in the field showing report that our system was hacked, presenting them all to the DMV STAFF that also ignored them when it was presented to them, ALJ instead imposed the maximum civil penalty stated by the chapter 503 of the Texas Transportation Code (a penalty of not less than \$50 and not more than \$1,000) the ALJ took as true and correct all proofs presented by the DEPARTMENT which only consisted in records and testimonies presented by their staff based on the records only and their experience in the field, none of the proofs presented by the DEPARTMENT proved that we were the ones issuing all those E-Tags from the system, it is all based on assumptions, it just proved that there were some activities going on during that period, activity that was not noticed by us until the system triggered a message of reduction of paper tags left available, then we started to figure out what was happening. One of the DEPARTMENT witness testified about not being a breach in the DMV system during the months of January through July of 2022, however, the breach that affected us occurred in the office of T.C. AUTO FINANCE LLC, not in the DMV system, those are two different places the officer can only testify about the DMV SYSTEM not our office as he does not work at the TC AUTO FINANCE LLC office, perpetrators were able to install a spire ware that was able to see all our user names and passwords not only for the E-TAG SYSTEM but also for all our data and sites that were accessed using the computers at our office, using our bank accounts and our online auctions, buying vehicles online and using our banks and pay pal accounts to pay for the vehicles they bought to later pick them up at the auction, therefore, the breach did not occur at the DMV system but our office, and the testimony of that officer that works for the DMV might be true but not in reference to our office, the breach done to our system is something

we were unaware for many months until the E-tag system triggered a message with shortage of paper tags left. In this case we were the victims of online hackers.

2) DMV also includes the disciplinary matrix that talks about the Department will consider the following mitigating factors in determining the amount of civil penalty to assess and whether revocation is appropriate: (1) acknowledgement of wrongdoing; (2) willingness to cooperate with the Department; (3) efforts to correct the violation; and (4) any other matter that justice may require, including rehabilitative potential and present value to the community. The Matrix includes the following aggravating factors: (1) history of violations of a similar nature; (2) number of violations or number of consumers harmed by violation; (3) attempted concealment of the violation; (4) intentional, premeditated, knowing, or grossly negligent act constituting a violation; and (5) violation of an order issued by the Department. The Matrix includes suggested “low” and “high” sanction amount. Taking all this into consideration DMV staff did not have to acknowledge us of any wrongdoing as this is the very first time something of this nature happens, our dealer did not have any previous violation of the same nature, in 2015 there was a violation that had to do with no person being present at the place of business and a buyers tag not being assigned at a vehicle being sold at the lot along with the metal plate being still attached to the vehicle this type of violation does not relate to this case, a second violation occurred not until September 2023 when our E-TAG SYSTEM was already shut down in October 24, 2022 the E-Tag system was denied from the DMV staff, therefore there was no way to issue paper tags. DMV staff also refer to a report from police that reported that 4 tags were issued for a vehicle but failed to prove those tags were issued by T.C. AUTO FINANCE LLC it could have been done by the hackers selling our plates, it could have been issued by other entities, no proof were brought to the hearing on that. Furthermore, we have always been cooperative with the DMV staff and after finding out about the breach we took all necessary steps

to prove someone else was involve in this matter and have made the best effort to solve the problem and be cooperative with the DMV staff, being this the first time in 12 years something of this nature happens. Overall, our dealership has been away from all type of problems and violations and we feel better assessment to this case is needed.

3. The department staff failed to prove that we were the ones using the system to create all those paper plates issued using our system, their investigation was limited to show the monthly report assuming we did issued the rest of the E-Tag but failing to prove we did it as no one was able to prove we issued those tags, the DMV STAFF testimonies were based on the records only, none of them proved paper tags were issued by us, that one previous violation before 2022 done in 2015 has nothing to do with misuse of paper tags, I feel the PFD could have been more balanced and made a better resolution taking into consideration all points and proofs brought into the hearing in this case.

4. We believe that this is an isolated situation unfortunately occurred in 2022 against T.C. AUTO FINANCE LLC, by an unknown third party, we respectfully request to YOUR HONOR to reconsider a lower civil penalty and reconsider not revoking the license of T.C. AUTO FINANCE LLC but hopefully imposing a civil fine or a suspension period only as recommended by the DMV attorney prior to the hearing on October 17<sup>th</sup> of 2024.

Respectfully submitted,

T,C, AUTO FINANCE LLC

Nestor A Hernandez.

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**Case Contacts**

Name	BarNumber	Email	TimestampSubmitted	Status
Nestor Hernandez		tcautofinance@gmail.com	12/22/2024 6:31:44 PM	SENT
Joyce Lowe		joyce.lowe@txdmv.gov	12/22/2024 6:31:44 PM	SENT

FILED  
608-24-19753 TxDMV Board Meeting eBook  
12/31/2024 11:20 AM  
STATE OFFICE OF  
ADMINISTRATIVE HEARINGS  
Jessica Rodriguez, CLERK

April 10, 2025

ACCEPTED  
608-24-19753 38  
1/2/2025 10:03:07 am  
STATE OFFICE OF  
ADMINISTRATIVE HEARINGS  
Jessica Rodriguez, CLERK

**SOAH DOCKET NO. 608-24-19753.ENF**  
**MVD CAUSE NO. 21-0015970.ENF**

**IN THE MATTER OF THE LICENSE § BEFORE THE STATE OFFICE**  
**OF T.C. AUTO FINANCE LLC §**  
**§ OF**  
**§**  
**§ ADMINISTRATIVE HEARINGS**

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**PETITIONER'S RESPONSE AND EXCEPTIONS TO THE PROPOSAL FOR DECISION**

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Comes Now, Petitioner, the Texas Department of Motor Vehicles (TxDMV), and files its response and exceptions to the Proposal for Decision (PFD) issued by the Administrative Law Judge (ALJ) in this matter on December 17, 2024. In response to the PFD, the TxDMV requests the following exceptions and modifications to the PFD.

**I. REQUEST FOR EXCEPTIONS TO SANCTIONS**

1. The ALJ found that there were 903 buyer's temporary tags without corresponding vehicle sales for a total of 903 violations. On page 14 the ALJ recommended a civil penalty in the amount of \$1,000 per violation. Petitioner agrees that this is the appropriate sanction. The PFD is unclear; however, as to how the total civil penalty (CVP) amount is calculated. At page 14, the specific circumstances of the dealer are considered ("size of dealership, types of previous violations") which seems to imply that the recommended penalty of \$93,000 was capped; however, the PFD states on page 14 "\$1000 per violation, for a total of \$93,000 in civil penalties" which suggests a mathematical error.

2. On page 13, the ALJ acknowledges that 903 violations at \$1,000 per violation would be \$903,000; however, Petitioner did not request a CVP of \$903,000. The PFD does not discuss the requested capped amount of \$500,000. Petitioner would like to point out that at \$500,000 the CVP would break down to \$553.71 per violation. The PFD's CVP of \$93,000 comes out to

\$102.99 per violation. Petitioner requests that the CVP of \$1,000 per violation be capped at \$500,000 as sought. A CVP of \$500,000 is proper based on the high number of violations and is a clear signal of the seriousness of the violation. Furthermore, it is a proper deterrent for future violations of this quantity. Accordingly, Petitioner requests that page 14 of the PFD as well as Conclusion of Law number 12 be modified to a civil penalty of \$500,000.

## II. CORRECTION OF CLERICAL ERRORS

3. Petitioner requests a correction to Conclusion of Law number 1. The citation to Tex. Transp. Code § 503.095(2) should be § 503.095(a).

4. Petitioner requests a correction to Conclusion of Law number 11. Throughout the PFD, the timeframe for the violations is correctly stated as January 1, 2022, through July 31, 2022 (with the exception of item “D” below); however, conclusion of law number 11 incorrectly states that the violations period is January 1, 2022, to June 30, 2022. Petitioner requests that end date of the timeframe in Conclusion of Law number 11 be corrected to July 31, 2022.

5. Petitioner requests a correction to Conclusion of Law number 13. The citation to Tex. Transp. Code § 503.038(a)(3) should be § 503.038(a)(12).

6. Petitioner requests a correction to the end date of the violations period stated on page 8 of the PFD. The time period is stated as ending July 30, 2022; however, there are 31 days in July. Accordingly, Petitioner requests the date at the top of page 8 be corrected to July 31, 2022.

7. Petitioner requests a correction of the status of Respondent’s license. On page 8 the license status should be corrected from “Expired Status” to “APA Expired Status.” Clarification is necessary because when a license is “APA Expired Status” there is an application to update or renew the license and a dealer may continue to operate as a dealer until a decision is made on the application. In “Expired” status, no application is pending, and if an application is not filed

within the 90-day grace period for a renewal application, the license will automatically be closed by TxDMV.

8. Petitioner requests a correction to the date of the entry of an Agreed Order between the Department and Respondent. On page 9 the date of the Agreed Final order is identified as being September 26, 2023; however, the correct date is September 6, 2023. The date is correctly stated in Findings of Fact number 3 on page 16.

### III. RESPONSE TO RESPONDENT'S EXCEPTIONS

9. Respondent's exceptions should be denied because Respondent failed to provide actionable exceptions. Respondent's exceptions consist of new and repeated arguments, requests to reconsider admitted evidence, and general attempts to relitigate the case. Respondent's exceptions do not state that the ALJ misapplied or misinterpreted applicable law, agency rules, written policies, or prior administrative decisions; or that a prior administrative decision on which the ALJ relied is incorrect or should be changed; or that there were technical error(s) that should be corrected. *See* Texas Government Code § 2001.058(e).

10. Respondent goes on to request a lower civil penalty, that the license not be revoked, and that he be granted suspension only. Respondent gives no reasoning as to why a lower CVP should be granted, nor a proposed penalty amount; however, he mentions "a suspension period only as recommended by the DMV attorney prior to the hearing." Respondent misstates Petitioner's settlement offer. Nonetheless, all settlement offers were withdrawn when Respondent chose to move forward with trial.

WHEREFORE PREMISES CONSIDERED, Petitioner prays that the honorable Administrative Law Judge consider these exceptions to revise the PFD. Petitioner prays the civil penalty amount to be \$1,000 per tag capped at \$500,000; and that the clerical errors identified



herein are corrected. Petitioner prays for other such relief which it may be granted whether specifically pled or not.

Respectfully submitted,

/s/ Joyce K. Lowe

Joyce Lowe

Attorney – Enforcement Division

Bar Card 24013064

4000 Jackson Avenue

Austin, Texas 78731

(512) 465-1208 Direct

(512) 465-5650 Fax

[Joyce.Lowe@txdmv.gov](mailto:Joyce.Lowe@txdmv.gov)

### **CERTIFICATE OF SERVICE**

I certify that on December 31, 2024, a true and correct copy of this document was served on the following individuals at the locations and the manner indicated below.

#### **Electronic Filing**

Docket Clerk

State Office of Administrative Hearings

300 West 15<sup>th</sup> #504

Austin, Texas 78701

#### **VIA ELECTRONIC FILING, USPS CERTIFIED/ REGULAR MAIL, AND VIA EMAIL:**

**T.C. AUTO FINANCE, LLC**

23214 Redberry Ln

Katy, Texas 77494-4203

**Email:** [tcautofinance@gmail.com](mailto:tcautofinance@gmail.com)

/s/ Joyce K. Lowe

Joyce Lowe

Attorney – Enforcement Division

**Automated Certificate of eService**

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Joyce Lowe on behalf of Joyce Kaye Lowe

Bar No. 24013064

Joyce.Lowe@txdmv.gov

Envelope ID: 95749724

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Filing Description: Petitioner's Response and Exceptions to PFD

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**Case Contacts**

Name	BarNumber	Email	TimestampSubmitted	Status
Joyce Lowe		joyce.lowe@txdmv.gov	12/31/2024 11:20:05 AM	SENT
Nestor Hernandez		tcautofinance@gmail.com	12/31/2024 11:20:05 AM	SENT

# State Office of Administrative Hearings

Kristofer S. Monson  
Chief Administrative Law Judge

January 23, 2025

Texas Department of Motor Vehicles  
Attn: Joyce Lowe

VIA EFILE TEXAS

T.C. Auto Finance LLC  
Attn: Nestor Hernandez

VIA EFILE TEXAS

**RE: Docket Number 608-24-19753.ENF; Texas Department of Motor Vehicles No. 21-0015970; *Texas Department of Motor Vehicles v. T.C. Auto Finance LLC***

Dear Parties:

The undersigned Administrative Law Judge issued a proposal for decision (PFD) in this matter on December 17, 2024. T.C. Auto Finance LLC (T.C. Auto) and the Texas Department of Motor Vehicles (Department) filed exceptions, and the Department filed a reply to T.C. Auto's exceptions, all of which were timely. T.C. Auto did not respond to the Department's exceptions.

