



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.



TxDMV Board Meeting

9:00 a.m.

Thursday, July 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, JULY 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 July 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.

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1. **Roll Call and Establishment of Quorum**
2. **Pledges of Allegiance - U.S. and Texas**
3. **Chair's Reports** - Chairman Bacarisse (BRIEFING ONLY)
Legislative Implementation
4. **Executive Director's Reports** - Daniel Avitia (BRIEFING ONLY)
 - A. [91st Annual Tax Assessor-Collectors Association of Texas \(TACA\) Conference](#)
 - B. [Recognition of Years of Service](#)

CONTESTED CASE

5. **Consideration and Approval of Proposed Final Order on Enforcement Case**
[Texas Department of Motor Vehicles v. Francis E. Arubaleze d/b/a Fan Quality Motors](#); Enforcement Docket No. 23-0005355; SOAH Docket No. 608-23-26648.ENF - Laura Moriaty (ACTION ITEM)

EMERGENCY RULEMAKING

Rulemaking under Government Code, §2001.034

6. **Chapter 224, Adjudicative Practice and Procedure** - Corrie Thompson

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(ACTION ITEM)

Amendments: §224.116 and §224.124

New: §224.121

(Relating to Implementation of House Bill (HB) 1672, 89th Legislative Session, and Cleanup)

RULE PROPOSALS

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7. Rule Review

Rule Review Proposal under Government Code, §2001.039: Chapter 206, Management, Chapter 211, Criminal History Offense and Action on License, and Chapter 217, Vehicle Titles and Registration, §217.27 - Laura Moriaty (ACTION ITEM)

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8. Chapter 211, Criminal History Offense and Action on License - Monique Johnston (ACTION ITEM)

Amendments: §211.1 and §211.2

New: Subchapter B

Repeals: §§211.3, 211.4, 211.5, and 211.6

(Relating to Implementation of Senate Bill (SB) 2587 and SB 1080, 89th Legislative Session, and Cleanup)

(refer to supplemental material)

9. Chapter 215, Motor Vehicle Distribution - Annette Quintero and Monique Johnston (ACTION ITEM)

Amendments: Subchapters B and D

New: §§215.91 and 215.163

(Relating to Implementation of HB 718, 88th Legislative Session; SB 1902 and HB 5629, 89th Legislative Session; and Cleanup)

(refer to supplemental material)

10. Chapter 221, Salvage Vehicle Dealers - Monique Johnston (ACTION ITEM)

Amendments: §221.17

(Relating to Implementation of HB 5629, 89th Legislative Session)

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11. Chapter 217, Vehicle Titles and Registration - Annette Quintero (ACTION ITEM)

Amendments: Subchapters B and I

(Relating to Implementation of SB 1902 and SB 1729, 89th Legislative Session, and Cleanup)

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12. New Chapter 220, Automated Motor Vehicles - Jimmy Archer (ACTION ITEM)

New: Subchapters A, B, and C

(Relating to Implementation of SB 2807, 89th Legislative Session)

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256 **13. Chapter 224, Adjudicative Practice and Procedure** - Corrie Thompson (ACTION ITEM)
Amendments: Subchapters A, D, E, and F
New: Subchapters H and I
(Relating to Implementation of SB 2807, 89th Legislative Session, and Cleanup)

306 **14. Chapter 224, Adjudicative Practice and Procedure** - Corrie Thompson
(ACTION ITEM)
Amendments: §224.116 and §224.124
New: §224.121
(Relating to Implementation of HB 1672, 89th Legislative Session, and Cleanup)

323 **15. Chapter 224, Adjudicative Practice and Procedure** - Corrie Thompson
(ACTION ITEM)
Amendment: §224.58
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330 **16. Specialty Plate Design** - Annette Quintero (ACTION ITEM)
American Flag - New Design Proposed under Transportation Code, §504.851

333 **17. Appointment of Members to the Motor Vehicle Industry Regulation Advisory Committee (MVIRAC) and Motor Carrier Regulation Advisory Committee (MCRAC)** - Laura Moriaty (ACTION ITEM)

337 **18. HB 718 Implementation Update (88th Legislative Session)** - Roland Luna, Sr.
(BRIEFING ONLY)

338 **19. Legislative and Public Affairs**
89th Regular Session Legislative Recap - Keith Yawn (BRIEFING ONLY)

342 **20. Finance and Audit**
A. **FY 2026 Recommended Operating Budget for the Fiscal Year that Begins September 1, 2025, and ends August 31, 2026** - Glenna Bowman (ACTION ITEM)
354 B. **Internal Audit Division Status Update** - Audit Committee Chair Brett Graham
(BRIEFING ONLY)
i. Internal Engagements
a. Public Information Request Audit
b. Motor Carrier Division Credentialing Advisory
c. Information Technology Services Division Project Governance Audit

- d. Annual Risk Assessment
- ii. External Engagement
 - a. Texas Comptroller of Public Accounts Post Payment Audit

CLOSED SESSION

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

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

- pending or contemplated litigation, or a settlement offer;
- a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Government Code Chapter 551; or
- any item on this agenda; or
- *Lucid Group USA, Inc. vs. Monique Johnston, in her official capacity as Director of the Motor Vehicle Division of the Texas Department of Motor Vehicles, et al.* Case No. 1:22-cv-01116; in the United States District Court for the Western District of Texas, Austin Division.

Section 551.074 - Personnel matters.

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

Section 551.076 - Deliberation Regarding Security Devices or Security Audits.

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

Section 551.089 - Deliberation Regarding Security Devices or Security Audits.

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

- 22. Action Items from Closed Session**

- 23. Public Comment**

- 24. Adjournment**
-

The Board will allow an open comment period to receive public comment on any agenda item or other matter that is under the jurisdiction of the Board. No action will be taken on matters that are not part of the agenda for the meeting. For subjects that are not otherwise part of the agenda for the meeting, Board members may respond in accordance with Government Code, §551.042 and consider the feasibility of placing the matter on the agenda for a future meeting.

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

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

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

Any individual with a disability who plans to attend this meeting and requires auxiliary aids or services should notify the department as far in advance as possible, but no less than two days in advance, so that appropriate arrangements can be made. Contact Carrie Fortner by telephone at (512) 465-3044.

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

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

Board Meeting Date: 7/10/2025
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 4.A
Subject: Executive Director's Report - 91st Annual Tax Assessor-Collectors Association of Texas (TACA) Conference

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Provide briefing on the department's participation in a stakeholder conference event.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

Staff from across the department participated in the 91st Annual Tax Assessor-Collector's Association (TACA) conference in Galveston, June 1-4, 2025. The county tax assessor-collectors are one of the department's key stakeholders, and primary partners in providing essential vehicle title and registration services to customers throughout the state. The department's participation in these events provides an opportunity to speak directly to a large part of our stakeholder population, educate members of the association on policy and operational developments, and build relationships with local elected officials and their senior staff.

Board Chairman Charles Bacarisse and Executive Director Daniel Avitia spoke at the beginning of a comprehensive TxDMV update, which included a question-and-answer session moderated by TACA President and Bell County Tax Assessor-Collector Shay Luedeke with our panel of experts: Deputy Executive Director Roland Luna, Director Corrie Thompson (Enforcement Division), Director Monique Johnston (Motor Vehicle Division), Director Annette Quintero (Vehicle Titles and Registration Division), and Director Wendy Barron (Chief Information Officer). Staff from the Enforcement Division also spoke at a title fraud training session at the conference and executive staff from multiple divisions provided insight and clarifications on the House Bill (HB) 718 implementation work during a general session. Department staff also met with attendees individually at the TxDMV booth in the exhibit hall, answering questions and clarifying policy on numerous operational issues.

The provision of motor vehicle services throughout Texas is dependent on the cooperation and actions of all 254 counties. The department appreciates TACA allowing us to participate in these events and the support and participation of all the attendees

Board Meeting Date: 7/10/2025
BRIEFING ITEM

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

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. The Texas Department of Motor Vehicles (TxDMV) recognizes the following individuals:

State Service Milestones:

20 years:

- Terri Jones – Consumer Relations Division
- Tara Bartram – Motor Carrier Division
- Robert Phillips – Motor Carrier Division
- Charity Rehder – Motor Carrier Division
- Julia Loreda-Escobar – Motor Vehicle Division
- Lena Roberts – Office of General Counsel

25 years:

- Patricia Farris – Motor Carrier Division
- Mark McKinley – Information Technology Services Division
- Lance Petri – Finance and Operations Division
- Lillie M. Stembridge – Motor Carrier Division

30 years:

- Henry Holguin – Information Technology Services Division
- Kristy Schultz – Motor Carrier Division

35 years:

- Thomas O'Connor – Finance and Operations Division

40 years:

- Darlene Hancock – Finance and Operations Division
- Kenny Corzine – Information Technology Services Division

Retirements:

- Cliff Nelson – Motor Carrier Division, 20 years of state service
- Donald Ogle – Enforcement Division, 21 years of state service
- Maureen Vale – Vehicle Titles and Registration Division, 27 years of state service
- Diane Kenny – Motor Carrier Division, 40 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: 7/10/2025

ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Laura Moriarty, General Counsel
Agenda Item: 5
Subject: Consideration and Approval of Proposed Final Order on Enforcement Case
Texas Department of Motor Vehicles v. Francis E. Arubaleze d/b/a Fan Quality Motors; Enforcement Docket 23-0005355; SOAH Docket No. 608-23-26648.ENF

RECOMMENDATION

Action Item. For board consideration.