## **I. T.C. AUTO'S EXCEPTIONS AND THE DEPARTMENT'S RESPONSE**

In its exceptions, T.C. Auto contends that a third party—not T.C. Autos—issued the paper plates. T.C. Auto also argued that although the purported discovery of malware and the filing of a police report were done after the time period at issue, they were proof that T.C. Auto was not responsible for any of the actions asserted by the Department. Finally, T.C. Auto addresses the applicable mitigating factors under the Disciplinary Matrix that justify (1) a lower civil penalty and (3) not having

Exceptions Letter

January 23, 2025

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its license revoked or (3) a suspension, as offered during settlement discussions—according to T.C. Auto—by the Department prior to the hearing.

In its reply, the Department argued that T.C. Auto's exceptions consisted of new and repeated arguments, requests to reconsider admitted evidence, and attempts to relitigate the case.

T.C. essentially re-urges, in its exceptions, its position on the interpretation and applicability of the law and evidence. The ALJ fully considered and addressed T.C. Auto's arguments in the PFD. Accordingly, the PFD does not warrant change based on T.C. Auto's exceptions.

## **II. THE DEPARTMENT'S EXCEPTIONS**

### **A. EXCEPTIONS TO SANCTIONS**

The Department identified a mathematical error in the computation of the total of the civil penalties and argued the appropriate amount is \$500,000. While the Department agrees with the recommended \$1,000 per violation in the PFD, it did not agree with the recommended \$93,000 penalty of which the math did not add up to this sum.

The ALJ agrees that the \$93,000 was a mathematical error. Moreover, the \$1,000 per violation amount was a typographical error. The recommended penalty should have reflected \$100 per violation, for a total of \$90,300. As for the Department's arguments regarding the requested \$500,000, they were considered and found to be unsupported by the evidence. Thus, aside from the changes noted below, the ALJ declines Staff's requests to modify page 14 of the PFD and Conclusion of Law No. 12 to reflect a civil penalty of \$500,000.

Exceptions Letter

January 23, 2025

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**The ALJ makes the following changes:**

**To the final paragraph of IV. 1. on page 14:**

Regarding Respondent's misuse of the buyer's temporary tags, Staff provided insufficient evidence of economic harm to the public. The violation itself, however, is severe. Taking into consideration Respondent's failure to address the violations, size of dealership, types of previous violations, the ALJ recommends **\$100** per violation, for a total of **\$90,300** in civil penalties be assessed against Respondent.

**To Conclusions of Law (COL) 12:**

12. Respondent should be assessed a penalty of **\$90,300** for issuing 903 buyer's temporary tags without corresponding vehicle sales. Tex. Transp. Code § 503.038(a)(12); Tex. Occ. Code § 2301.801(a).

**B. CORRECTION OF CLERICAL ERRORS**

Staff noted six clerical errors, which the ALJ agrees to correct. The ALJ, therefore, makes the following changes:

**To COL 1:**

1. The Department has jurisdiction and authority to revoke, probate, or suspend a license to sell a motor vehicle, and to reprimand and/or impose a civil penalty against a license holder. Tex. Transp. Code §§ 503.038(a), .095(**a**); Tex. Occ. Code §§ 2301.651, .801(a).

Exceptions Letter

January 23, 2025

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**To COL 11:**

11. Respondent misused the buyer's temporary tags or failed to comply with the requirements for issuance or recordkeeping of the buyer's temporary tags during the period of January 1, 2022, through **July 31, 2022**, by issuing 903 buyer's tags without corresponding vehicle sales.

**To Findings of Fact (FOF) 2.g.**

- g. In July 2022, Respondent created 183 buyer's temporary tags. Respondent reported to HCAD on its Tax Statement that it sold 57 vehicles in **July 2022**.

**To COL 13:**

13. Respondent's GDN should be revoked. Tex. Transp. Code § 503.038(a)(**12**).

**To the top of page 8:**

buyer's temporary tag by issuing them in excess of reported sales, during the period of January 1, 2022, through **July 31, 2022**.

**On page 8:**

The Department issued Respondent Motor Vehicle GDN P119179<sup>1</sup> on November 9, 2012, and the license is in **APA** Expired Status.<sup>2</sup>

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<sup>1</sup> Pet. Ex. 1a.

<sup>2</sup> Pet. Ex. 1b.

Exceptions Letter

January 23, 2025

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On **page 9**:

On September 6, 2023, the Department and Respondent entered into an Agreed Final Order,<sup>3</sup> in which Respondent admitted to misusing a buyer's temporary tag or failing to comply with the requirements for issuance or recordkeeping of the buyer's temporary tag in connection with the sale of a vehicle.

The PFD is ready for the Board's consideration as modified above.

ALJ Signature:

A handwritten signature in dark ink, appearing to read "Amber Morgan", is written over a horizontal line.

Amber Morgan

Presiding Administrative Law Judge

CC: Service List

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<sup>3</sup> Pet. Ex. 20.

**Automated Certificate of eService**

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Envelope ID: 96541929

Filing Code Description: Exceptions Letter

Filing Description: No Exceptions Letter

Status as of 1/23/2025 4:21 PM CST

Associated Case Party: T.C. Auto Finance LLC

Name	BarNumber	Email	TimestampSubmitted	Status
Nestor Hernandez		tcautofinance@gmail.com	1/23/2025 4:16:17 PM	SENT

**Case Contacts**

Name	BarNumber	Email	TimestampSubmitted	Status
Joyce Lowe		joyce.lowe@txdmv.gov	1/23/2025 4:16:17 PM	SENT



**BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES**

TEXAS DEPARTMENT OF MOTOR	§	
VEHICLES, Petitioner	§	
	§	
v.	§	
	§	SOAH DOCKET NO. 608-24-19753.ENF
T.C. AUTO FINANCE LLC,	§	DMV CAUSE NO. 21-0015970.ENF
Respondent	§	
	§	

**RESPONDENT'S PROPOSED FINAL ORDER**

In October 24<sup>th</sup>, 2022 a Notice of the Department Decision was received, that notice denied access to the E-Tag System, as well as recommended sanctions to T.C. AUTO FINANCE LLC, same notice states that we may continue operating the business and RENEW our license while the case is pending, UNLESS the ALJ orders you to stop operating during the case. The right to renew our license and continue operating the business has been violated by the Department, we timely filed the application for renewal in October 26<sup>th</sup>, 2022. However, our license has never been renewed since then, the case has been pending for two and a half years while our right to continue running our business has been violated by the Department, the right to a fair process has been violated and it seems like we are dealing with an entity with such power that can be PART and JUDGE in the same process making the case completely unfair.

During this process we have been working hard to prove that we have been victims of a cybercrime by a third party, we hired investigators, involved 2 police departments and hired a third party to evaluate and create a cyber assessment to evaluate if there was any breach in our system, plus multiple witness that testified at the hearing that proved that a third party was involve in this case, we presented all the proofs to the Department and multiples documents, police reports, cyber assessments and testimonies that proves that a third party was involved in this case proving that T.C. AUTO FINANCE LLC, has been the victim on a malicious attack against our company creating damage not only to the ETAG SYSTEM but also to the bank accounts, internal data and access to our online auctions were they were able to buy and steal vehicles using our accounts through hacking our entire system, despite all efforts and all the documentation presented to the Department the only response we received was that the Department represented the state, it seemed like finding the perpetrator of the acts was not important, but punishing whoever carry the license was the ultimate goal of the Department as no cooperation or any type of consideration was received when all proof were presented.

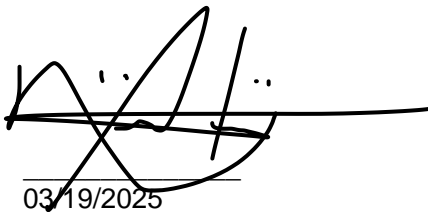
The Notice of Department Decision was received and contested, in October 17<sup>th</sup> 2024, the hearing was conducted at the SOAH, the day of the hearing T.C. AUTO FINANCE LLC, had introduced 32 EXHIBITS to prove and show how we had been victims of the perpetrators sadly only 2 of those 32 EXHIBITS were accepted by the ADMINISTRATIVE LAW JUDGE, making the process less favorable to us and all the work done in these two years of spending resources and time disappeared in a blink of an eye, now we have to deal with an unfair PFD that was based on records presented by the Department, records collected by the system and witnesses that are the same coworkers that testified about the job they do at the office but have not witnessed any of the accusations made by the department which we consider UNACCEPTABLE and HIGHLY unfair.

This case is different than previous cases where no proofs or third party committing a crime was involved and the acts were merely done by the administrators of the licenses, this case has multiples ways to prove that, not only TXDMV has been a victim but also T.C. AUTO FINANCE LLC, and it is obvious that the E-TAG SYSTEMS had too many flaws that led to vulnerabilities and security risks that affected to great extent too many sectors of society to the point that now the E-TAG SYSTEM HAS BEEN ABOLISHED IN TEXAS, that proves that the system failed and created many issues to many of us, now we are involved in this case where we have been the victims of the system and we only as ask consideration for it.

**PROPOSED FINAL ORDER;**

We propose that all the presented aspects are taken into consideration, that T.C. AUTO FINANCE LLC has proved with multiples sources its innocence, that respondent has been a victim in this case, respondent's right have been violated by the Department for a period of two and half years, the Department has imposed sanctions to T.C. AUTO FINANCE LLC while the case is pending and has violated the rights of the respondent without a firm resolution for a period of two and half years, the old law concerning E-Tag system has been derogated and a new law concerning E-TAG has been created and respondent should be permitted, after two and a half year of an unfair process, to renew its license and conduct business in a regular manner once again.

We highly appreciate the consideration from our point of view to this important matter and absolve from all accusations made by the department to T.C. AUTO FINANCE LLC.



03/19/2025

## Houston Police Department

0360484-23

Suppl No  
ORIG

Reports



Houston Police Department  
1200 Travis Street  
Houston, Texas 77002  
713-884-3131 Emergency Dial 9-1-1

Reported Date/Time

3/13/2023 09:32

Offense Report Title

Investigation - Forgery/Fraud/Counterfeit

Officer Name

GUEVARA, L A

## Administrative Information

Address 4518 BINGLE RD					City HOUSTON		Zip 77092	
District 3B10	Station NS	District 03	From Date 03/13/2023	From Time 09:30	To Date	To Time 00:00	Primary Unit 3B19D	
Officer 1 Name GUEVARA, L A					Division North - Days - Patrol			
Officer 2 Name					Division			
Weather COOL		Offense County Harris County			Est. Loss Value None or Not Applicable			
Hate Crime No	Family Violence No	Metal Theft No	Gang Crime No					

## Complainant - Business / Government 1: T C AUTO FINANCE

Address 4518 BINGLE RD		City HOUSTON	State TX	Zip Code 77092
Phone(s): Cell - Mobile (832)649-5378				

## Complainant 1: HERNANDEZ, NESTOR (Requestor)

Race White or	Sex Male	Ethnicity Hispanic or Latino	Height (Y)	Weight 5'08"	Age 160#	Age 47
Address 4518 BINGLE RD		City HOUSTON	State TX	Zip Code 77092		
Phone(s): Cell - Mobile (832)649-5378						

## Summary

Unknown person is selling paper plates on line using the complainant's business name and account number.

Report Officer GUEVARA, L A	Printed At 03/24/2023 01:18	Page: 1 of 1
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## Harris County Sheriff's Office

Incident Case Number: 2303-05128

Reporting Agency: Harris County Sheriff's

Print Date/Time: 03/24/2023 12:30:37

**Disclaimer: The information contained within this report is reflective of the investigation at the date and time of its printing.**



# INCIDENT/INVESTIGATION REPORT

Harris County Sheriff's Office

Case # 2303-05128

Status Codes 1 = None 2 = Burned 3 = Counterfeit / Forged 4 = Damaged / Vandalized 5 = Recovered 6 = Seized 7 = Stolen 8 = Unknown						
D R U G S	IBR	Status	Quantity	Type Measure	Suspected Type	Up to 3 types of activity

Assisting Officers

Suspect Hate / Bias Motivated: *NONE (NO BIAS)*

## NARRATIVE

An (un)known offender(s) obtained, possessed, or used the identity of the victim with the intent to harm or defraud someone.



# Incident Report Related Property List

Harris County Sheriff's Office

OCA: 2303-05128

1 Property Description <b>DOCUMENTS/PERSONAL OR BUSINESS</b>		Make		Model		Caliber	
Color	Serial No.	Value <b>\$0.00</b>	Qty <b>1.000</b>	Unit	Jurisdiction <b>Locally</b>		
Status <b>Stolen, Embezzeled,</b>	Date <b>03/13/2023</b>	NIC #	State #	Local #	OAN		
Name (Last, First, Middle) <b>* No name *</b>		DOB		Age	Race	Sex	

Notes



**BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES****TEXAS DEPARTMENT OF MOTOR  
VEHICLES, Petitioner****v.****T.C. AUTO FINANCE LLC, Respondent**§  
§  
§  
§  
§  
§**SOAH DOCKET NO. 608-24-19753.ENF  
DMV CAUSE NO. 21-0015970.ENF****PETITIONER'S PROPOSED FINAL ORDER**

The above-referenced case was brought before the Texas Department of Motor Vehicles Board (Board) on April 10, 2025, in the form of a Proposal for Decision (PFD), dated December 17, 2024, from the State Office of Administrative Hearings (SOAH). The case involves an enforcement action brought by the Texas Department of Motor Vehicles (Department) against T. C. Auto Finance LLC (Respondent).