PURPOSE AND EXECUTIVE SUMMARY

The State Office of Administrative Hearings (SOAH) issued a Proposal for Decision (PFD) on April 2, 2025. Neither party filed exceptions. The Board is required to issue a final order in this case.

Francis E. Arubaleze d/b/a Fan Quality Motors (Fan Quality Motors or Respondent) currently holds a general distinguishing number (GDN) issued by the Texas Department of Motor Vehicles (TxDMV). This contested case involves an enforcement action against Fan Quality Motors 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, whether to revoke Fan Quality Motors' GDN, whether to assess a monetary penalty against Fan Quality Motors, and whether to order Fan Quality Motors to issue a refund to a consumer.

Both parties provided timely notice of their intent to make oral presentations to the board.

FINANCIAL IMPACT

No significant financial impact.

BACKGROUND AND DISCUSSION

On February 16, 2023, Enforcement issued a Notice of Department Decision (NODD) to Fan Quality Motors. Enforcement later issued a First Amended NODD on March 22, 2024. The First Amended NODD alleged that Fan Quality Motors refused to respond to Enforcement requests for records, failed to remit motor vehicle sales tax on two vehicles, failed to apply for title and registration on two vehicles, sold two vehicles at places other than its licensed location, failed to have a bona fide employee present at its licensed location during business hours for two separate inspections, and misused buyer's temporary tags by issuing more than one tag for a vehicle, and issuing a tag to that vehicle before it was inspected.

The First Amended NODD recommended a \$15,000 civil penalty and the revocation of Fan Quality Motors's GDN, due to the nature and number of violations alleged. Fan Quality Motors filed a request for an administrative hearing. The matter was referred to SOAH for a contested case hearing.

A SOAH Administrative Law Judge (ALJ) conducted the hearing on the merits by videoconference on April 9, 2024, September 10-11, 2024, and December 4, 2024. The hearing concluded on December 4, 2024, and the record closed on

February 7, 2025, after submission of post-hearing briefs. The ALJ issued the PFD on April 2, 2025. The ALJ found that Fan Quality Motors violated statutes and TxDMV rules by failing to respond to multiple Enforcement requests for records, failing to remit vehicle sales tax and apply for registration and title for two vehicles, selling vehicles outside of its licensed location, failing to have a bona fide employee at its licensed location during business hours, and misusing temporary buyers tags by issuing multiple buyers tags for a vehicle, and issuing a buyers tag for the vehicle before obtaining a state inspection.

The ALJ recommended that the board assess a total civil penalty of \$15,000. The ALJ further recommended that the board revoke Fan Quality Motors' GDN. The ALJ also recommended that TxDMV exercise its statutory authority to order Fan Quality Motors to refund Tiffany Pittard \$6,342.50 that she paid for a vehicle to which she never received title. Neither party filed exceptions to the PFD.

In analyzing the civil penalties that should be applied, the ALJ noted the following aggravating factors:

- Staff established 12 violations: four records violations, two tag violations, two title violations, and four premises violations;
- Two vehicle purchasers were harmed by Respondent's violations.
- Two people did not receive the titles to the vehicles they purchased from Respondent;
- Economic damage to the public was caused by Respondent's failure to transfer title to two vehicle purchasers;
- Respondent misused temporary tags by issuing two temporary buyer's tag for one vehicle;
- Respondent willfully defrauded a vehicle purchaser;
- Respondent made no efforts to correct violations;
- Respondent's failure to transfer title was a serious violation; and
- Respondent did not acknowledge any wrongdoing or show a willingness to cooperate with the department.

The ALJ also noted three mitigating factors:

- Respondent has no history of previous violations;
- Respondent did not fail to fulfill a written agreement with a purchaser; and
- Respondent did not attempt to conceal the violations.

In support of its recommendation for revocation, the ALJ found that

- Respondent was unfit under standards governing the occupation, including qualifications for a license;
- Respondent willfully defrauded a purchaser; and
- Respondent misused license plates or temporary tags.

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.
- 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.
- Occupations Code §2301.807 allows the board to order a person to pay a refund to the buyer or lessee of the motor vehicle that is the subject of the proceeding if the board determines that the person has violated the statute or the board's rules.
- 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. April 2, 2025 | SOAH ALJ's PFD |
| 2. April 21, 2025 | SOAH ALJ's Exceptions Letter |

State Office of Administrative Hearings

Kristofer S. Monson
Chief Administrative Law Judge

April 2, 2025

Karen Meisel
Attorney for Petitioner

VIA EFILE TEXAS

Amen Obas
Attorney for Respondent

VIA EFILE TEXAS

RE: Docket Number 608-23-26648.ENF; *Texas Department of Motor Vehicles v. Francis E. Arubaleze d/b/a Fan Quality Motors*

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.

CC: Service List

SOAH Docket No. 608-23-26648**Suffix: ENF**

BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

**TEXAS DEPARTMENT OF MOTOR VEHICLES,
PETITIONER
V.
FRANCIS E. ARUBALEZE D/B/A FAN QUALITY MOTORS,
RESPONDENT**

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SOAH Docket No. 608-23-26648**Suffix: ENF**

BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

**TEXAS DEPARTMENT OF MOTOR VEHICLES,
PETITIONER
v.
FRANCIS E. ARUBALEZE D/B/A FAN QUALITY MOTORS,
RESPONDENT**

PROPOSAL FOR DECISION

For violating statutory and regulatory provisions applicable to vehicle dealers, staff (Staff) of the Texas Department of Motor Vehicles (Department) seeks administrative penalties against Francis E. Arubaleze d/b/a Fan Quality Motors (Respondent), revocation of Respondent's Dealer General Distinguishing Number (GDN) license, and recommendation to the Board of the Department (Board) that it exercises its refund authority.¹ The Administrative Law Judge (ALJ) finds Staff

¹ See 43 Tex. Admin. Code § 215.504. Staff did not include its refund request in the First Amended Notice of Department Decision (NODD). Staff brought it up at the April 9, 2024 hearing, and Respondent did not object to the request or make any arguments that the request was not included in the NODD. Respondent did, however, argue that a refund should not be recommended.

proved all of the alleged violations, recommends civil penalties totalling \$15,000, revocation of Respondent's license, and recommends the Board refund amounts to one complainant.

I. NOTICE, JURISDICTION, AND PROCEDURAL HISTORY

Neither party disputed notice or jurisdiction. Those matters are discussed in the Findings of Fact and Conclusions of Law without further discussion here.

On October 12, 2023, ALJ Linda Brite with the State Office of Administrative Hearings (SOAH) convened a hearing by videoconference. Attorney Karen Meisel appeared on behalf of Staff. Respondent did not appear and was not represented at the hearing. ALJ Brite entered a Default Dismissal Order,² which was subsequently set aside upon the ALJ granting Respondent's timely motion.³

ALJ Chico convened a hearing on December 14, 2023, at which Respondent requested a continuance, and the hearing was reset for March 19, 2024. At the March 2024 setting, ALJ Chico granted Staff's motion to compel discovery and continued the hearing to allow Respondent to meet the deadline imposed, and the hearing was reset for April 9, 2024. On both dates, Ms. Meisel appeared for Staff and attorney Amen Obas appeared for Respondent.

² Default Dismissal Order (Oct. 13, 2023).

³ Motion to Set Aside the Default Dismissal Order (Oct. 27, 2023); Order Granting Motion to Set Aside Default and Resetting Hearing (Oct. 30, 2023).

ALJ Chico convened the hearing on the merits by videoconference on April 9, 2024; September 10-11, 2024; and December 4, 2024.⁴ On those dates, the following appeared: Ms. Meisel represented Staff and Kyle Komanich, Assistant Chief Investigator, appeared on behalf of the Department. Mr. Obas represented Respondent and Mr. Arubaleze appeared. The hearing concluded on December 4, 2024. The record closed on February 7, 2025, after submission of post-hearing briefs.⁵

II. APPLICABLE LAW

A person may not engage in business as a motor vehicle dealer by regularly and actively buying, selling, or exchanging vehicles at an established and permanent location without a GDN license issued by the Department.⁶ The Department may revoke a GDN license if the license holder violates any law relating to the sale and distribution of motor vehicles, or violates chapter 2301 of the Texas Occupations Code or any rule adopted by the Board.⁷ A license may not be revoked unless the license holder is afforded the opportunity for a hearing.⁸

⁴ The hearing was continued due to late start times and technical and communication issues. The audio recording is the official record for the April 9, 2024, proceeding. The transcript is the official record for the September and December 2024 proceedings.

⁵ Order No. 11 Post-Hearing Deadlines and the Record Close Date (Dec. 4, 2024).

⁶ Tex. Transp. Code §§ 503.001(4)(dealers include “a franchised motor vehicle dealer, an independent motor vehicle dealer, an independent mobility motor vehicle dealer, and a wholesale motor vehicle dealer”), .021.

⁷ Tex. Occ. Code § 2301.651(a)(3)-(4). The Board may deny an application for a license or revoke or suspend a license. Tex. Transp. Code § 1001.0221. The Board has exclusive original jurisdiction to regulate those aspects of the distribution, sale, or lease of motor vehicles that are governed by chapter 2301 of the Texas Occupations Code. Tex. Occ. Code § 2301.151(a).

⁸ Tex. Occ. Code § 2301.651(d).

Recordkeeping. Under Department rules, a dealer must maintain a complete record of all vehicle purchases and sales for at least 48 months and make the record available for inspection and copying by Department representatives during business hours.⁹ Department rules set forth the contents of the complete record that must be maintained by a dealer.¹⁰ Within 15 days of receiving a request from the Department, a dealer shall deliver a copy of the specified records to the address listed in the request.¹¹

Sales Tax, Registration, and Title. A seller¹² of a motor vehicle shall collect the tax from the purchaser and remit it to the tax assessor-collector only if the vehicle is to be titled and registered in Texas.¹³ Whether the seller sells at the first or a subsequent sale of a motor vehicle, the seller shall apply, in the name of the purchaser of the vehicle, for the registration of the vehicle and a title for the vehicle as well as file each document necessary to transfer title to or register the vehicle; *and at the same time*, remit any required motor vehicle sales tax.¹⁴ The seller may apply to the county assessor-collector of the county in which the owner is domiciled, in which the motor

⁹ 43 Tex. Admin. Code § 215.144(a).

¹⁰ 43 Tex. Admin. Code § 215.144(e).

¹¹ 43 Tex. Admin. Code § 215.144(d).

¹² Here, the seller is a motor vehicle dealer who holds a GDN license. Tex. Tax. Code § 152.0411(e).

¹³ Tex. Tax Code § 152.0411(b), (c).

¹⁴ Tex. Transp. Code § 501.0234(a) (emphasis added).

vehicle is purchased or encumbered, or in the county of any county assessor-collector willing to accept the application.¹⁵

Dealer Premise Requirements. A dealer GDN is required for each location from which a person conducts business as a dealer, directly or indirectly, including by consignment.¹⁶ The location of a motor vehicle dealer or wholesale motor vehicle auction dealer must be an established and permanent place of business.¹⁷ A dealer must comply with several requirements at its location, including only selling or offering to sell a motor vehicle from that location.¹⁸ The dealer, or the dealer's bona fide employee, must also be at the location to buy, sell, lease, or exchange vehicles and be available to the public or the Department at that location during reasonable and lawful business hours.¹⁹ Department rules set forth the requirements dealers must meet and maintain at each licensed locations during the term of the license.²⁰

Buyer's Temporary Tag and Vehicle Inspections. Vehicles are required to be inspected within specific deadlines. For a used motor vehicle sold by a dealer, the vehicle must be inspected within 180 days before the date the dealer sells the

¹⁵ Tex. Transp. Code § 501.0234(d).

¹⁶ Tex. Transp. Code § 2301.362(a).

¹⁷ Tex. Transp. Code § 503.032 (subsection (a) explains what is considered an established and permanent place of business).

¹⁸ Tex. Occ. Code § 2301.362(a); *see also* Tex. Transp. Code § 503.032(a) (requiring the place of business for retailer and wholesale motor vehicle dealers be at an established and permanent place of business).

¹⁹ Tex. Transp. Code § 503.032(c).

²⁰ 43 Tex. Admin. Code § 215.140.

vehicle.²¹ An inspection is not required and the vehicle may be issued and display a buyer's tag if the buyer of the vehicle is not a resident of Texas and the vehicle meets certain title and registration requirements.²² Then, for each vehicle sold, a dealer shall issue a license plate.²³

A dealer must also issue only one temporary buyer's tag to the buyer.²⁴ The temporary tag may only be issued and printed from the Department's temporary tag database.²⁵ Dealers must enter information into the Department's database on persons to whom temporary tags are issued and obtain a specific number for the tag before a temporary tag may be issued.²⁶ A buyer's temporary tag may be displayed only on a vehicle that has a valid inspection unless an inspection is not required or the vehicle is exempt from inspection.²⁷ Only a dealer, governmental agency, or converter shall secure a temporary tag to a vehicle in the license plate display area

²¹ Tex. Transp. Code § 548.101(2). In its First Amended NODD, Staff cited to Texas Transportation Code section 548.257(3), but that section did not become effective until January 1, 2025. The section of the Texas Transportation Code in effect during the October 29, 2022, sale of the 2003 Nissan Murano was section 548.101(2), which provides that "a used motor vehicle sold by a dealer ... must be inspected in the 180 days preceding the date the dealer sells the vehicle." Thus, substantive law and rules cited in this Proposal for Decision are those in effect at the time the underlying conduct occurred.

²² Tex. Transp. Code § 503.063(i) (2021 ver.).

²³ Tex. Transp. Code § 503.0631(a)(1). At the time of issuance of a license plate, the dealer is responsible for displaying it on the vehicle. Tex. Transp. Code § 503.0631(c).

²⁴ Tex. Transp. Code § 503.063(a).

²⁵ 43 Tex. Admin. Code § 215.153(c).

²⁶ Tex. Transp. Code § 503.0631; 43 Tex. Admin. Code § 215.152.

²⁷ 43 Tex. Admin. Code § 215.155(a)(4).

located at the rear of the vehicle.²⁸ Misusing or allowing the misuse of a temporary tag violates the Texas Transportation Code.²⁹

A. SANCTIONS AND DISCIPLINE

Some of the actions the Board or Department may take against a licensee include suspending or revoking a license, assessing a civil penalty, or issuing a refund.³⁰ If a license is suspended, the Department is authorized to place the suspended licensee on probation.³¹ The Department may cancel a GDN if the dealer commits any of several acts, including if the dealer misuses or allows the misuse of a temporary tag authorized under chapter 503 of the Texas Transportation Code.³² Additionally, the Department can revoke a GDN license if the license holder violates any law relating to the sale and distribution of motor vehicles, chapter 2301 of the Texas Occupations Code, or any Board rule.³³

A person who violates chapter 503 of the Texas Transportation Code, or any rule adopted under that chapter, is subject to a civil penalty of not less than \$50 and

²⁸ 43 Tex. Admin. Code § 215.151(a).

²⁹ Tex. Transp. Code § 503.038(a)(12).

³⁰ 43 Tex. Admin. Code §§ 215.141(a), .500(2)-(5); see 43 Tex. Admin. Code § 215.504 (relating to buyer or lessee refund).

³¹ Tex. Occ. Code § 2301.654.

³² Tex. Transp. Code § 503.038(a)(12), (14).

³³ Tex. Occ. Code § 2301.651(a)(3)-(4); see Tex. Occ. Code § 2301.651(a)(listing the factors the Board *may* consider for application denial, license suspension or revocation, and probation).

not more than \$1,000.³⁴ Each act in violation of chapter 503 and each day of a continuing violation is a separate violation.³⁵ Further, if after a hearing the Board finds that a person has violated chapter 2301 of the Texas Occupations Code, a Board rule adopted under such chapter, or Section 503.038(a) of the Texas Transportation Code, the Board may impose a civil penalty not to exceed \$10,000 per violation.³⁶ Each act of violation and each day of a continuing violation is a separate violation.³⁷

In determining the amount of any civil penalty, the Board 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.³⁸

The Department implements a Disciplinary Matrix, which enables it to consider other matters that justice may require in determining the amount of civil penalty, including the number of violations or number of consumers harmed by the violation; whether the consumer received their title; whether the license holder

³⁴ Tex. Transp. Code § 503.095(a).

³⁵ Tex. Transp. Code § 503.095(b).

³⁶ Tex. Occ. Code § 2301.801(a).

³⁷ Tex. Occ. Code § 2301.801(a).