After considering the administrative record, the Board enters this Final Order.

The changes to the PFD in this Final Order are permissible under Texas Government Code §2001.058(e)(1) because the Administrative Law Judge (ALJ) did not properly apply or interpret applicable law, agency rules, or prior administrative decisions. Specifically, the ALJ considered the factors in section of 2301.801(b) of the Texas Occupations Code that the Board is required to consider in assessing a civil penalty, but the ALJ's penalty of \$90,300 for 903 buyer's temp tags without corresponding sales from January 1, 2022, through July 31, 2022, does not coincide with the Department's prior history in how the Department treats aggravating factors. Additionally, changes to technical errors in the PFD's findings of fact are permissible under section 2001.058(e)(3) of the Texas Government Code

1. In accordance with Texas Government Code §2001.058(e), the specific reasons and legal basis for the Board's changes to the ALJ's Findings of Fact (FOFs) and Conclusions of Law (COLs) follow:

1. Changes Based on Clerical/Technical Errors:

The Board amends Conclusion of Law (COL) No. 1 to read:

*The Department has jurisdiction and authority to revoke, probate, or suspend a license to sell a motor vehicle, and to reprimand and/or impose a civil penalty against a license holder. Tex.*

*Transp. Code §§ 503.038(a), .095(a); Tex. Occ. Code §§ 2301.651, .801(a).*

The modification is necessary because the ALJ made a technical error by misstating the citation to Tex. Trans. Code § 503.095(a) as 503.095(2). In her letter dated January 23, 2025, addressing exceptions and corrections, the ALJ stated this correction is necessary.

The Board amends COL No. 11 to read:

*Respondent misused the buyer's temporary tags or failed to comply with the requirements for issuance or recordkeeping of the buyer's temporary tags during the period of January 1, 2022, through July 31, 2022, by issuing 903 buyer's tags without corresponding vehicle sales.*

The modification is necessary because the ALJ made technical errors in COL No. 11 by misstating the ending date of the timeframe of the violations. The end date should be July 31, 2022, and not June 30, 2022. In her letter dated January 23, 2025, addressing exceptions and corrections, the ALJ stated this correction is necessary.

The Board amends COL No. 13 to read:

*Respondent's GDN should be revoked. Tex. Transp. Code § 503.038(a)(12).*

The modification is necessary because the ALJ made technical errors in COL No. 13 by misstating the citation to Tex. Trans. Code § 503.038(a)(12) as 503.095(a)(3). In her letter dated January 23, 2025, addressing exceptions and corrections, the ALJ stated this correction is necessary.

The Board amends Findings of Fact (FOF) No. 2.g. to read:

*In July 2022, Respondent created 183 buyer's temporary tags. Respondent reported to HCAD on its Tax Statement that it sold 57 vehicles in July 2022.*

The modification is necessary because the ALJ made technical errors in FOF No. 2.g. by misstating the month of July as June. In her letter dated January 23, 2025, addressing exceptions and corrections, the ALJ stated this correction is necessary.

The Board amends the top of page 8 of the PFD to read:

*buyer's temporary tag by issuing them in excess of reported sales, during the period of January 1, 2022, through July 31, 2022.*

The modification is necessary because the ALJ made technical errors at the top of page 8 of the PFD by misstating the end date of the violations period as July 30 instead of July 31. In her letter dated January 23, 2025, addressing exceptions and corrections, the ALJ stated this correction is necessary.

The Board further amends page 8 of the PFD to read:

*The Department issued Respondent Motor Vehicle GDN P1191791 on November 9, 2012, and the license is in APA Expired Status.*

The modification is necessary because the ALJ made technical errors at page 8 of the PFD by misstating Respondent's license status as being Expired Status instead of APA Expired Status. In her letter dated January 23, 2025, addressing exceptions and corrections, the ALJ stated this correction is necessary.

The Board amends page 9 to read:

*On September 6, 2023, the Department and Respondent entered into an Agreed Final Order, in which Respondent admitted to misusing a buyer's temporary tag or failing to comply*

*with the requirements for issuance or recordkeeping of the buyer's temporary tag in connection with the sale of a vehicle.*

The modification is necessary because the ALJ made technical errors at page 9 by misstating the date of an Agreed Order as September 26, 2023, instead of September 6, 2023. In her letter dated January 23, 2025, addressing exceptions and corrections, the ALJ stated this correction is necessary.

Changes to COL No. 12 Based on Improper Interpretation and Application of Texas Occupations Code §§ 2301.651, 2301.801(a), and Texas Transportation Code § 503.038(a)

The Board rejects COL No. 12.

The Board adds new COL No. 12 to read:

*Respondent should be assessed a civil penalty of \$500,000 for issuing 903 buyer's temporary tags without corresponding vehicle sales. Tex. Transp. Code § 503.038(a)(12); Tex. Occ. Code § 2301.801(a).*

An amendment to COL No. 12 is necessary because the ALJ found Respondent issued 903 buyer's temporary tags without corresponding sales over a 7-month period. While the ALJ cites to the factors outlined in 2301.801(b) of the Texas Occupations Code that the Board considers here, the ALJ's assessment of a civil penalty of \$100 per tag when there were 903 misused tags in a seven-month period does not align with the six factors in 2301.801(b) of the Occupations Code or Board's prior decisions.

COL 12 is actually a sanction recommendation. "The mere labeling of a recommendation as a conclusion of law or as a finding of fact does not change the effect of the ALJ's recommendation." *Tex. State Bd. of Dental Exam'rs v. Brown*, 281 S.W.3d 692, 697 (Tex. App.—Corpus Christi—Edinburg 2009, pet. denied) citing to *Granek v. Tex. State Bd. of Med. Exam'rs*,

172 S.W.3d 761, 781 (Tex.App.-Austin 2005, pet. denied). The board is not required to give presumptively binding effect to recommendations regarding sanctions in the same manner as with other findings of fact and conclusions of law. *Id.* In this case, the TxDMV Board, and not the ALJ, is the ultimate decision maker regarding sanctions so long as the Board follows Texas Government Code §2001.058(e) in describing in writing the reasons and legal basis for its changes to the ALJ's sanction recommendations. See *Tex. State Bd. of Dental Exam'rs v. Brown* at 697, 701-04.

The ALJ states in her January 23, 2025, letter on exceptions that the original proposed civil penalty in the amount of \$93,000 was a mathematical error. Further, the ALJ states that the recommended \$1,000 per violation in the PFD was a typographical error and the recommended penalty should have reflected \$100 per violation for a total civil penalty of \$90,300.

The modification to COL 12 is necessary because the ALJ did not properly apply or interpret the factors in Texas Occupation Code 2301.801(b), that the Board considers in determining the amount of a civil penalty, including the seriousness of the violation, the economic damage caused to the public by the violations, Respondent's history of previous violations, and the amount necessary to deter a future violation, and any other matter that justice requires.

1. Seriousness of the Violation. Respondent issued 903 buyer's temporary tags without corresponding vehicle sales as shown in FOF No. 2. The misuse of temporary buyer's tags is a very serious offense, as it breaches the trust that the state puts in a GDN holder when it allows the license access to the state's registration and title system.

2. Any Other Matter that Justice Requires. The Department may consider any other matter that justice requires. Petitioner's Exhibit 28 shows the Disciplinary Matrix (DM) in use at

the time of the violations. The DM is a guide so dealers know what civil penalty ranges to expect. The Board is bound by the law. The DM recommends a high sanction of \$2,000 per misuse of a buyer's temporary tag. Tex. Occ. Code § 2301.801(a) gives authority to assess civil penalties of up to \$10,000 per violation. In this case, the Board recommends a strong sanction that falls in the midrange of the DM in effect at the time of the violations to reflect the adoption of the findings which include the 2301.801 factors. The appropriate sanction is \$1,000 per violation to be capped at \$500,000 given the egregiousness of the misuse of tags in such a short time.

Misuse of temporary buyer's tags breaches the trust that the state puts in a GDN holder when it allows the license access to the state's registration and title system. In the past, the Department has revoked GDNs of Respondents and ordered civil penalties based on improperly issuing buyers tags: *NJIM Group Inc.*, resulted in a final order for revocation and \$200,000<sup>1</sup> for 347 improperly issued buyers tags (10/16/23) and *Whaley Boy* resulted in a final order for revocation and \$87,000<sup>2</sup> civil penalty for issuing 174 temporary tags without corresponding sales.

**ACCORDINGLY, IT IS ORDERED:**

1. Findings of Fact 1, 2.a-f, and 3-6, and Conclusions of Law 2-10, are adopted as set forth in the PFD dated December 17, 2024.
2. Finding of Fact No. 2.g as set forth in the PFD is amended as stated above in this Final Order.
3. Conclusion of Law No. 1 as set forth in the PFD is amended as stated above in this Final Order.

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<sup>1</sup> This equates to approximately \$576 per buyer's temporary tag.

<sup>2</sup> This equates to \$500 per buyer's temporary tag.

4. Conclusion of Law No. 11 as set forth in the PFD is amended as stated above in this Final Order.
5. Conclusion of Law No. 12 as set forth in the PFD is amended as stated above in this Final Order.
6. Conclusion of Law No. 13 as set forth in the PFD is amended as stated above in this Final Order.
7. Respondent's General Distinguishing Number license is revoked.
8. Respondent is assessed a penalty of \$500,000.
9. Any other motions, requests for entry of specific findings of fact or conclusions of law, exceptions, objections, and requests for general or specific relief by the parties to this contested case, if not expressly granted herein, are hereby denied.

Date: \_\_\_\_\_

---

Charles Bacarisse, Chair  
Board of the Texas Department of Motor Vehicles

Board Meeting Date: 4/10/2025  
ACTION ITEM

To: Texas Department of Motor Vehicles Board  
From: Annette Quintero, Vehicle Titles & Registration Division Director  
Agenda Item: 6  
Subject: Specialty Plate Design

### **RECOMMENDATION**

Action Item. The Vehicle Titles and Registration Division seeks board approval or denial for three plate designs submitted for your consideration. The three plate designs are from the marketing vendor, My Plates.

### **PURPOSE AND EXECUTIVE SUMMARY**

Sigma Gamma Rho and Houston Christian University are new plate designs, and Ducks Unlimited is a crossover design.

### **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.





## Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

The plate designs listed below were presented to the public in March 2025 eVIEWS. The count of the public's "like/dislikes" are noted below:

Sigma Gamma Rho	NEW	
938 people liked this design and 192 did not		
Houston Christian University	NEW	
194 people liked this design and 120 did not		
Ducks Unlimited	STATE PLATE DESIGN	CROSSOVER
223 people liked this design and 154 did not		



## SIGMA GAMMA RHO



## DUCKS UNLIMITED



## HOUSTON CHRISTIAN UNIVERSITY





# TEXAS SPECIALTY PLATE BUSINESS

Vehicle Titles and  
Registration Division  
Special Plates Unit (5FTEs) 04/25



VTR Director  
Annette Quintero

## APR. 2025



### NEW VENDOR PLATES LONE STAR BLACK BADGE LONE STAR FLAG



### VENDOR PLATE REDESIGNS PURDUE UNIVERSITY EAST TEXAS A&M



**SLP AVAILABLE** \_\_\_\_\_ **566**  
**MILITARY AND DV** \_\_\_\_\_ **220**  
**RESTRICTED USE** \_\_\_\_\_ **64**  
**STATE SPECIALTY** \_\_\_\_\_ **129**  
**VENDOR SPECIALTY** \_\_\_\_\_ **153**



#### TOP TEN DATA 02-2025

	LINKED	UNLINKED	TOTAL
1. CONSERVATION: HORNED LIZARD	4,421	183	4,604
2. ANIMAL FRIENDLY	4,295	170	4,465
3. CONSERVATION: BLUEBONNET	3,182	169	3,351
4. CONSERVATION: WHITE-TAILED DEER	1,850	86	1,936
5. CONSERVATION: HUMMINGBIRD	1,403	83	1,486
6. BIG BEND NATIONAL PARK	1,387	63	1,450
7. CONSERVATION: LARGE MOUTH BASS	1,104	59	1,163
8. NATIVE TEXAN	1,103	40	1,143
9. CONSERVATION: CAMPING	1,021	62	1,083
10. CONSERVATION: MONARCH BUTTERFLY	845	83	928



1. CLASSIC BLACK	37,200	7,164	44,364
2. LARGE STAR WHITE-BLACK	21,443	2,858	24,301
3. CLASSIC BLACK-SILVER	9,885	1,408	11,293
4. TEXAS BLACK 1845	8,195	1,312	9,507
5. LONE STAR BLACK	7,225	1,097	8,322
6. CARBON FIBER	6,443	1,316	7,759
7. LONE STAR CARBON FIBER	3,674	693	4,367
8. LONE STAR 1836	2,973	506	3,479
9. STATE OF THE ARTS	2,798	438	3,236
10. LOVE HEART	2,450	366	2,816



1. DISABLED VETERAN	126,621	3062	129,683
2. DV U.S. ARMY	30,479	771	31,250
3. DV U.S. MARINE CORPS	17,885	388	18,273
4. DV U.S. U.S. AIR FORCE	14,183	297	14,480
5. DV U.S. NAVY	12,887	306	13,193
6. MERITORIOUS SERVICE MEDAL	10,298	323	10,621
7. U.S. MARINE CORPS	9,492	463	9,955
8. U.S. ARMY	8,672	405	9,077
9. PURPLE HEART	8,577	242	8,819
10. DV BRONZE STAR MEDAL	7,798	170	7,968

### SPECIAL PLATES UNIT CUSTOMER SERVICE STATISTICS FY 2025

**39,699**

**13,156**

**37**

**4,912**

**1,120**

**10**

**2,281**

Personalized Plate  
Applications Reviewed  
(97% Approved)

Telephone Calls

Walk-in  
Customers

Emails

Refunds

Public Information  
Open Records

Correspondence  
(Including Plate  
Applications)



To: Texas Department of Motor Vehicles Board  
From: Glenna Bowman, Chief Financial Officer  
Agenda Item: 7.A.i.  
Subject: Enterprise Projects - Camp Hubbard Renewal Project

## **RECOMMENDATION**

Briefing Only.