³⁸ Tex. Occ. Code § 2301.801(b).

misused license plates or temporary tags; attempts to conceal the violation; any violations that are intentional, premeditated, knowing, or grossly negligent; and violations of Department orders.³⁹ Mitigating factors include acknowledgment of wrongdoing, willingness to cooperate with the Department, efforts to correct the violation, and other matters such as rehabilitative potential and present value to the community.⁴⁰

Texas Occupations Code section 2301.651(a) and the Disciplinary Matrix provide factors to consider when determining whether revocation is appropriate. They are whether the licensee: is unfit under standards governing the occupation, including qualifications for a license; made a material misrepresentation in any written communication or information provided to the Department; violates chapter 2301 of the Texas Occupations Code or a Board rule or order; violates any law relating to the sale, distribution, financing, or insuring of motor vehicles; willfully defrauded a purchaser; misused license plates or temporary tags; failed to fulfill a written agreement with a retail purchaser of a vehicle or motor vehicle; and failed to attend an approved dealer training seminar as ordered in an agreed final order.⁴¹

³⁹ September 2024 Motor Vehicle Dealers Disciplinary Matrix, <https://www.txdmv.gov/sites/default/files/body-files/Motor-Vehicle-Disciplinary-Matrix.pdf> (Disciplinary Matrix).

⁴⁰ Disciplinary Matrix.

⁴¹ Tex. Occ. Code § 2301.651(a); Disciplinary Matrix.

B. REIMBURSEMENT

The Board has the authority to order a licensee to pay a refund to a buyer or lessee of a motor vehicle if the licensee is determined to have violated Chapter 2301 of the Texas Occupations Code or a Department rule.⁴² A refund is the return of any percentage “of funds paid, or contracted to be paid, to a person, whether those funds are documented as a separate line item or part of the overall amount paid by a buyer or lessee.”⁴³ Refunds include fees paid for services not rendered, overpayments, and payments made for products not delivered.⁴⁴

C. BURDEN OF PROOF

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, including reimbursement to a buyer.⁴⁵

III. ALLEGED VIOLATIONS, EVIDENCE, AND ARGUMENTS

Staff Exhibits 1 through 7 were admitted. Staff presented the evidence of Mr. Komanich; investigators John Medcalf and John Schrier; complainants

⁴² Tex. Occ. Code § 2301.807; *see* 43 Tex. Admin. Code § 215.504(a).

⁴³ 43 Tex. Admin. Code §215.504(b). A “refund is not a mechanism for restitution or to make the consumer whole; rather, it is a toll that the Department’s enforcement division may use to order a person who has violated Chapter 2301 of the Texas Occupations Code and is limited to funds paid or contracted to be paid to the dealer licensee.” 45 Tex. Reg. 9580, 9580 (Dec. 25, 2020).

⁴⁴ 43 Tex. Admin. Code §215.504(b).

⁴⁵ 1 Tex. Admin. Code § 155.427.

Tiffany Pittard, née Davis,⁴⁶ and Jose Garcia; Lucie Prieto, Background and Fraud Supervisor, and Respondent. Respondent also testified on his behalf. The ALJ sustained Staff's objections to Respondent's proffered exhibits.⁴⁷

A. BACKGROUND

Respondent held a GDN license issued by the Department. The addresses associated with Respondent's GDN license are the mailing address on Grayson Bluff Way in Richmond, Texas, and the physical location on Mugge Road in Rosenberg, Texas.⁴⁸ Respondent's GDN license expired on July 31, 2022, and its current status is closed,⁴⁹ meaning that the dealer is no longer able to operate under that business.

Based on complaints filed by several individuals, the Department opened investigations against Respondent that resulted in Staff filing a complaint alleging 12 violations⁵⁰ and seeking revocation of Respondent's GDN license, along with a \$15,000 penalty, and recommending the Board exercise its authority to issue a refund for Mrs. Pittard "in an amount that the Board deems appropriate."⁵¹ The allegations include (1) failure to comply with the Department's request to produce records; (2)

⁴⁶ Complainant Tiffany Davis Pittard is referred to as "Tiffany Davis" in the exhibits and "Mrs. Pittard" in the Proposal for Decision.

⁴⁷ Respondent failed to disclose his exhibits in a timely manner as required under the ALJ's order granting Staff's motion to compel discovery. Order No. 7.

⁴⁸ Staff Ex. 1 at 1-2.

⁴⁹ Staff Ex. 1 at 1.

⁵⁰ First Amended NODD; *see also* Staff's Closing Brief.

⁵¹ Staff's Closing Brief at 11.

failure to remit motor vehicle sales tax and to apply for the registration and title of the motor vehicle; (3) misusing a buyer's temporary tag; and (3) dealer premise violations of failure to have a bona fide employee at the licensed location during posted business hours and failure to sell or offer to sell a motor vehicle at the licensed location. Ms. Prieto had also testified that the Department is concerned about Respondent's potential harm to consumers and that Respondent has not met all the requirements to continue to hold a license.

B. RECORDS REQUESTS

The Department sent by U.S. mail, certified mail, and email four records requests for the vehicles listed below to Respondent at its addresses, as shown in the table below:⁵²

⁵² Delivery of the certified mail was confirmed by the US Postal service for each letter sent through that method. Staff Exs. 3 at 8-11 (August 13, 2021 letter), 4 at 7-8 (March 29, 2022 letter), 5 at 7-8 (May 13, 2022 letter), Staff Ex. 6 at 23-28 (January 3, 2023 letter).

Date	Vehicle	Respondent's Address
August 13, 2021 ⁵³	2017 Mercedes Benz (Vin ending 2532) sold to Kazeem Abiola on or about July 14, 2021	Grayson Bluff Way
March 29, 2022 ⁵⁴	2017 Volkswagen Jetta 4D SE (VIN ending 8417) sold to Jose Garcia on or about December 15, 2020	Grayson Bluff Way and Muegge Road ⁵⁵
May 13, 2022 ⁵⁶	2013 Honda Accord (VIN ending 6636) belonging to Alexxus Pierre	Muegge Road
January 3, 2023 ⁵⁷	2003 Nissan Murano (VIN ending 8254) sold to Mrs. Pittard on or about October 29, 2022	Grayson Bluff Way and Muegge Road

Respondent testified that his is a license-only dealership⁵⁸—he only has the authority to obtain licenses for vehicles. He does not sell vehicles. Thus, regarding the 2017 Mercedes Benz, Respondent testified he was not personally involved the sale of that vehicle to Kazeem Abiola and that he only transferred the title to him. Regarding the 2013 Honda Accord, Respondent also denied knowledge regarding the sale of that vehicle and refuted the contention that he sold it to Mr. Pierre despite Department records showing that title was issued on March 19, 2022, with

⁵³ Staff Ex. 3 at 6-7.

⁵⁴ Staff Ex. 4 at 5-6.

⁵⁵ The Department sent the letter to Grayson Bluff Way by U.S. mail, certified mail, and email and only U.S. mail and email to Muegge Road. Staff Ex. 4 at 7-8.

⁵⁶ Staff Ex 5. at 4-5.

⁵⁷ Staff Ex. 6 at 21-22.

⁵⁸ Ms. Prieto testified that the Department does not license vehicle title transfer companies.

Respondent listed as the previous owner and “Alexxus Denée Pierre” listed as the new owner.⁵⁹

Investigators Komanich, Schrier, and Medcalf testified Respondent did not respond to any of the records requests. Respondent denied having received the August 2021, March 2022, and May 2020 records requests, but he admitted to having received the January 2023 request and to having replied on January 9, 2023. Respondent acknowledged having received documents from the Department from the email address to where the letters were sent, but he denied having specifically received the March 2022 letter, which was sent to his email address twice. Respondent believed he only had to keep documents for a minimum of five years instead of the required four years.

C. TITLE TRANSFERS, TAXES, AND REGISTRATION FEES

Respondent testified that if a vehicle is sold in Texas, he collects the taxes on that vehicle. He has not authorized anyone to act on his behalf to sell vehicles at the Grayson Bluff Way address or at 7301 Synott Road, Ste. C, Houston, Texas.

1. 2017 Volkswagen Jetta

Jose Garcia, one of the complainants, testified that Granite Mustafa sold him the 2017 Volkswagen Jetta on December 15, 2020. He paid \$7,500, with taxes, title, and plates included, to be paid in two payments: one in the amount of \$1,500, and

⁵⁹ Staff Ex. 5 at 21.

the second payment due within 15 days after the first payment.⁶⁰ Mr. Garcia paid the entire \$7,500,⁶¹ but he never received the vehicle's title. He did, however, see a copy of the vehicle's title—through Mr. Mustafa's phone—with an insurance company's name on it. Ultimately, after repeated attempts to contact Mr. Mustafa, Mr. Garcia could no longer get in touch with him and ended up applying for a bonded title,⁶² but he did not receive a title through that process.⁶³

Respondent denied having the 2017 Volkswagen Jetta in his inventory and selling it to Mr. Garcia. He denied knowing Mr. Garcia, having seen Mr. Garcia at the Grayson Bluff Way address, issuing or ordering anyone to issue Mr. Garcia a receipt for sale of the vehicle, and having received money from Mr. Garcia, including collecting taxes on the sale. Instead, Respondent allowed Mr. Mustafa to use Respondent's dealer's license to purchase and take delivery of the 2017 Volkswagen Jetta and export the vehicle to Mr. Mustafa's country. Respondent was unaware Mr. Mustafa would instead sell the vehicle without Respondent's knowledge.

Inspector Komanich testified that "Granite Mustafa," or anyone using that name, is not licensed by the Department as a car dealer. Moreover, a Texas

⁶⁰ See also Staff Ex. 4 at 37. In his complaint, Mr. Garcia mentioned that Mr. Mustafa told him it may take over two weeks after receipt of the second payment for Mr. Garcia to receive the vehicle's title and license plate. When Mr. Garcia did not receive the title, Mr. Mustafa apologized months later to Mr. Garcia for him not having received his vehicle's title and plates and Mr. Mustafa blamed the situation on the pandemic. Staff Ex. 4 at 1-2, 35.

⁶¹ The first payment occurred on December 15, 2020, with the second payment made two weeks later.

⁶² See Staff Ex. 4 at 22-30.

⁶³ See Staff Ex. 4 at 22. Mr. Garcia testified that the public notary prepared the application for bonded title.

Certificate of Title showed Fan Quality Motors took the vehicle in its inventory on November 24, 2020.⁶⁴

Investigator Medcalf testified that a dealer's deadline for title transfers is 30 days if it is a cash purchase or a third-party financed vehicle, and 35 days if it is an in-house financing deal. He ran reports on March 29, 2022 and August 8, 2022 to see if title was transfer to Mr. Garcia's name,⁶⁵ and found that the owner on each date was Progressive Casualty Insurance, not Mr. Garcia.⁶⁶

2. 2003 Nissan Murano

Tiffany Pittard testified that she thought she bought an advertised 2005 Nissan Murano from Redbron Auto.⁶⁷ She had interacted with a Tochukwu Nwachukwu, the individual who went by "Tochi Toks" online and "Frankie" in person regarding the sale of the car.⁶⁸ However, she learned upon receipt of the vehicle's temporary buyer's tag that the dealer was Fan Quality Motors and that she instead bought a 2003 model.⁶⁹ Mrs. Pittard never met Mr. Arubaleze.

⁶⁴ Staff Ex. 7. Fan Quality Motors," with its Muegge Road address, was listed in the "Assignment of Title" box with a November 24, 2020 date of sale. *Id.* at 2. The boxes for the first, second, and third reassignment were not filled in. *Id.*

⁶⁵ Staff Ex. 4 at 17, 19.

⁶⁶ Staff Ex. 4 at 17, 19.

⁶⁷ Staff Ex. 6 at 9 (photo taken by Mrs. Pittard when she picked up her vehicle at 7301 Synott Road, Houston, Texas).

⁶⁸ *See* Staff Ex. 6 at 5-8, 12-20.

⁶⁹ *See* Staff Ex. 6 (photocopy of the buyer's tag showing vehicles' model year as 2003). Vehicle's VIN ends in 8254. *Id.*

She also denied being at the address on Grayson Bluff Way or having contacted anyone at that location.

Mrs. Pittard had messaged Tochi on October 28, 2022 to purchase an advertised 2005 Nissan Murano, which Tochi verified the full price was \$2,999.⁷⁰ They set up a meeting at 7301 Synott Road, Houston, Texas, that same day for Mrs. Pittard to look at the vehicle after being told it was available and there was nothing wrong with it. When Mrs. Pittard bought the vehicle, she lived in Galveston and paid \$500 for the vehicle to be transferred in her name, but she did not receive the title to her vehicle. Mrs. Pittard had difficulty reaching Tochi about her vehicle's title and registration, despite repeated calls. He did not respond to her November 30, 2022 inquiry until December 8, 2022, when Tochi informed her that her "plate and sticker" are available for pickup. However, she requested he send them to her because she had moved to Louisiana.⁷¹ He updated her address that day and, on December 14, 2022, sent the tracking information for her plate and sticker.⁷² But the package had incorrect information, listing another person and not Mrs. Pittard. She reached out again to Tochi, who instructed her to return the package to him and explained his runner had mixed up the packages. At his instruction, Mrs. Pittard returned the package, but she never received the correct package with her title enclosed, resulting in her contacting Tochi regarding resending the correct title to her new address in Louisiana. Ultimately, Tochi stopped

⁷⁰ See Staff Ex. 6 at 12.

⁷¹ Mrs. Pittard testified she moved to Louisiana on November 27, 2022 and sent a photo of her license to Tochi in December 2022.

⁷² Staff Ex. 6 at 17.

answering her calls and he blocked her phone number after she filed her complaint with the Department in January 2023.

Mrs. Pittard tried to get a bonded title for her vehicle, but Louisiana does not provide for a bonded title as a mechanism to obtain title. Since she was not able to drive the vehicle or to sell it to anyone, she had the vehicle scrapped.

Respondent testified that Tochi, or Mr. Nwachukwu, was a friend who helps with the business but is not an employee.⁷³ Mr. Nwachukwu had taken inventory of the vehicle, advertised the vehicle for sale, and sold the vehicle to Mrs. Pittard. Respondent agreed the vehicle was sold under his license. Although he did not know where the sale took place, he said the vehicle was in his inventory at Muegge Road where Mrs. Pittard went “the first time,” but the sale, which occurred on October 29, 2022, was finalized at Synott Road because Mrs. Pittard was “running around” for money.

Respondent said he tried to accommodate Mrs. Pittard, but she had caused confusion. Respondent had sent the documents to Harris County courthouse to title her vehicle, but “they” demanded he transfer title at the county of the driver’s license, Galveston County. Respondent, thus, took back all the documents from the Harris County courthouse. Mrs. Pittard then mentioned her move to Louisiana and

⁷³ Respondent initially described Mr. Nwachukwu as a “low employee” who helps Respondent run the business then said Mr. Nwachukwu was a friend not an employee. Similarly, Respondent said Ochiahi Muah, an individual who had planned to testify on Respondent’s behalf but did not appear during Respondent’s case-in-chief, helps him run the business.

provided another driver's license. Respondent informed her they could not transfer title from Texas to Louisiana. Respondent acknowledged Mrs. Pittard initially provided a Texas driver's license, and the deadline for title transfer is 30 days, which would be around November 29, 2022. Eventually, Respondent admitted he never titled the vehicle to Mrs. Pittard.

D. PREMISE VISITS

Mrs. Prieto, who had explained dealer premises requirements, testified that the Department does not regulate the employees dealers hire. Thus, it is sufficient for the Department that *someone* is at the premises representing the business.

Investigator Komanich conducted site visits at Respondent's licensed physical location on Muegge Road, Rosenberg, Texas, which is in a rural area, on Friday, August 5, 2022 at 12:30 p.m. and on Wednesday, October 26, 2022 at 2:26 pm. Respondent verified that his business hours are Monday through Saturday from 9:00 a.m. to 5:00 p.m.

1. August 5, 2022 Site Visit

Upon his arrival for the site visit, Investigator Komanich observed a mobile home, which appeared to be a residence to him, closest to the road; a tin building or workshop towards the rear of the property; a business sign attached to the front fence that surrounded the property; a dog behind the fence; a closed and chain-locked gate preventing entry to the location; and several signs posted advising that it was private

property, to keep out, and violators would be prosecuted.⁷⁴ He testified that he called Respondent to inquire whether he or an employee were present at the licensed location but was told no one was present and that Respondent was in Atlanta, Georgia. According to Investigator Komanich, Respondent insisted that the licensed location is not a residence but his business address and that he would return in a few days.

Respondent testified that he was called away on a family emergency on August 5, 2022, and returned the following week. His daughter-in-law had an accident, and his family needed him immediately at the hospital in Atlanta. He did not leave a note or anything on the premises to indicate where he was or when he would return. Instead, he left a note in front of his office, behind the locked gate, as per the Department's requirements.

Regarding his business location, Respondent explained there are two businesses at that address: his dealer business and an "iron benders or something" business, but that they each have their own location on the property. The location is a very big compound, and his vehicles, which he buys from auction, are displayed at the front and back of the property. Respondent also displays photos of his inventory

⁷⁴ See Staff Ex. 3 at 13-18. The business signed shared the following information:

FAN QUALITY MOTORS

MON-SAT 9AM-5PM

2735 MUEGGE RD, #A Rosenberg TX 77471

Staff Ex. 3 at 16.

in a house on the property. There are also two gates at his property, and the main gate was locked on August 5, 2022, because of the dog and to prevent trespassers.

2. October 26, 2022 Site Visit

At his subsequent visit, Investigator Komanich testified he again observed a closed, locked gate securing the property; a business sign with Respondent's name, hours of operation, and address affixed on a fence facing the street; signs posted indicating "Private Property Keep Out"; a location that appeared to be a private residence; and no one present or observed in the area.⁷⁵

Respondent said he understood that the Department requires him to be open and present during business hours but testified that he cannot leave the gate open for anyone. Sometimes he goes to auction. If he is not on the premises, customers would call him. Thus, he is "always there." Respondent also explained that the Department requires his business have at its physical address an office; a business sign outside with the business location; and to have a qualified license, all inventory sheets, and at least five vehicles outside.