## **PURPOSE AND EXECUTIVE SUMMARY**

Briefing item only to provide an update on the Camp Hubbard Renewal Project.

## **FINANCIAL IMPACT**

N/A

## **BACKGROUND AND DISCUSSION**

The Camp Hubbard Renewal Project is underway, and the following tasks have been completed or are currently in process:

- **TPFA financing:** Texas Public Finance Authority (TPFA) issued the first disbursement of project funds on 3/13/2025, in the amount of \$8,945,000.00.
- **Furniture Design:** Division directors are meeting with the interiors design team to finalize office furniture layouts.
- **Construction Progress:** Construction is 6% complete.
- **Building CH-6 Renovations:**
  - Selective demolition on floors 1, 3 and 4 is complete.
  - Selective exterior demolition is scheduled to be completed the first week of April, followed by the new entrance structural work.
  - Office renovations have wall framing and rough-in work for mechanical and electrical systems underway.
  - Estimated completion in early Fall 2025.
- **Demolition and Site Utilities:**
  - Flintco Construction has completed the demolition of buildings CH-3 and CH-5.
  - CH-2 demolition will start on 3/31/2025 pending successful connection of the rerouted water lines on 3/29/2025.
  - Underground utilities relocations are 80% complete.
  - Austin Energy has completed new service to CH-4 and removed decommissioned transformers.
  - As of the end of February, 97 trucks have hauled off a total of 1,175 tons of materials from the site. 25% of demolition debris materials have been diverted from the landfill. The quantities do not include the salvaged brick that will be used in CH-6 exterior renovations, or tree trimming materials that were made into mulch for the existing trees.

- New Building Construction:
  - The new building foundation preparation work is currently scheduled to begin in April.



To: Texas Department of Motor Vehicles Board  
From: Roland Luna, Deputy Executive Director  
Agenda Item: 7.A.ii  
Subject: Enterprise Projects - House Bill (HB) 718 Implementation

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## **RECOMMENDATION**

Briefing Only.

## **PURPOSE AND EXECUTIVE SUMMARY**

This briefing serves to provide the current state of the TxDMV's implementation plan for House Bill (HB) 718, which eliminates various temporary tags and timed permits. This will provide an overview of the ongoing efforts related to statutory changes, operational impacts, operational considerations, and coordination with stakeholders.

## **FINANCIAL IMPACT**

For the implementation of HB 718, TxDMV was appropriated \$35 million for the 2024-2025 biennium with 2.0 FTE in 2024 and 44.0 FTE in 2025.

## **BACKGROUND AND DISCUSSION**

TxDMV began working on the implementation of HB718 by creating various committees to assist with different components of the legislation. Over the course of the last two years, the eight (8) committees have been actively managing the implementation of HB 718. Each committee is tasked with clearly defined goals to make the implementation of HB 718 seamless and efficient across the TxDMV Department.

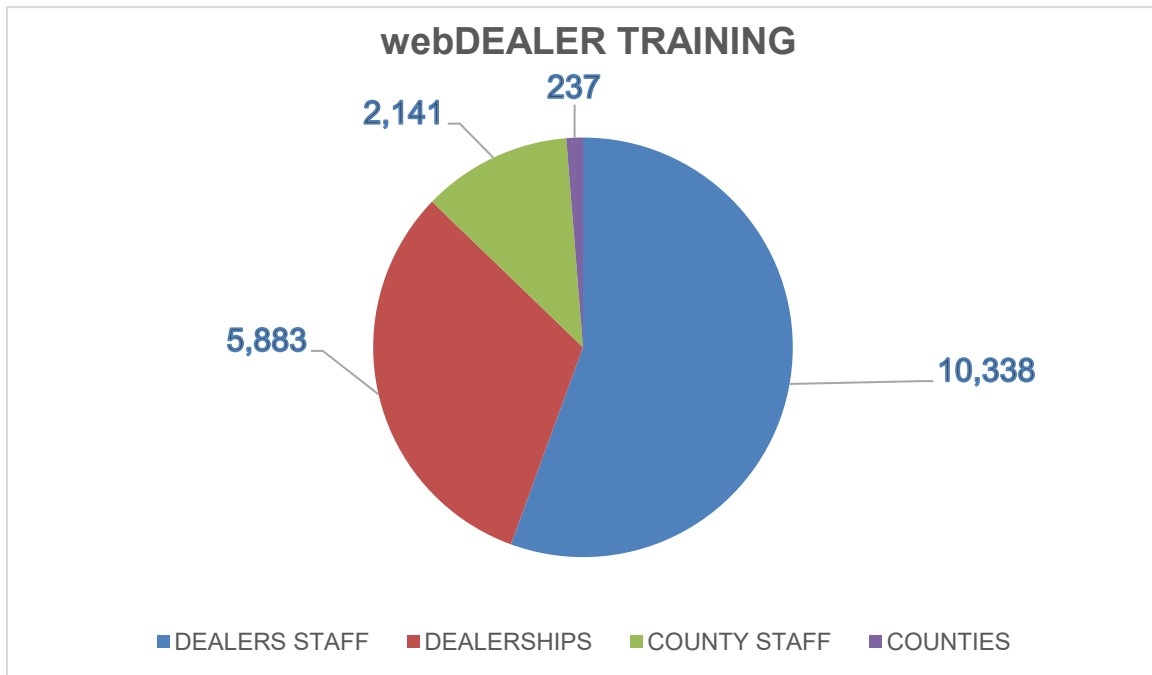
Committees include technology, license plate design & manufacturing, compliance, regulatory affairs, program implementation, communications, training and executive advisory. Since the last update, the committees have continued to organize the committees' goals, and tasks, and coordinate cross-committee efforts.

The technology committee is currently on track to achieve integration and deployment of the inventory management system. The committee continues to focus on various enhancements to TxDMV systems, data management, and system testing to ensure access and functionality for stakeholders.

The training committee developed a new comprehensive cross-agency training plan that ensures proper implementation of new processes associated with HB 718. This plan includes six core training topics: informational sessions, webDEALER system and training requirements, metal plate processes, inventory management, process changes, and law enforcement.

Training has been provided to stakeholders by several divisions and staff members, increasing the number of training opportunities, which enhances the reach for a wider range of internal learners around these topics. Training content is currently in the final stages of development for metal plate processes, inventory management system training, and metal plate changes for law enforcement.

There has been a total of 105 webDEALER training sessions between February 2024 and February 2025. The total number of dealer and county attendees trained across all forms of available webDEALER training, to include in-person, virtual (including Talent LMS) and on-demand through February 2025 is 12,479.





Board Meeting Date: 4/10/2025  
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board  
From: Annette Quintero, Vehicle Titles & Registration Division Director  
Agenda Item: 7.A.iii  
Subject: Enterprise Projects - Regional Service Center (RSC) Expansions, Moves, and Renovations

### **RECOMMENDATION**

Briefing Only.

### **PURPOSE AND EXECUTIVE SUMMARY**

The primary purpose of this briefing is to provide an update for the Board of the Vehicle Titles and Registration Division (VTR) Regional Services Section office expansions, moves, and renovations.

### **FINANCIAL IMPACT**

During the 88<sup>th</sup> Legislative Session, TxDMV received funding to open additional regional service centers in the Dallas and Houston areas to accommodate the growing service demands of customers. TxDMV's total biennium appropriation was \$3.4 million for the Dallas and Houston expansions and eight (8) FTEs for these locations.

### **BACKGROUND AND DISCUSSION**

VTR continues to actively work on these projects. Remodel and expansion projects have included completing the relocation of RSCs in San Antonio and remodel in Midland-Odessa. Currently underway is the buildout of the new Dallas South and Houston South expansions, and the relocation of the Pharr RSC in coordination with the Texas Department of Transportation (TxDOT).

On January 7, 2025, TxDOT awarded the construction bid to Assisted Building Solutions for the relocation project for the Pharr RSC. Construction is estimated for 5-6 months once building begins. Construction should end by August 2025.

In the Dallas area, TxDMV will have an additional RSC located at 562 E. Wheatland Road, Duncanville. Construction started in November 2024 with a projected completion date in early Spring 2025. During the last phase of this project, installations of furniture, information technology equipment, and security equipment will be completed. The following photo is of the new location in Duncanville.



## Texas Department of Motor Vehicles

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In the Houston area, the additional RSC will be located at 11720 W. Airport Blvd., Meadows Place. Construction is planned to start April 2025 and is projected to complete by August 2025. In April, this RSC will be completing a sprinkler system to safeguard the property inside and out to meet the fire safety demands of the city. The following photo is of the new RSC in Meadows Place.





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**To:** Texas Department of Motor Vehicles Board  
**From:** Wendy Barron, Chief Information Officer  
**Agenda Item:** 7.B.i  
**Subject:** Technology Projects – Registration and Title System (RTS) Replacement and Ecosystem Modernization

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**RECOMMENDATION**

Briefing only – No recommendation.

**PURPOSE AND EXECUTIVE SUMMARY**

To brief the Projects and Operations Committee on the status of the RTS Replacement and Ecosystem Modernization project.

**FINANCIAL IMPACT**

N/A

**BACKGROUND AND DISCUSSION****RTS Replacement and Modernization**

RTS was originally designed and built by the Texas Department of Transportation in the mid-1990s to process vehicle registration and title transactions. RTS has undergone continuous rebuilding, upgrades, and process improvements over time to maintain primary system functionality. While the system is stabilized for continued near-term use, advancements in technology and application development, as well as the workload demands of a growing state, are rendering this system obsolete. In the years since RTS was placed in service, the cost of maintaining the system has increased while the department's ability to adapt and change its use to better serve the evolving needs of the motoring public and state regulatory structures has decreased. For these reasons, the department must begin the process of replacing RTS and its associated applications.

The department initiated Phase One of the project in Fiscal Year 2024 with an allocated budget of \$6.75 million. This first phase includes the following activities:

- Updates to existing systems
- Internal Assessment of the RTS Ecosystem
- External Assessment and market research of options
- Quality Assurance Team deliverables development
- Organizational Change Management activities
- Procurement Assistance vendor selection

## **Upgrades to Existing Systems**

System upgrades are essential to maintaining optimization and ensuring long-term efficiency. To support transformation and migration efforts, ongoing initiatives are actively preparing existing systems for these advancements. Multiple upgrade projects are currently underway to enhance performance, security, and overall system resilience.

Phase Two is expected to begin in fiscal year 2026 and will include implementation and buildout of the replacement ecosystem following the plans developed in Phase One.

## **Internal Assessment of the RTS Ecosystem**

The internal assessment of the RTS Ecosystem, conducted by Deloitte, the Department of Information Resources (DIR) Technology Solution Services (TSS) vendor, is now complete. This assessment evaluated the current state of the system, developed a phased implementation plan for full system replacement, and provided migration recommendations to minimize service disruptions. The findings will guide strategic decisions to ensure a smooth transition while maintaining operational efficiency and service continuity. Additionally, this assessment will provide key information to potential vendors, enabling them to better inform their bids and align their proposals with the state's needs and objectives.

## **External Assessment of the RTS Ecosystem**

The external market research assessment, conducted by Gartner, a DIR Cooperative Contracts vendor, is now complete. This assessment identified industry-leading solutions, evaluated their implementation across the nation, and assessed modernization efforts in motor vehicle and transportation departments nationwide. The findings provide valuable insights into best practices and emerging technologies, helping to inform strategic planning and future system enhancements.

The findings from this assessment are now informing the planning of site visits to states comparable in size and scope to Texas. The selected states—Georgia, Arizona, and California—each utilize a different modernization approach: Georgia employs a Commercial Off-the-Shelf (COTS) solution, Arizona has developed a Build-Your-Own system, and California leverages a Low-Code platform. The objective of these visits will be to gain deeper insight into system usage and challenges while curating discussions on the successes and failures of various modernization efforts.

## **Quality Assurance Team (QAT) Deliverables Development**

As part of the Legislative Appropriations Request (LAR) package, a business case and project justification have been submitted to support the funding request. These documents are Quality Assurance Team (QAT) deliverables and are legally mandated for any LAR Exceptional Item funding request, ensuring transparency and accountability in the allocation of resources.

## **Organizational Change Management**

Organizational Change Management (OCM) is a critical success factor and integral to the success of the modernization process. A full-time employee has been hired specifically to support OCM efforts, ensuring dedicated focus on driving change throughout the modernization. Additionally, an external vendor contract will be executed within the next few weeks to provide support for the initial OCM project activities.

## **Procurement Assistance**

We are developing a solicitation to select a procurement assistance vendor to support the broader procurement effort for the modernization project. This vendor will help manage the procurement process. The solicitation is expected to be released in early summer, with the goal of executing the contract before the end of the fiscal year to maintain project timelines.

**Legislative Appropriations Request**

The current Legislative Appropriations Request (LAR) Exceptional Item is \$175 million, with funding allocated across key areas to support the modernization effort.

The intent of this request is to empower the agency to initiate early project activities, with a focus on currency and security to protect current systems, enable early delivery for immediate value, and drive quick wins to build momentum. Additionally, it aims to fully procure the large implementation contract to ensure the project's long-term success.

Board Meeting Date: 4/10/2025  
BRIEFING

**To:** Texas Department of Motor Vehicles Board  
**From:** Wendy Barron, Chief Information Officer  
**Agenda Item:** 7.B.ii  
**Subject:** Technology Projects - Other Projects

#### **RECOMMENDATION**

Briefing item with no recommendation.

#### **PURPOSE AND EXECUTIVE SUMMARY**

To brief the Projects and Operations Committee on the current active projects including project descriptions, status, budget, and end dates.

#### **FINANCIAL IMPACT**

N/A

#### **BACKGROUND AND DISCUSSION**

##### ***Voice to Cloud***

This project ensures the continuity of business operations for the department's phone systems and call centers by migrating the voice systems to Microsoft Teams, with the procurement of necessary software and implementation services. Additionally, a cloud-based contact center solution will be delivered through the procurement of cloud-based products and related services. The project also includes planning and facilitating change management, communications, and training to support the successful adoption of the new systems.

Project Status:

- The Genesys call center went live successfully on Tuesday, March 25, 2025.
- Teams calling will go live over a period of days the week of April 8, 2025
- Project Overall health is green.

Project End Date: April 2025

##### ***Motor Carrier Credentialing System (MCCS) Rewrite***

The Motor Carrier Credentialing System Rewrite project will replace the existing legacy MCCS system with a modern, reliable application supported by an external vendor. The project will reduce the operational risk to the department using improved technologies and ensure long-term support and operability.

Project Status:

- The vendor has been solicited, and the project is moving forward very quickly.
- Discovery and Analysis are complete for milestones one and two. Deliverables documentation has been received by TxDMV.
- Requirement Gathering is ongoing for milestone three.
- Requirements Traceability Matrix (RTM) and Wireframes are being completed
- A kick-off meeting with Rackspace, the Department of Information Resources (DIR) infrastructure vendor, took place Friday March 14, 2025.
- Project overall health is yellow because of delays in the solicitation process that have impacted the schedule. The project will remain yellow until the contracted vendor's schedule is incorporated into the overall project schedule. The project is within scope and within budget.

Project End Date: To be Determined (schedule will be re-baselined when the contracted vendor's schedule is incorporated into the overall project schedule).





**To:** Texas Department of Motor Vehicles Board  
**From:** Wendy Barron, Chief Information Officer  
**Agenda Item:** 7.C  
**Subject:** Payment Processing Transition

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**RECOMMENDATION**

Briefing only – No recommendation.

**PURPOSE AND EXECUTIVE SUMMARY**

This item provides an update on the payment processing transition for the Texas.gov platform.

**FINANCIAL IMPACT**

This project received no additional funding, but TxDMV is addressing costs with the existing operating budget.

**BACKGROUND AND DISCUSSION**

The Department of Information Resources (DIR) conducted a competitive procurement process for vendors interested in bidding on the payment processing for contract for Texas.gov transactions. DIR announced to all state agencies in April 2024 that First Data Merchant Services, LLC (FDMS) would be taking over the payment processing services from NIC/Tyler Technologies effective September 1, 2025. TxDMV began requirements-gathering meetings with DIR and FDMS in May 2024 to develop a transition plan for the 558 unique service codes that TxDMV uses to accept online payments through the Texas.gov platform. These service codes include online vehicle registration renewals through each of the 254 county Tax Assessor-Collector (TAC) offices and over-the-counter credit card transactions at each of the 16 TxDMV Regional Service Centers (RSCs) across the state. Additionally, services such as apportioned registrations, oversize/overweight permits, and specialty plates utilize the Texas.gov platform for online payments.

TxDMV, DIR, and FDMS developed a joint transition plan around other significant priority projects for TxDMV that would commence in March 2025 and be completed in August 2025.

In late February 2025, DIR informed the department that their vendor could not meet the interim deliverables required to align with the agreed-upon schedule. As a result, TxDMV staff removed the code from the late March release to accommodate this change. Shortly thereafter, DIR notified the department that the vendor contract with NIC/Tyler Technologies had been extended by their board to August 31, 2026. Considering other critical priority projects, TxDMV decided to pause this project until September 2025. However, three applications—MyPlates, TxFLEET, and GovQA — will continue with their transitions under a newly revised schedule to accommodate DIR's resource availability. A new schedule for all other applications will be developed in collaboration with DIR later this summer.



Board Meeting Date: 4/10/2025  
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board  
From: Eric Horn, Director of Accounting Operations  
Agenda Item: 7.D  
Subject: Accounts Receivable Project

#### **RECOMMENDATION**

Briefing item with no recommendation.

#### **PURPOSE AND EXECUTIVE SUMMARY**

This item provides an update on the Accounts Receivable system project.

#### **FINANCIAL IMPACT**

This project is funded with \$3.5 million in supplemental appropriations.

#### **BACKGROUND AND DISCUSSION**

The department received \$3.5 million in supplemental appropriations in House Bill (HB) 2 of the 87th Legislative Session for the deployment of an Accounts Receivable (A/R) system to ensure revenue collections are tracked accurately and consistently across the department. TxDMV contracted with an outside vendor in February 2022 to complete the first phase of the project, which was a study of the current decentralized process and to determine recommendations for available software that would best fit the department's needs. Additionally, the vendor recommended TxDMV pursue a Request for Information (RFI) with the vendor community to convey the department's unique system requirements and to obtain more precise cost information for each solution. TxDMV completed the RFI process in September 2022 and elected to pursue an A/R system using the cloud-based Microsoft Dynamics 365 Business Central platform. A project kick-off meeting commenced March 18, 2024.

The project has encountered delays due to unexpected infrastructure development issues with the selected cloud platform. TxDMV has partnered with a DIR-approved vendor to debug and resolve firewall blocks and cloud connections to department servers. The design of the system has been completed, and development continues, but all connection issues must be resolved prior to converting to a test and production environment. The current go-live plan includes two releases; the first is scheduled for October 2025 and will include all customers with outstanding receivable balances. The second release is planned for April 2026 and will include a fully functional master data management solution that synchronizes all customer payment activity with existing TxDMV systems.

**Board Meeting Date: 4/10/2025**  
**BRIEFING ITEM**

**To:** Texas Department of Motor Vehicles Board  
**From:** Keith Yawn, Government & Strategic Communications Division Director  
**Agenda Item:** 8.A  
**Subject:** 89th Regular Session Legislative Update

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### RECOMMENDATION

Briefing Only.

### PURPOSE AND EXECUTIVE SUMMARY

Government and Strategic Communications Division (GSC) staff will provide an overview of legislative activity related to department operations in the first half of the 89<sup>th</sup> Regular Legislative Session.

### FINANCIAL IMPACT

N/A

### BACKGROUND AND DISCUSSION

The 89<sup>th</sup> Texas Legislature convened in regular session on January 14, 2025, and will adjourn on June 2, 2025. By the bill filing deadline on March 14 more than 10,000 pieces of legislation had been filed, including the General Appropriations Act (biennial statewide budget) and the supplemental appropriations bill. Department staff are actively tracking 575 individual bills.

Ten bills have been filed to implement the statutory recommendations adopted by the board in August 2024. All the board recommendations are included in at least one bill. None of these bills are identical:

1. House Bill (HB) 4368 – Includes all the recommendations impacting title programs
2. HB 4966 – Implements a recommendation related to dealer access to department databases
3. HB 4967 – Clarifies that dealer temporary plates are issued for a one-time fee
4. Senate Bill (SB) 1365 – Implements several recommendations impacting registration programs
5. SB 2243 – Allows VIN inspection requirements to be set by rule
6. SB 2245 – Implements a recommendation related to bonded title applications
7. SB 2246 – Implements a recommendation related to salvage title processes
8. SB 2247 – Implements a recommendation related to rebuilt title processes
9. SB 2705 – Implements recommendations related to certain agricultural and specialty plate registrations
10. SB 2707 – Implements recommendations related to oversize/overweight permits



To: Texas Department of Motor Vehicles Board  
From: Glenna Bowman, Chief Financial Officer  
Agenda Item: 8.B  
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).

### **FINANCIAL IMPACT**

In January 2025, the Texas House of Representatives and the Texas Senate filed their individual versions of the state's budget bills, HB 1 and SB 1, respectively. Both bills included identical levels of requested baseline funding for the Texas Department of Motor Vehicles (TxDMV or the department).

In March 2025, following a series of public hearings, the House and Senate each filed a Committee Substitute for the budget bill, CSSB 1, that included additional funding items adopted for TxDMV, as discussed below.

### **BACKGROUND AND DISCUSSION**

The department submitted its Legislative Appropriations Request (LAR) to the Legislative Budget Board (LBB) on August 23, 2024. During the fall, 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 HB1 and SB1 included all baseline funding requested by TxDMV, including increases for postage, sticker paper, Data Center Services, PC Replacement, and Regional Service Center facilities maintenance. Both bills included all riders and rider revisions requested by TxDMV. The bills also continued 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). The introduced bills did not include the department's two exceptional items, 1) RTS Modernization and 2) Enhance and Improve Core Services and Customer Support.

### **Committee Recommendations**

In February and March, the House Appropriations and Senate Finance committees completed their separate reviews of agency appropriations request and incorporated their recommendations into committee substitutes for SB 1.

The House Appropriations Committee recommended funding for one of the department's exceptional items in House CSSB 1:

- 50 New FTEs to Enhance and Improve Core Services and Customer Support at the requested amount of \$6.4 million for FY 2026-2027 from the TxDMV Fund.



In addition, the House Appropriations Committee included \$125 million from General Revenue for RTS Modernization in HB 500, relating to supplemental appropriations.

The Senate Finance Committee recommended funding both of the department's exceptional items in CSSB 1:

- RTS Modernization – at the requested amount of \$175.0 million and funded with General Revenue
- 50 New FTEs to Enhance and Improve Core Services and Customer Support at the requested amount of \$6.4 million for FY 2026-2027 from the TxDMV Fund

Senate and House recommendations will be reconciled in April and May by a joint legislative conference committee that will present an amended General Appropriations Bill to both chambers.

Board Meeting Date: 4/10/2025  
BRIEFING

To: Texas Department of Motor Vehicles Board  
From: Glenna Bowman, Chief Financial Officer  
Agenda Item: 9.A.  
Subject: Semi-Annual Report of Revenue and Expenditures

### **RECOMMENDATION**

Briefing item only.

### **PURPOSE AND EXECUTIVE SUMMARY**

Attached is the TxDMV fiscal year (FY) 2025 semiannual report of revenue and expenditures for September 1, 2024 – February 28, 2025. The report includes statistical and detailed information on revenues, the TxDMV Fund 0010 balance, actual expenditures, and outstanding obligations.

Highlights include:

- TxDMV deposited \$1.0 billion in revenue to the General Revenue Fund (0001), State Highway Fund (0006), and TxDMV Fund (0010) in the first six months FY 2025, which is 3.7% more than FY 2024 deposits for the same time period.
- TxDMV Fund revenue deposits total \$92.6 million.
- The adjusted balance of the TxDMV Fund as of February 28, 2025, is \$123.4 million.
- TxDMV Fund actual expenditures total \$94.9 million, with \$81.6 million in outstanding obligations as of February 28, 2025.
- General Revenue Fund actual expenditures total \$1.0 million, with \$37.1 million in outstanding obligations as of February 28, 2025. General Revenue Fund obligations are primarily for Motor Vehicle Crime Prevention Authority (MVCPA) activities.

### **FINANCIAL IMPACT**

TxDMV is self-supporting and funds all its expenditures from revenues deposited to the TxDMV Fund, except the MVCPA, which receives its appropriation from a portion of the motor vehicle insurer fees collected by the state comptroller and deposited to the General Revenue Fund.

### **BACKGROUND AND DISCUSSION**

See the attached report.