Respondent provided differing testimony regarding his absence. Initially, he stated that he could not recall where he was during the October 26 site visit, then he later testified that the business was closed because of COVID. Respondent stated

⁷⁵ See Staff Ex. 5 at 11-16.

that many businesses were closed during COVID, and he did not want to contract the disease and transfer it to his family.

E. VEHICLE SALES NOT AT THE LICENSED PHYSICAL LOCATION

Mr. Garcia testified that he bought the 2017 Volkswagen Jetta at 21822 Franz Road, Katy, Texas from Mr. Mustafa. Respondent denied selling the vehicle to Mr. Garcia and agreed the vehicle was not sold at Respondent's licensed location.

Mrs. Pittard testified she had bought the 2003 Nissan Murano at 7301 Synott Road, Suite C, Houston, Texas. Respondent testified the vehicle was inventoried at Muegge Road and Mrs. Pittard had gone there "the first time" but finalized the sale at Synott Road.

Ms. Prieto testified that dealers are allowed to sell from multiple locations if those addresses are associated with the license and approved accordingly by the Department to do so. She explained that Respondent does not have additional locations associated with his license, so he is not eligible to do business other than at its licensed location on Muegge Road.

F. BUYER'S TEMPORARY TAGS AND VEHICLE INSPECTIONS

Fan Quality Motors issued Mrs. Pittard a temporary buyer's tag for the 2003 Nissan Murano on October 29, 2022.⁷⁶ Mrs. Pittard operated the vehicle until the

⁷⁶ Staff Ex. 6 at 11.

expiration of the buyer's tag, before January 2023. In January 2023, she told Tochi about the tag expiring and asked him to send her the vehicle's title. Instead, he gave her a new buyer's tag. Mrs. Pittard testified Tochi took a photo of the buyer's tag and scanned it on a computer for her to print out and place on the vehicle. Mrs. Pittard printed out the tag herself.

Inspector Medcalf testified that vehicle inspections must be completed before buyer tags are issued. He ran a vehicle inspection history report on the 2003 Nissan Murano to verify a valid inspection had occurred within 180 days of the October 29, 2022 sale to Mrs. Pittard. He found no vehicle inspection prior to the date of sale; rather, an inspection occurred at Freedom Motors and Rental on November 18, 2022.⁷⁷ He also ran an inquiry to confirm that Respondent issued Mrs. Pittard a buyer's tag on the date of sale and found that Respondent issued Mrs. Pittard temporary buyer's tags on October 29, 2022 and January 2, 2023.⁷⁸

Respondent acknowledged issuing two temporary buyer's tags for Mrs. Pittard's vehicle with the first one on October 29, 2022. He understood it was a violation to issue a second buyer's tag after a sale, but he did what he "had to do" after the confusion caused by Mrs. Pittard moving to Louisiana.

Respondent understood that a vehicle must be inspected within 180 days before the sale. He initially stated the vehicle was not inspected within six months

⁷⁷ See Staff Ex. 6 at 29 (showing inspection occurred on November 18, 2022).

⁷⁸ See Staff Ex. 6 at 30-31.

prior to the sale but then admitted the inspection occurred on November 18, 2022. However, Mrs. Pittard testified she had the 2003 Nissan Murano with her on that date. She was at work, and her Google maps timeline, which she had reviewed, showed she did not leave Galveston Island on that date.⁷⁹

G. REIMBURSEMENT TO MRS. PITTARD

Respondent testified that, with his license currently inactive, he cannot conduct any business, which affects his ability to pay, and his family is suffering right now.

Mrs. Pittard testified that her experience with Respondent has had a big impact on her life. She described Respondent's actions as a scam. She has been waiting on this case for over two years, has lost a significant amount of money, and experienced months of frustration and uncertainty due to the dealer's actions. Mrs. Pittard outlined how the dealer deceived her: from purchasing a vehicle (2003) that did not match what was advertised (2005) to realizing, despite being told otherwise, that the vehicle did, in fact, have mechanical and cosmetic issues. The check engine light was on, a dent in the rear passenger side bumper, a damaged mirror, and the vehicle needed to be jump started when she arrived home. Mrs. Pittard was told the check engine light had to do with the camshaft and would cost \$30 to repair,⁸⁰ but when she brought the vehicle for a code scan, the camshaft

⁷⁹ Mrs. Pittard testified that the inspection station, Freedom Motors and Rental, was about two minutes away from Redbron Auto.

⁸⁰ Tochi had provided Mrs. Pittard information on a camshaft position sensor that had cost \$16.99 at Autozone. Staff Ex. 6 at 14.

position sensor she needed cost \$600. Mrs. Pittard testified she did not have the money after having used all her money to purchase the vehicle. This unreliable vehicle ended up being unsalvageable.

Respondent testified that the 2003 Nissan Murano was sold for \$3,500. Mrs. Pittard said she paid more than the advertised \$2,999. She paid \$3,791 and an additional amount to have the vehicle transferred. She made multiple payments toward the vehicle with help from her family and fiancé. She did not receive any invoices for the cash payments she made to Respondent. In addition to the invoiced payments noted in the table below, Mrs. Pittard testified her father sent \$1,200.

Payment Date	Amount	Paid To	Paid By
October 28, 2022 ⁸¹	\$450.00	Tochukwu Nwachukwu	Joseph Pittard
October 28, 2022 ⁸²	\$1,179.00	Tochukwu Nwachukwu	Mrs. Pittard
October 29, 2022 ⁸³	\$3,500.00	Fan Quality Motors	Mrs. Pittard

IV. ANALYSIS AND RECOMMENDATION

A. FAILURE TO RESPOND TO RECORDS REQUESTS

The evidence established the Department sent four records requests to Respondent at Respondent's email address, mailing address, and/or GDN license physical address by multiple methods. 43 Texas Administrative Code section 144(d)

⁸¹ Staff Ex. 6 at 7 (\$450 excludes the \$13.50 fee).

⁸² Staff Ex. 6 at 8 (payment through a money transfer service, "cash.app").

⁸³ Staff Ex. 6 at 6. According to the receipt, \$3,500 was a cash payment and included the comment "Paid in full." *Id.*

requires a dealer to deliver a copy of the specified records in a records request within 15 days of receiving a request from the Department.

Respondent denied selling two vehicles noted in two separate records requests and therefore would not have records for them. Yet, the vehicles' titles showed Respondent as the prior owner before the title transfer. Respondent also argued he only had the authority as a license-only dealer to transfer a vehicle's title and not sell vehicles. Respondent referenced 43 Texas Administrative Code chapter 95, which regulates motor vehicle title services, as the authority for that argument. Specifically, section 95.1(a) provides that the Harris County Tax Assessor-Collector licenses motor vehicle title service companies that conduct title service businesses in Harris County. However, a GDN license, which Respondent had at the time of these events, allows the licensee to buy, sell, or exchange the type of used vehicle for which the GDN is issued. Moreover, Respondent admitted to allowing other people to use his GDN license to sell, for example, the 2003 Nissan Murano was sold under Respondent's license, and buy, such as allowing Mr. Mustafa to use his license to buy the 2017 Volkswagen Jetta at an auction. Finally, the license at issue here for each alleged violation against Respondent is his GDN license.

Because there was no evidence of mailing issues at Respondent's physical and mailing addresses, the proofs of receipt (e.g., USPS tracking or "green cards"), the inconsistencies in Respondent's testimony, and three inspectors' credible testimony, the ALJ is not persuaded that by Respondent's claim that he had not received the records requests. The ALJ finds that Respondent received the records requests but

chose not to respond to any of them. For these reasons, the ALJ concludes Respondent violated 43 Texas Administrative Code section 144(d).

B. FAILURE TO TRANSFER TITLE, REMIT TAXES, AND APPLY FOR VEHICLE REGISTRATION

Mr. Garcia and Mrs. Pittard provided credible testimony regarding their respective situations and interactions with Respondent's business. Thus, the evidence establishes by a preponderance that Respondent failed to remit taxes, apply for vehicle registration or title, and transfer title in regard to Mr. Garcia's 2017 Volkswagen Jetta and Mrs. Pittard's 2003 Nissan Murano. The ALJ therefore finds Respondent violated Texas Tax Code section 152.0411 and Texas Transportation Code section 501.0234.

C. DEALER PREMISE VIOLATIONS

1. Failure To Have a Bona Fide Employee At The Licensed Location During Posted Business Hours

The preponderant evidence establishes that an investigator visited Respondent's licensed location on August 5, 2022 and October 26, 2022, during reasonable and lawful business hours. Neither Respondent nor a bona fide employee were present on both dates to buy, sell, lease, or exchange vehicles; and be available to the public or the Department. While Respondent was not present during the August 2022 site visit due to a family emergency, he did not explain why an employee was not present. Regarding the October 2022 visit, Respondent testified his business was closed because of the COVID pandemic; however, there was no indication the business was closed, just indicators of a secured property not accessible to the public.

The ALJ concludes Respondent violated Texas Transportation Code section 503.032 and 43 Texas Administrative Code section 215.140.

2. Failure To Sell Or Offer To Sell A Motor Vehicle At The Licensed Location

Respondent's licensed location is on Muegge Road in Rosenberg, Texas. He did not refute the contention that the sale of the 2003 Nissan Murano and the 2017 Volkswagen Jetta did not occur at the licensed location. While Respondent denied selling the Jetta, the vehicle was bought using Respondent's license and the receipt given to Mr. Garcia, which Respondent denied being a receipt from his company, included Respondent's information.

Respondent showed a pattern of allowing others, namely, Mr. Mustafa and Mr. Nwachukwu, to use his license and denying all actions that followed by those individuals, despite records demonstrating an association with his business, because they were alleged unauthorized actions or acts not known to him. Mr. Garcia and Mrs. Pittard provided consistent testimony from when they filed their initial complaint in March 2022⁸⁴ and in January 2023, respectively, to when they presented their live testimony the hearings in September 2024 and April 2024, respectively. They credibly testified that their vehicles were bought from individuals representing Fan Quality Motors and/or Fan Quality Motors offered for sale those vehicles. Accordingly, the ALJ finds Respondent violated Texas Occupations Code section

⁸⁴ Staff Ex. 4 at 4.

2301.362(a); Texas Transportation Code sections 503.021 and 503.027; and 43 Texas Administrative Code section 215.136.

D. MISUSING BUYER'S TAGS AND FAILING TO INSPECT VEHICLE

The preponderance of the evidence demonstrates that Respondent (1) issued two buyer's tags to one consumer for the sale of one vehicle, the 2003 Nissan Murano, and (2) failed to perform a vehicle inspection within 180 days of the October 29, 2022, sale of the Nissan Murano to a buyer who was a Texas resident at the time of sale. Therefore, the ALJ concludes that (1) for issuing two buyers tags, Respondent violated Texas Transportation Code section 503.063 and (2) for failing to perform the inspection within 180 days preceding a sale, Respondent violated Texas Transportation Code sections 503.063 and 548.101(2) and 43 Texas Administrative Code section 215.155(a)(4).

E. SANCTIONS AND RECOMMENDATION

1. Civil Penalty and Revocation

Staff requested civil penalties in the amount of \$15,000⁸⁵ and revocation of Respondent's GDN license. Although Staff did not include any analysis to support the requested penalty amount, it provided arguments for revocation and evidence on aggravating factors to be considered. Neither Staff nor Respondent provided any evidence to support Respondent acknowledged any wrongdoing or showed a

⁸⁵ The ALJ notes that Staff's penalty recommendation is an aggregate. Staff did not, for purposes of determining civil penalties the Occupations Code, the Transportation Code, and the Department's Disciplinary Matrix authorizations, separate its penalty recommendation on a per-violation basis as intended by its Disciplinary Matrix and statute.

willingness to cooperate with the Department. Respondent, however, argued financial hardship due to his inactive license affecting his ability to do business.⁸⁶

The ALJ summarizes the violations proven by Staff and the corresponding sanction ranges in the chart below. The ALJ notes that the Disciplinary Matrix does not contain all possible violations, and the statutory minimum/maximum numbers differ from those in the Disciplinary Matrix.

⁸⁶ See Disciplinary Matrix at 2.

Conduct	Violation	Low Sanction		High Sanction	
		Statute	Matrix	Statute	Matrix
Records Violation. Failing to comply with four written requests for records regarding four different vehicles	43 Tex. Admin. Code § 215.144(d)	No minimum ⁸⁷	\$1,000 per vehicle	\$10,000 per violation ⁸⁸	\$4,000 per vehicle
Title Violations. Failure to timely transfer title for two vehicles	<ul style="list-style-type: none"> • Tex. Tax Code § 152.0411 • Tex. Transp. Code § 501.0234 	\$50 penalty ⁸⁹	Warning Letter	\$1,000 and/or Suspension/Revocation of GDN ⁹⁰	\$10,000 per vehicle
Tag Violation. No inspection within previous 180 days when issuing buyer's temporary tag for one used motor vehicle	<ul style="list-style-type: none"> • Tex. Transp. Code §§ 503.063, 548.101(2) • 43 Tex. Admin. Code § 215.155(a)(4). 	\$50	\$500 per tag	\$1,000 and/or Suspension/Revocation	\$2,000 per tag

⁸⁷ See Tex. Occ. Code § 2301.801(a).

⁸⁸ Tex. Occ. Code § 2301.801(a).

⁸⁹ Tex. Transp. Code § 503.095(a).

⁹⁰ Tex. Transp. Code § 503.095(a); Tex. Occ. Code § 2301.651(a).

Conduct	Violation	Low Sanction		High Sanction	
		Statute	Matrix	Statute	Matrix
Tag Violation. Misusing a temporary tag by issuing more than one, specifically issued two temporary buyer's tag	Tex. Transp. Code §503.063	\$50	\$1,000 per tag	\$1,000 and/or Suspension/Revocation	Revocation
Premises Violation. No dealer or employee present during posted business hours on two premises visits	<ul style="list-style-type: none"> • Tex. Transp. Code § 503.032(c) • 43 Tex. Admin. Code § 215.140 	\$50	Warning Letter	\$1,000 and/or Cancellation, Suspension, or Revocation	\$4,000; revocation ⁹¹
Premises Violation. Failure to sell or offer to sell a motor vehicle at the licensed location on two dates	<ul style="list-style-type: none"> • Tex. Occ. Code § 2301.362(a); • Tex. Transp. Code §§ 503.021, .027 • 43 Tex. Admin. Code § 215.136 	\$50	Not in Disciplinary Matrix	\$1,000 and/or Suspension/Revocation	Not in Disciplinary Matrix

⁹¹ Revocation if other requirements are not met. Disciplinary Matrix at 7.

The ALJ and the Department must consider mitigating and aggravating factors set forth in the statute as well as the Department's Disciplinary Matrix.⁹² The ALJ summarizes the applicable aggravating and mitigating factors as follows.

Aggravating Factors

- Staff established 12 violations: four records violations, two tag violations, two title violations, and four premises violations.
- Two consumers, Complainants Garcia and Pittard, were harmed by Respondent's violations.
- Complainants Garcia and Pittard did not receive their title.
- Respondent misused temporary tags, specifically Respondent issued two temporary buyer's tag for one vehicle.
- Economic damage to the public, specifically to Complainants Garcia and Pittard, caused by Respondent's failure to transfer title.
- Respondent is unfit under standards governing the occupation, including qualifications for a license Respondent, as he allowed others to misuse his GDN license to buy and sell motor vehicles to consumers and at auction.
- Respondent is unfit under standards governing the occupation, as Respondent did not ensure a temporary tag was only issued and printed from the Department's temporary tag database and that only a dealer secured a temporary tag to a vehicle when his agent emailed the second temporary tag to Mrs. Pittard, who printed and affixed the second tag to her vehicle, the 2005 Nissan Murano.
- Respondent willfully defrauded a purchaser, specifically Complainant Pittard.
- Respondent made no efforts to correct the violation.
- Respondent's failure to transfer title was a serious violation. Respondent's egregious acts include the difficulty for Complainants Garcia and Pittard to reach Respondent or his agents who eventually ceased communications with them. Regarding Mrs. Pittard, those acts include as misrepresenting

⁹² Tex. Occ. Code § 2301.801(b); Department's Disciplinary Matrix at 1,

the vehicle's condition and model year and ensuring delivery of license plates but sending another consumer's plates.

Mitigating Factors

- Respondent had no history of previous violations.
- There is no evidence Respondent failed to fulfill a written agreement with a purchaser.
- No evidence Respondent attempted to conceal the violations.
- Respondent did not violate an order issued by the Department.

“Willfully defraud” is not statutorily defined under chapter 503 of the Texas Transportation Code, chapter 2301 of the Texas Occupations Code, or Board rules. Thus, the ALJ gives this term its “plain meaning unless the statute clearly shows that they were used in some other sense” and the ALJ looks to the dictionary or a similar source to determine its definition.⁹³ Here, Black’s Law Dictionary defines the following terms:

- *Willful* as “done wittingly or on purpose, as opposed to accidentally or casually; voluntary and intentional, but not necessarily malicious;”
- *Defraud* as “to cause injury or loss to (a person or organization) by deceit; to trick (a person or organization) in order to get money. See fraud;” and
- *Fraud* is defined as “a knowing misrepresentation or knowing concealment of a material fact made to induce another to act to his or her detriment.”⁹⁴

Under common law, an element of fraud requires a speaker, when making a representation, knew that the representation was false or was reckless in making the

⁹³ *Coggin v. State*, 123 S.W.3d 82, 88 (Tex. App.—Austin 2003, pet. ref’d) (citation omitted).