# Texas Department of Motor Vehicles

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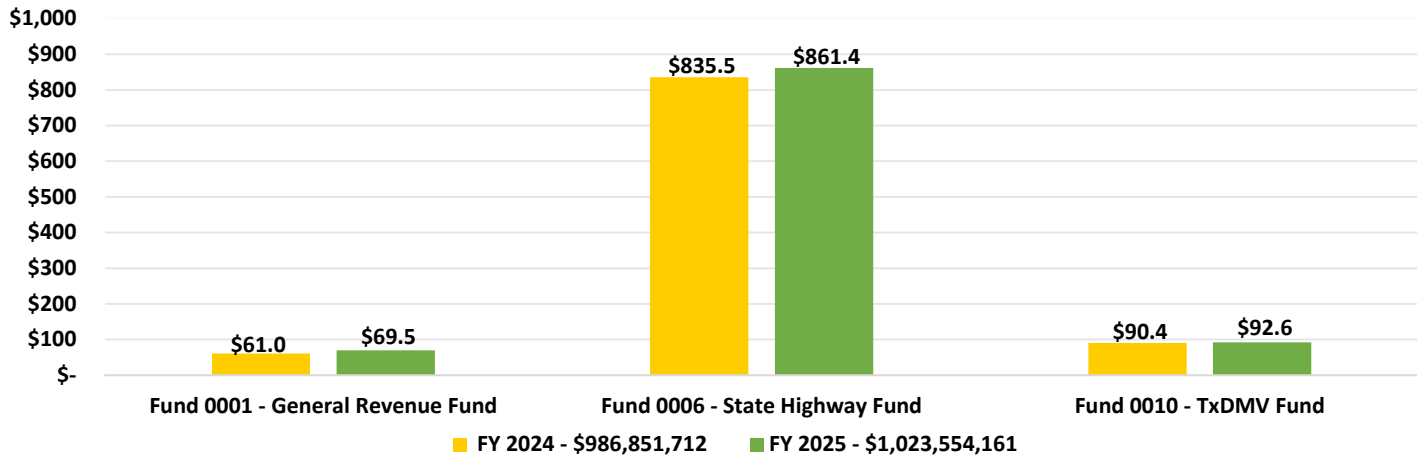
## FY 2025 Semiannual Report of Revenue and Expenditures (September 1, 2024–February 28, 2025)

April 10, 2025

## FY 2024 versus FY 2025 Revenues - All Funds

### September 1 through February 28

**FY 2024 and FY 2025 Comparison of Revenue by Fund**  
(in millions)



- The Texas Department of Motor Vehicles (TxDMV or the "department") collected \$1.0 billion through February 28, 2025. This is 3.7% more than FY 2024 collections. FY 2024 and FY 2025 revenue deposits for all funds by revenue category are shown in the chart below.

**FY 2024 and FY 2025 Revenue by Category - All Funds**

Revenue Category	FY 2024		FY 2025		Variance	% Difference
	Actual		Actual			
Motor Vehicle Certificates of Title	\$ 44,506,911	\$	45,158,203	\$	651,291	1.5%
Motor Vehicle Registration	813,813,914		839,442,682		25,628,768	3.1%
Motor Carrier - Oversize/Overweight	83,802,095		85,529,366		1,727,271	2.1%
Motor Carrier Credentialing	4,070,393		4,134,413		64,020	1.6%
Motor Vehicle Business Licenses	3,272,330		3,747,288		474,958	14.5%
Miscellaneous Revenue	10,447,441		18,153,092		7,705,651	73.8%
Processing and Handling Fee	26,938,627		27,389,117		450,490	1.7%
<b>Total</b>	<b>\$ 986,851,712</b>	<b>\$</b>	<b>1,023,554,161</b>	<b>\$</b>	<b>36,702,450</b>	<b>3.7%</b>

- Year-to-date in FY 2025, as compared to FY 2024, the state showed growth in all of the underlying fee-depositing activities, resulting in \$36.7 million more revenue than FY 2024 during the same time period.
- Motor vehicle certificates of title revenue rose from FY 2024 mostly because of an increase in original-title and delinquent title-transfer penalty collections. Oversize/overweight revenue increased due to a higher number of permits issued over the same time period of FY 2024. Higher motor vehicle business license revenue can be attributed to an increase in dealer-license applications.
- The increase in miscellaneous revenue is almost entirely attributable to the General Revenue Fund 0001 portion of the inspection-program replacement fee paid at annual registration of certain motor vehicles following the FY 2025 implementation of House Bill 3297, 88th Legislature, Regular Session; based on the statutory change, this fee portion newly flows through the TxDMV accounting system. The increase in processing and handling fee revenue is mostly due to the timing of remittances.

# FY 2025 Projected versus Actual Revenues - All Funds

## September 1 through February 28

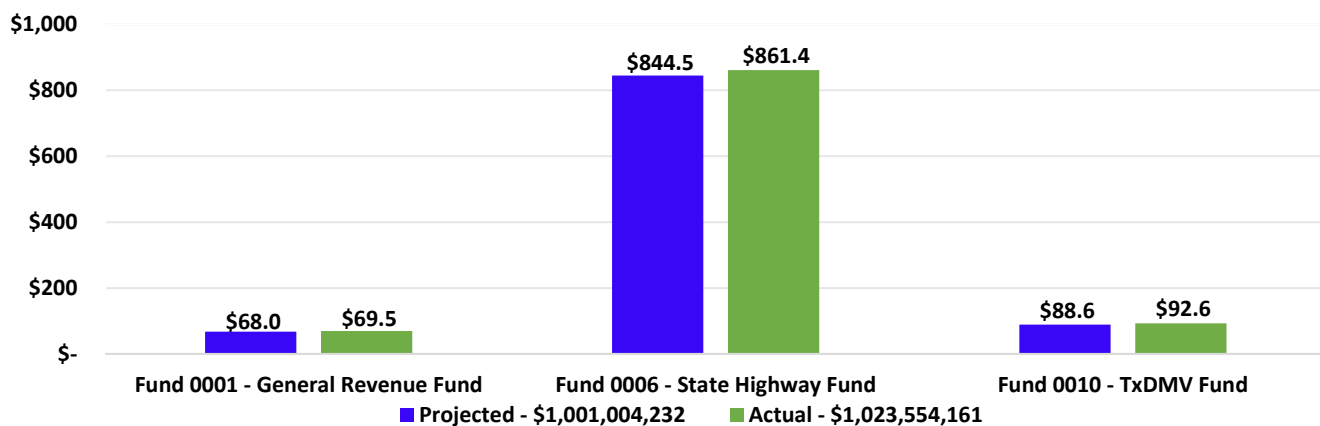
### FY 2025 Projected vs Actual Revenue by Category - All Funds

Revenue Category	FY 2025 Projected	FY 2025 Actual	Variance	% Difference
Motor Vehicle Certificates of Title	\$ 44,295,538	\$ 45,158,203	\$ 862,664	1.9%
Motor Vehicle Registration	822,204,444	839,442,682	17,238,239	2.1%
Motor Carrier - Oversize/Overweight	83,173,579	85,529,366	2,355,787	2.8%
Motor Carrier Credentialing	3,904,919	4,134,413	229,494	5.9%
Motor Vehicle Business Licenses	3,539,912	3,747,288	207,377	5.9%
Miscellaneous Revenue	17,299,000	18,153,092	854,092	4.9%
Processing and Handling Fee	26,586,840	27,389,117	802,277	3.0%
<b>Total</b>	<b>\$ 1,001,004,232</b>	<b>\$ 1,023,554,161</b>	<b>\$ 22,549,929</b>	<b>2.3%</b>

- Year-to-date revenue for FY 2025 is 2.3% (\$22.5 million) above projections mostly due to increased registration-fee collections.
- Motor Vehicle Certificates of Title revenue is 1.9% (\$862,664) above projections mostly due to a higher-than-expected number of original titles issued.
- Motor Vehicle Registration revenue is 2.1% (\$17.2 million) above projections because of more-than-expected electric-vehicle additional-fee collections and a higher number of annual-registration transactions.
- Motor Carrier Oversize/Overweight revenue is above projections by 2.8% (\$2.4 million) due to higher-than-expected permit issuance.
- Motor Carrier Credentialing is 5.9% (\$229,494) above projections due to a higher-than-expected number of credentialing applications filed. Motor Vehicle Business Licenses is 5.9% (\$207,377) above projections, resulting from a higher-than-expected number of applications submitted.
- The variance in miscellaneous revenue of 4.9% (\$854,092) is mostly due to higher-than-expected collections of the inspection-program replacement fee and Motor Carrier Act penalties. Processing and handling fee revenue is 3.0% (\$802,277) over projections mostly due to the timing of remittances.
- Total projected and actual revenues by fund are shown on the chart below.

### Sep - Feb FY 2025 Projected vs Actual Revenue by Fund

(in millions)



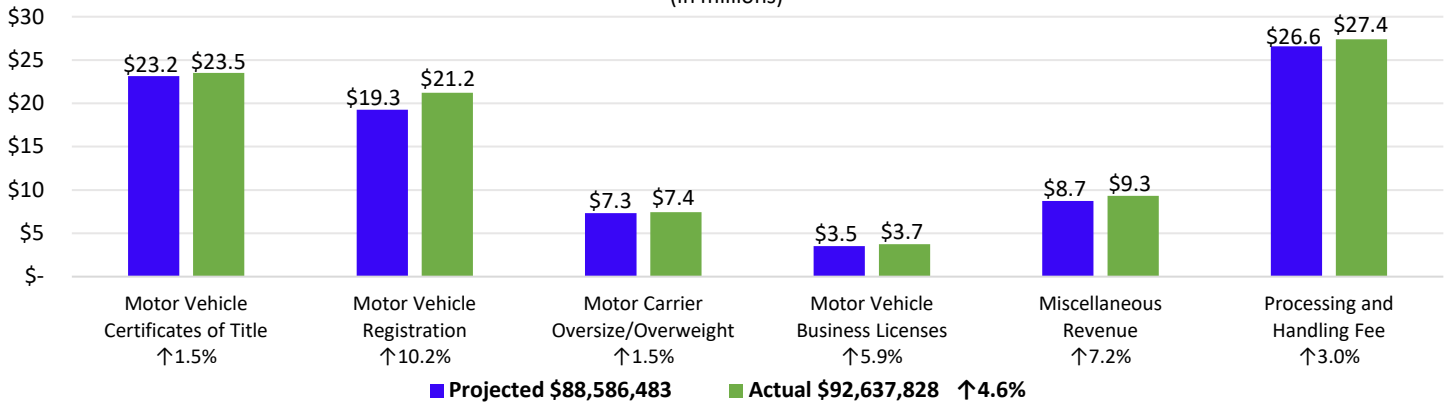


# FY 2025 TxDMV Fund 0010 Revenue Highlights

## September 1 through February 28

### Projected vs Actual Revenue - Fund 0010

(in millions)



- TxDMV Fund 0010 revenue is 4.6% (\$4.1 million) above projections for FY 2025.
- Motor Vehicle Certificates of Title revenue is 1.5% above projections mostly due to more-than-expected delinquent title-transfer penalty collections.
- Motor Vehicle Registration revenue is 10.2% above projections due to higher-than-expected specialty-plate collections.
- Motor Carrier Oversize/Overweight revenue is 1.5% over projections due to higher-than-expected permit counts.
- Motor Vehicle Business Licenses is 5.9% above projections due to a higher-than-expected number of applications (mostly for general distinguishing numbers).
- Miscellaneous revenue is 7.2% above projections due to higher-than-expected credit-card fee collections, and slightly higher than expected interest rates on the TxDMV Fund 0010 balance.
- Processing and Handling Fee revenue is 3.0% over projections, mostly attributable to the timing of remittances.

### FY 2024 and FY 2025 Actual Revenue - Fund 0010

Revenue Category	FY 2024		FY 2025		Variance	% Difference
	Actual		Actual			
Motor Vehicle Certificates of Title	\$ 23,276,951		\$ 23,506,033		\$ 229,081	1.0%
Motor Vehicle Registration	20,208,156		21,222,211		1,014,055	5.0%
Motor Carrier Oversize/Overweight	7,732,622		7,430,670		(301,952)	(3.9%)
Motor Vehicle Business Licenses	3,272,330		3,747,288		474,958	14.5%
Miscellaneous Revenue	8,970,855		9,342,509		371,654	4.1%
Processing and Handling Fee	26,938,627		27,389,117		450,490	1.7%
<b>Total</b>	<b>\$ 90,399,542</b>		<b>\$ 92,637,828</b>		<b>\$ 2,238,286</b>	<b>2.5%</b>

- TxDMV Fund 0010 revenue is 2.5% (\$2.2 million) higher than the same period in FY 2024. The increase in motor vehicle certificates of title is mostly attributable to higher delinquent title-transfer penalty collections. The increase in motor carrier registration is mostly due to increased vendor specialty-plate transactions. The increase in motor vehicle business license revenue from last year is attributable to more applications for licensure as discussed earlier in this report. Within the miscellaneous category, higher interest rates on the fund balance resulted in increased TxDMV Fund 0010 interest as compared to last year, and the department also collected more credit-card fee revenue. The increase in processing and handling fee revenue is due to the timing of remittances.

## FY 2025 Actual Expenditures by Fund (September 1 through February 28)

For FY 2025, TxDMV was appropriated \$231,090,218 for department operations, of which \$175,761,894 is from TxDMV Fund 0010; and \$55,328,324 is from General Revenue Fund 0001 specifically for use by the Motor Vehicle Crime Prevention Authority. An additional \$215,518,456 from prior-year appropriations and adjustments was also available for use, as well as \$16,380,432 for employee benefits. FY 2025 expenditures excluding encumbrances totaled \$95,976,411 as shown in the last column of the table immediately below.

	Fund 0010 Sep-Feb FY 25	Fund 0001 Sep-Feb FY 25	Grand Total Sep-Feb FY 25
<b>Operating Expenditures</b>			
Salaries and Wages	\$ 28,056,216	\$ 740,286	\$ 28,796,502
Other Personnel	\$ 801,904	\$ 31,566	\$ 833,469
Professional Fees	\$ 16,926,752	\$ 22,268	\$ 16,949,020
Fuels & Lubricants	\$ 19,200	\$ -	\$ 19,200
Consumables	\$ 245,750	\$ 550	\$ 246,300
Utilities	\$ 2,498,545	\$ 2,192	\$ 2,500,737
Travel	\$ 257,005	\$ 33,939	\$ 290,945
Rent - Building	\$ 550,456	\$ 28,762	\$ 579,218
Rent - Machine and Other	\$ 98,100	\$ 5,204	\$ 103,304
Other Operating	\$ 36,323,141 <sup>(1)</sup>	\$ 17,798	\$ 36,340,939
Grants	\$ -	\$ (2,372)	\$ (2,372)
Other Capital	\$ 1,303,965	\$ -	\$ 1,303,965
<b>Total Operating Expenditures</b>	<b>\$ 87,081,034</b>	<b>\$ 880,193</b>	<b>\$ 87,961,226</b>
<b>Fringe Benefits</b>			
Retirement	\$ 2,639,686	\$ 47,316	\$ 2,687,002
Group Insurance	\$ 3,074,764	\$ 65,940	\$ 3,140,704
OASI (Old Age and Survivor's Insurance)	\$ 2,111,797	\$ 56,430	\$ 2,168,227
Unemployment Reimbursement to GR	\$ 1,483	\$ -	\$ 1,483
Benefit Replacement Pay	\$ 17,769	\$ -	\$ 17,769
<b>Total Fringe Benefits</b>	<b>\$ 7,845,499</b>	<b>\$ 169,685</b>	<b>\$ 8,015,184</b>
<b>Total Expenditures</b>	<b>\$ 94,926,532</b>	<b>\$ 1,049,878</b>	<b>\$ 95,976,411</b>

### TxDMV Fund 0010 Balance

FY 2025 TxDMV Fund 0010 expenditures exceeded revenue collections by \$2.3 million, leaving the adjusted fund balance to \$123.4 million as of February 28, 2025. This is due to a timing issue (with one-time cost posting early in the fiscal year).

<b>FY 2025 Beginning Balance</b>	\$ 207,324,583
<b>Revenue</b>	
Motor Vehicle Certificates of Title	\$ 23,506,033
Motor Vehicle Registration	\$ 21,222,211 <sup>(1)</sup>
Motor Carrier - Oversize/Overweight	\$ 7,430,670
Motor Vehicle Business Licenses	\$ 3,747,288
Miscellaneous Revenue	\$ 9,342,509
Processing and Handling Fee	\$ 27,389,117 <sup>(2)</sup>
<b>Total Revenue</b>	<b>\$ 92,637,828</b>
<b>Total Fund 0010 Expenditures</b>	<b>\$ 94,926,532</b>
<b>Ending Fund Balance</b>	<b>\$ 205,035,879</b>
<b>Adjustment for Encumbrances</b>	<b>\$ 81,623,002</b>
<b>Adjusted Fund Balance</b>	<b>\$ 123,412,876</b>

#### FY 2025 Revenues & Expenditures



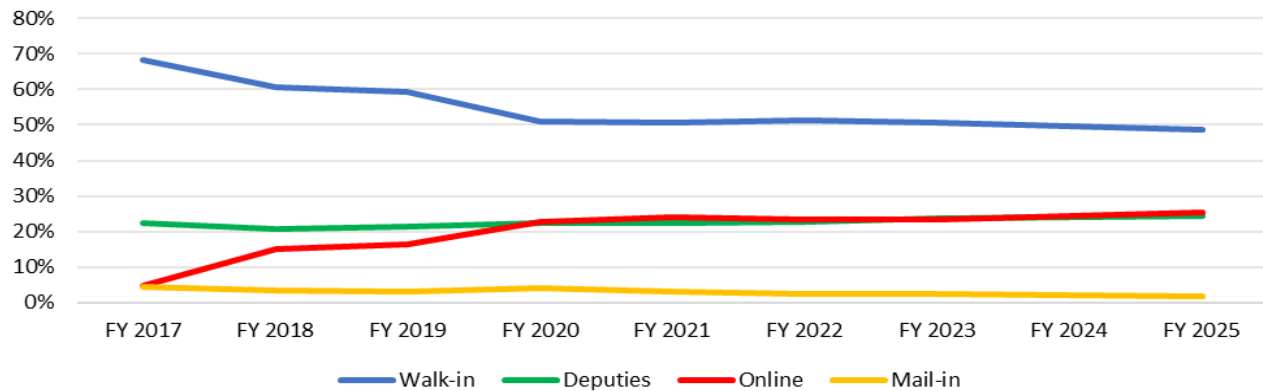
#### Footnotes:

<sup>(1)</sup> Included in Motor Vehicle Registration fees are MyPlates revenue collections of \$5,173,642; and included in Other Operating expenditures are MyPlates expenditures of \$5,023,063.

<sup>(2)</sup> Processing and Handling Fee revenue does not include the portion of the fees retained for administrative expenses by the counties or Texas.gov, per TxDMV board rule.

## Processing and Handling Fee Transactions

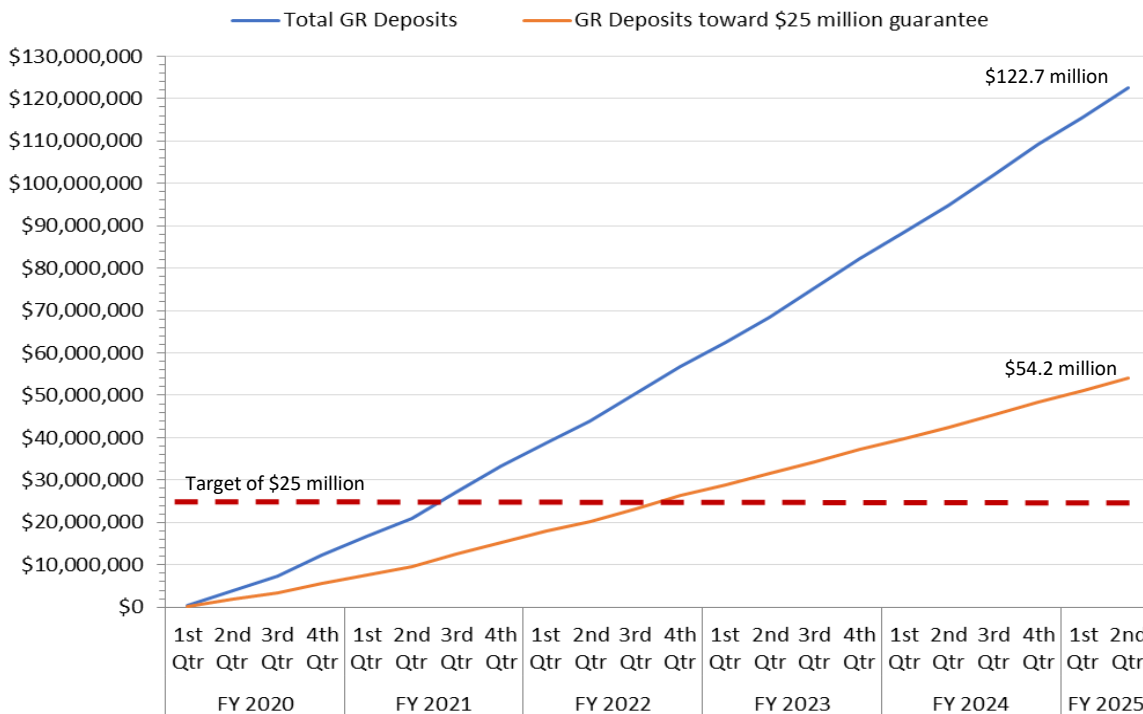
Transaction Mix from Annual Registrations



- As of February 28, 2025, about half (48.5%) of annual-registration transactions were processed at county offices.
- The percentage of annual-registration transactions conducted online increased slightly year-over-year, accounting for 25.5% (2.9 million) of the 11.5 million total transactions in FY 2025 compared to 24.0% in FY 2024.
- Deputy and mail-in percentages have remained relatively constant since FY 2017, and are at 24.2% and 1.8%, respectively, for FY 2025.

## Vendor Plates

Current-Contract Cumulative Deposits to General Revenue



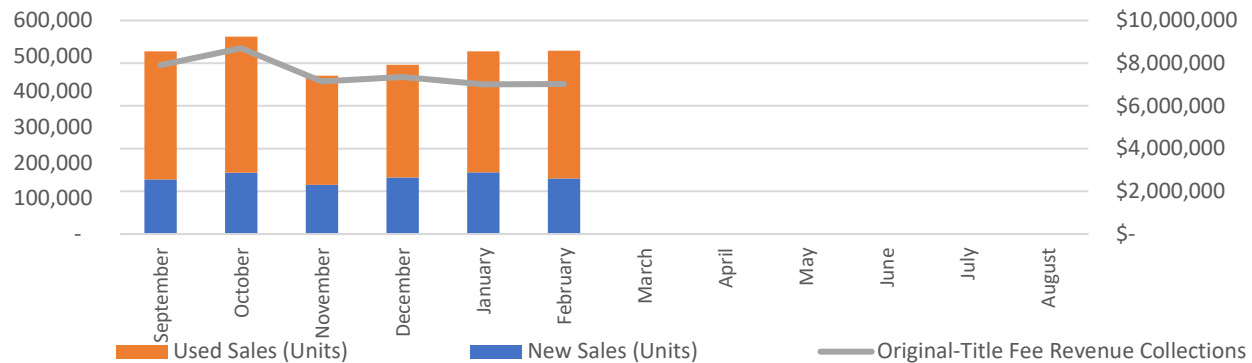
General Revenue Fund 0001 deposits associated with the MyPlates contract from November 19, 2019, to February 28, 2025, totaled \$122.7 million.

The contract's \$25 million guarantee was met in July 2022.

Since the effective date of the current contract, new orders accounted for 41.2% of the Fund 0001 mix, and renewals accounted for 58.8%.

## Motor Vehicle Certificates of Title

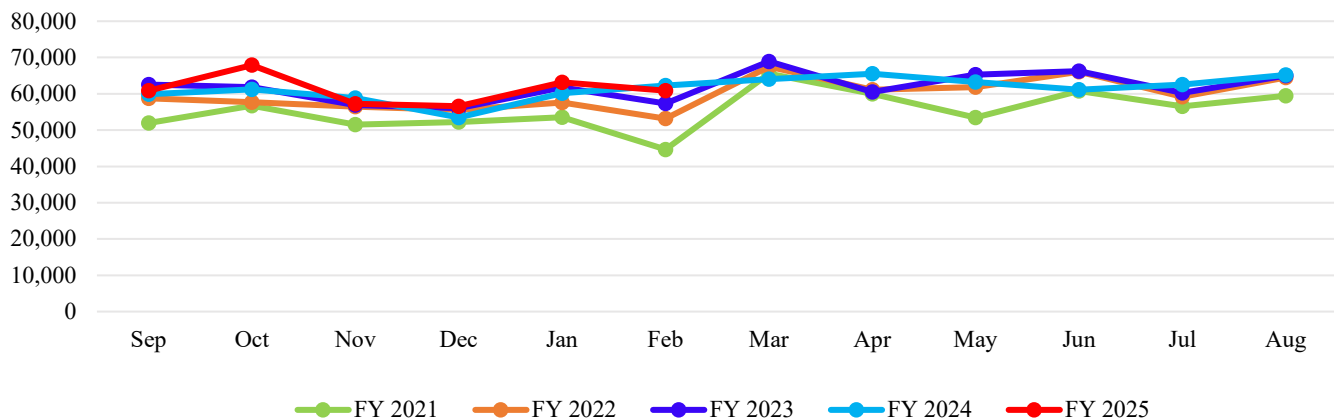
### Monthly Auto Sales and Original-Title Fee Revenue Collections



- Original-title fees are the largest component of motor vehicle certificates of title revenue. In FY 2025, TxDMV collected revenue from the issuance of about 3.2 million original titles. Original-title issuance is driven by new- and used-vehicle sales; original-title revenue collections are reflected in the gray trend line above. FY 2025 saw a slight increase in overall vehicle sales as compared to the same period in FY 2024.
- Auto sales year-to-date in FY 2025 increased 3.3% from FY 2024, with used-vehicle sales up 1.0% and new-vehicle sales up 8.8%.

## Motor Carrier Oversize/Overweight Permits

### Monthly Oversize/Overweight Permit Issuance



- The number of motor carrier oversize/overweight permits issued in FY 2025 is 366,709 as compared to 355,950 for the same period in FY 2024, an increase of 3.0%. Activity in the oil-and-gas and construction sectors is the chief driver of the issuance of motor-carrier permits, resulting in a steady trend in oversize/overweight fee deposits since FY 2024.
- As shown in the trend lines in the graph above, FY 2025 saw an increase (10,759) in number of permits issued as compared to the same period in FY 2024.
- Permit counts have increased slightly, and revenue in this category saw a 2.1% year-over-year increase in all three combined funds in FY 2025.

# FY 2025 Financial Summary as of February 28

## FY 2025 Expenditure Highlights

- The adjusted FY 2025 budget as of February 28, 2025, was \$463.0 million. This amount includes the original baseline total as approved by the 88th Legislature and adjustments as shown in the table below.

<b>FY 2025 Budget</b>	<b>Amount</b>
Original Baseline Appropriations	\$ 231,090,218
Unexpended Balances from FY 2024 and Other Adjustments	\$ 215,518,456
Benefit Costs	\$ 16,380,482
<b>Adjusted Appropriations</b>	<b>\$ 462,989,156</b>

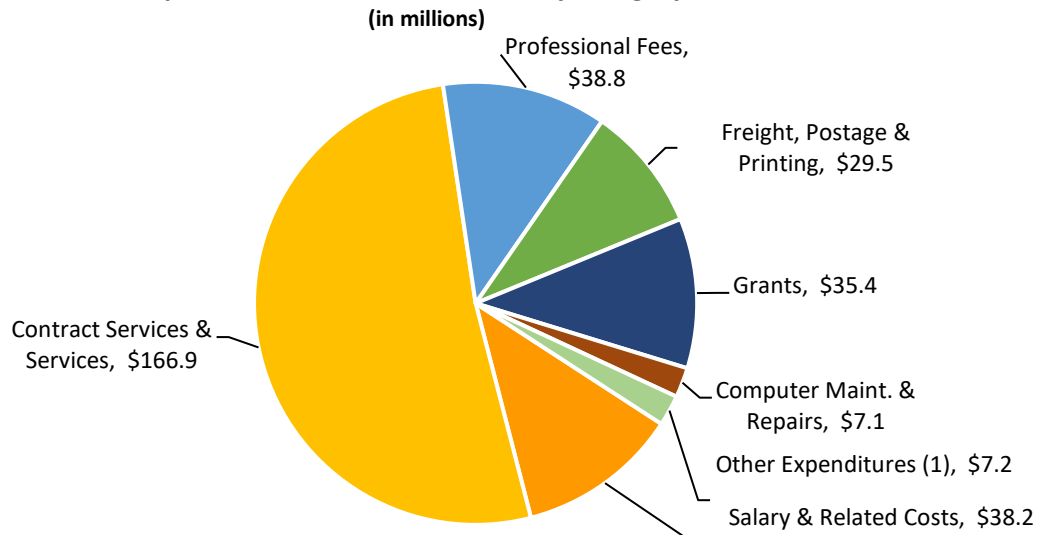
- The baseline total of \$463.0 million provides funding for 902.0 full-time equivalents (FTEs), ongoing operating costs, and FY 2025 funding for capital projects.
- Notable major items included in the original baseline appropriation for FY 2025 is the authorization of 42.0 FTEs for the implementation of House Bill 718, 88th Legislature, Regular Session, and the full year funding for the implementation of Senate Bill 224 for the Motor Vehicle Crime Prevention Authority (MVCPA).
- The \$215.5 million in unexpended balances and other adjustments as of February 28, 2025, was primarily a combination of the continuation of capital projects funded in FY 2024 and brought forward to FY 2025 and MVCPA lapses brought forward to FY 2025.
- Capital project carryforwards from FY 2024 include Camp Hubbard Renewal (\$142.9 million); Automation projects (\$8.6 million); Registration and Title System (RTS) Replacement Phase One (\$4.1 million); Data Center Consolidation (\$2.1 million); Headquarters Maintenance (\$1.5 million); and Regional Service Center (RSC) Expansion (\$931,000) and Maintenance (\$679,000).

## FY 2025 Financial Summary as of February 28

### September 1 through February 28

- Expenditures and outstanding obligations as of February 28, 2025, totaled \$323.1 million (\$96.0 million in expenditures and \$227.1 million in encumbrances).

#### FY 2025 Expenditures and Encumbrances by Category - All Funds

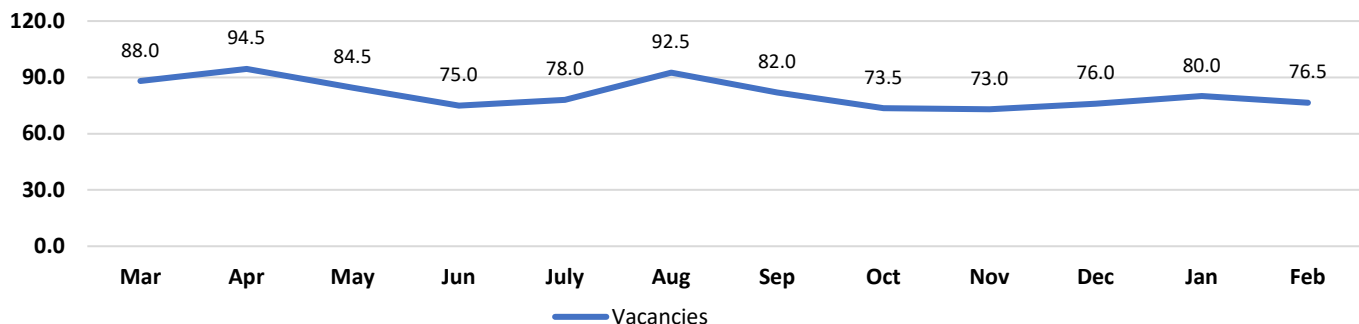


<sup>(1)</sup> Other Expenditures includes: Rents/Utilities (\$3.9 million), Other Expenses (\$1.0 million), Travel/Training (\$650,000), and Capital (\$1.7 million)

### Full-Time Equivalents

- The FY 2025 authorized FTE cap is 902.0, which was an increase of 42.0 FTEs over the FY 2024 cap of 860.0.
- To implement the requirements of House Bill 718, 2.0 FTEs were authorized in FY 2024, with the first two being deployed to Information Technology and Enforcement. Another 42.0 FTEs were authorized for implementation of the bill beginning in FY 2025.

#### Monthly Vacancies - Most Recent 12 Months



# FY 2025 Financial Summary as of February 28

## Capital Budget and Projects

### Capital Budget Financial Status

	Revised Budget	Expenditures	Encumbrances	Available Budget
TxDMV Automation System	\$ 8,640,460	(\$832,672)	(\$3,468,287)	\$ 4,339,501
Other Information Resources Projects	\$ 25,214,399	(\$7,412,766)	(\$8,794,407)	\$ 9,007,226
Other Capital Projects	\$ 161,600,689	(\$10,390,114)	(\$130,671,678)	\$ 20,538,897
<b>Grand Total, Capital Budget</b>	<b>\$ 195,455,548</b>	<b>(\$18,635,551)</b>	<b>(\$142,934,372)</b>	<b>\$ 33,885,624</b>

- The Revised Capital Budget for FY 2025 includes \$177.3 million carried forward from FY 2024 and \$18.1 million in new FY 2025 appropriations.

### TxDMV Automation System Projects

Project Name	FY 2025 Budget	FY 2025 Obligations	Status
Cybersecurity	\$ 119,973	\$ -	In progress. This project addresses two solutions - a privileged access management solution and a security information event management solution.
RTS Support	\$ 4,324,041	\$ 3,013,338	Project ongoing.
MCCS Rewrite	\$ 4,179,642	\$ 1,279,113	Project underway. Vendor contract has been awarded and project is anticipated to be completed in FY 2026.
Voice-to-Cloud	\$ 16,804	\$ 8,508	Project in implementation phase.
	<b>\$ 8,640,460</b>	<b>\$ 4,300,959</b>	

- The total FY 2025 budget for the TxDMV Automation System Projects as of February 28, 2025, is \$8.6 million.
- Expenditures and encumbrances total \$4.3 million. The majority of these costs are for RTS Support (\$3.0 million).
- The Motor Carrier Credentialing System (MCCS) Rewrite Project is now underway.

# FY 2025 Financial Summary as of February 28

## Other Information Resources Projects

Project Name	FY 2025 Budget	FY 2025 Obligations	Status
County Technology	\$ 5,422,701	\$ 2,858,693	Major items in progress include continuing refresh of computer equipment in tax assessor-collector offices; and upgrades of connectivity with tax assessor-collector offices.
Data Center Services	\$ 14,589,080	\$ 12,404,033	This project provides for annual Data Center Services costs.
PC Replacement	\$ 855,094	\$ 303,424	Provides funding for annual computer refresh.
Cybersecurity	\$ 251,668	\$ 236,208	In progress. Includes security audit contract and projects to develop a privileged access management solution and a security information event management solution.
RTS Replacement Phase One	\$ 4,095,856	\$ 404,816	This project is to modernize the RTS. The project is in progress. Funds for Phase Two were requested in the FY 2026-2027 Legislative Appropriations Request.
	<b>\$ 25,214,399</b>	<b>\$ 16,207,173</b>	

- Data Center Services provides management of applications, hardware, and technology services for TxDMV and is the largest single component (\$14.6 million) of Other Information Resources Projects.
- Obligations in County Technology Replacement include routine replacement of laptops and desktops for the technology refresh program and a project to improve data connectivity with county tax assessor-collector offices.
- The RTS Replacement Phase One is a new project for the FYs 2024–2025 biennium. Additional funds were requested for FYs 2026–2027 to complete the project.



# FY 2025 Financial Summary as of February 28

## Other Capital Projects

Project Name	FY 2025 Budget	FY 2025 Obligations	Status
Regional Service Center (RSC) Maintenance	\$ 679,727	\$ 140,732	This funding will be used for the Pharr Regional Service Center project.
Headquarters Maintenance	\$ 1,550,441	\$ 482,396	In progress.
Dallas and Houston RSC Expansion	\$ 931,606	\$ 494,303	Build out of selected properties is underway.
Camp Hubbard Renewal	\$ 142,938,915	\$ 130,368,485	In progress.
	<b>\$ 146,100,689</b>	<b>\$ 131,485,916</b>	

- The budget for Other Capital Projects as of February 28, 2025, totals \$146.1 million and includes funding for RSC Maintenance, Headquarters Maintenance, and the continuation of two new projects that began in FY 2024 - the Dallas and Houston RSC expansions and the Camp Hubbard Renewal Project.
- As of February 28, 2025, the major highlights of the Camp Hubbard Renewal project include: financing agreements are complete; construction of a new data center in Building 6 has been completed; other renovation work is underway in Building 6; and Building 5 has been demolished.
- The Headquarters Maintenance capital budget is a carry forward from FY 2024. This project will address headquarters facilities as part of the transition of Camp Hubbard from the Texas Department of Transportation.

Board Meeting Date: 4/10/2025  
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board  
From: Jason Gonzalez, Internal Audit Director  
Agenda Item: 9.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 has four ongoing internal engagements: an audit on public information requests, an advisory on motor carrier licensing, an audit on information technology governance, and the risk assessment in preparation for the FY2026 Internal Audit Plan.

The Public Information Request audit is currently in the planning phase. The objective is to evaluate the Department's processes used to receive, track, and fulfill public information requests. The audit is anticipated to be completed in June 2025.

Similarly, the Motor Carrier Licensing Advisory is currently in the planning phase. The objectives are to: evaluate current Motor Carrier Credentialing System (MCCS) controls; perform gap analysis between MCCS and the new next generation credentialing system; and assess potential fraud risks in the credentialing process.

The audit is anticipated to be completed in June 2025.

Additionally, the Information Technology Governance audit is currently in the planning phase. The objective is to determine whether the Texas Department of Motor Vehicle's practices are designed and in place to achieve the five domains of IT Governance. The audit is anticipated to be completed in July 2025.

Finally, the enterprise-wide risk assessment to identify risk areas to include in the FY 2026 Internal Audit Plan is in the planning phase. IAD is meeting with each division to identify and rate risk areas within the Department. Risks are evaluated based on operational, financial, compliance, and reputational impact as well as process maturity and mitigating controls. The risk assessment is expected to be completed in July 2025.

***External Engagements***

The Comptroller of Public Accounts (CPA) is currently in the fieldwork phase of their audit on processed transactions from September 1, 2023, through August 31, 2024. The audit objectives are to determine whether the Department: procured contracts according to applicable state laws and Comptroller requirements; processed payments according to applicable state laws, Comptroller requirements, and statewide automated system guidelines; maintained appropriate documentation to support those payments; and, properly recorded financial transactions and high-risk assets.



Texas Department  
*of* Motor Vehicles