⁹⁴ *Willful, Defraud, and Fraud*, Black’s Law Dictionary (12th Ed. 2024).

representation without knowledge of its truth.⁹⁵ Staff showed such knowledge or recklessness on Respondent's part when he or his agent advertised and confirmed the model year of the Nissan Murano was 2003, but instead sold a 2005 version; confirmed no issues with the vehicle when it did have cosmetic and costly mechanical issues; claimed to transfer title and obtained the registration vehicle and license plates then sent someone else's registration sticker and license plate before ultimately ceasing communication with the consumer; and admitted to never having titled the vehicle. Thus, for these reasons, the ALJ finds Respondent willfully defrauded Mrs. Pittard.

Civil Penalty

Considering the various factors required by statute and the Department's Disciplinary Matrix, the ALJ recommends \$15,000 in civil penalties be assessed against Respondent as allocated in the table below.

⁹⁵ *JPMorgan Chase Bank, N.A. v. Orca Assets G.P.*, 546 S.W.3d 648, 653 (Tex. 2018); *see also Fraud*, Black's Law Dictionary (12th ed. 2024) (providing two definitions, with one requiring a knowing misrepresentation and the other requiring a reckless misrepresentation).

Violation	Recommended Penalty	Total Penalty
Records Violation. Failure to comply with four written requests for records regarding four different vehicles	\$1,000 per vehicle	\$4,000
Title Violations. Failure to timely transfer title for two vehicles	\$5,000 per vehicle	\$10,000
Tag Violation. No inspection within previous 180 days when issuing buyer's temporary tag for one used motor vehicle	\$500	\$500
Tag Violation. Misusing a temporary tag by issuing more than one, specifically issued an extra temporary buyer's tag for one vehicle	\$100	\$100
Premises Violation. No dealer or employee present during posted business hours on two premises visits	\$100 per premises visit	\$200
Premises Violation. Failure to sell or offer to sell a motor vehicle at the licensed location on two dates	\$100 per violation	\$200
Penalty Total		\$15,000

Revocation

The ALJ notes that the Department's Disciplinary Matrix includes the sanction of revocation for only two of the violations at issue: (1) misusing a temporary tag by issuing more than one and (1) no dealer or employee present during posted business hours, but only if the licensee does not meet other premise requirements; otherwise, it is a maximum sanction under the matrix of \$4,000. Regarding the premises violation, Staff established two counts of having no dealer or employee present during posted business hours and two counts of failing to sell or offer to sell a motor vehicle at the licensed location. However, the ALJ views these as isolated

incidents and thus do not rise to the level for revocation. Therefore, only one violation can be considered for revocation: misusing a temporary tag.

The ALJ finds three of the required factors to consider for revocation could apply here:

1. whether the license holder is unfit under standards governing the occupation, including qualifications for a license;
2. whether the license holder willfully defrauded a purchaser; and
3. whether the license holder misused license plates or temporary tags.⁹⁶

Considering these three revocation factors and the aggravating factors above weighed against the mitigating factors, the ALJ recommends revocation for the violation of misusing a temporary tag.

2. Reimbursement

Since Respondent violated Chapter 2301 of the Texas Occupations Code and a Department rules, the Board has the authority to order Respondent to pay a refund to a buyer. Staff did not include an analysis to support its request for reimbursement for Mrs. Pittard or recommend what percentage of the funds she should be refunded.

Despite Respondent's assertions that Mrs. Pittard paid \$3,500 for the 2003 Nissan Murano, the ALJ finds Mrs. Pittard's assertion that she paid more than that

⁹⁶ See Tex. Occ. Code § 2301.651(a); Disciplinary Matrix at 2.

amount is more credible considering the receipts she provided and the consistency in her testimony. While Mrs. Pittard testified she paid \$3,791, the receipts alone, which did not include all her payments, showed she paid more than that amount. Her then fiancé contributed \$463.50 (fee included) on October 28, 2022 and payments by Mrs. Pittard on October 28 and 29, 2022 totalled \$4,679. She also testified her father sent \$1,200 towards the vehicle.

The only statutory requirement for reimbursement is that the licensee is determined to have violated Chapter 2301 of the Texas Occupations Code or a Department rule. Such determination has been made as discussed in this Proposal for Decision. There is, however, no guidance in rule or statute on how to determine the percentage from funds paid that should be reimbursed. Yet, considering the egregiousness of Respondent's and his agent's actions towards Mrs. Pittard, as discussed in detail in this Proposal for Decision, the ALJ recommends 100 percent of the funds she paid to Respondent be refunded.

V. FINDINGS OF FACT

1. The Texas Department of Motor Vehicles issued Francis Arubaleze d/b/a Fan Quality Motors (Respondent) General Distinguishing Number (GDN) P160120 on September 11, 2020. The license expired on July 31, 2022. The license closed on February 9, 2024, for non-renewal effective on that date.
2. Respondent's licensed physical address is 2735 Muegge Road, Suite A, Rosenberg, Texas 77471-9852.
3. Respondent's mailing address is 18302 Grayson Bluff Way, Richmond, Texas 77407-3003.

Records Requests

4. The Department sent by U.S. mail, certified mail, and email four records requests for the vehicles noted below to Respondent at its addresses as shown in this table:

Date	Vehicle	Respondent's Address
August 13, 2021	2017 Mercedes Benz (Vin ending 2532) sold to Kazeem Abiola on or about July 14, 2021	Grayson Bluff Way
March 29, 2022	2017 Volkswagen Jetta 4D SE (VIN ending 8417) sold to Jose Garcia on or about December 15, 2020	Grayson Bluff Way and Muegge Road
May 13, 2022	2013 Honda Accord (VIN ending 6636) belonging to Alexxus Pierre	Muegge Road
January 3, 2023	2003 Nissan Murano (VIN ending 8254) sold to Tiffany Pittard, née Davis, (Mrs. Pittard) on or about October 29, 2022	Grayson Bluff Way and Muegge Road

5. Title was issued on March 19, 2022, for the 2013 Honda Accord that listed Respondent as the previous owner and “Alexxus Denée Pierre” listed as the new owner.
6. Respondent did not respond to any of the record requests.

Title Transfers, Taxes, and Registration Fees**2017 Volkswagen Jetta**

7. Respondent allowed Granite Mustafa to use Respondent's dealer's license to purchase and take delivery of a 2017 Volkswagen Jetta.
8. A Texas Certificate of Title for the 2017 Volkswagen Jetta showed Respondent took the vehicle in its inventory on November 24, 2020.

9. Granite Mustafa, or anyone using that name, is not licensed by the Department as a car dealer.
10. Mr. Mustafa sold Jose Garcia the 2017 Volkswagen Jetta on December 15, 2020, for \$7,500, which included taxes, title, and plates.
11. Progressive Casualty Insurance was the titled owner for the 2017 Volkswagen Jetta on March 29, 2022, and August 8, 2022.
12. Mr. Garcia did not receive the title for the 2017 Volkswagen Jetta.

2003 Nissan Murano

13. Mrs. Pittard thought she bought an advertised 2005 Nissan Murano from Redbron Auto. Instead, she bought a 2003 Nissan Murano from Respondent.
14. Tochukwu Nwachukwu, also known as “Tochi Toks” online and “Frankie” in person, sold Mrs. Pittard a Nissan Murano on October 28, 2022, under Respondent’s GDN license.
15. Mr. Nwachukwu is a friend who helps with Respondent’s business but is not an employee. As a friend of the business, Mr. Nwachukwu takes inventory of the vehicle, advertises the vehicle, and sales the vehicle.
16. When Mrs. Pittard bought the Nissan Murano, she was a Texas resident living in Galveston County, Texas.
17. Mrs. Pittard had difficulty reaching Tochi about obtaining her vehicle’s title and registration. On December 8, 2022, she informed him of her move to Louisiana and requested he mail them to her at her new address.
18. Mrs. Pittard received someone else’s license plate and registration sticker. She informed Mr. Nwachuku regarding his mistake and, at his instruction, she mailed the other person’s license plate and registration sticker back to him and awaited the arrival of the package with her title. After she still did not receive her title, she again contacted Mr. Nwachuku.
19. Mr. Nwachukwu blocked Mrs. Pittard’s calls after she filed her complaint against Respondent on January 3, 2023.

20. Mrs. Pittard never received her title.
21. Respondent never transferred the title of the 2003 Nissan Murano to Mrs. Pittard.

Premises Visits

22. Respondent's business hours are Monday through Saturday from 9:00 a.m. to 5:00 p.m.
23. A Department investigator visited Respondent's licensed physical location on Muegge Rd, Rosenberg, Texas, on Friday, August 5, 2022, at 12:30 p.m. and on Wednesday, October 26, 2022, at 2:26 p.m.
24. On August 5, 2022, the investigator observed the following: a mobile home, which appeared to be a residence, closest to the road; a tin building or workshop towards the rear of the property; a business sign attached to the front fence that surrounded the property; a dog behind the fence; a closed and chain-locked gate preventing entry to the location; and several signs posted advising that it was private property, to keep out, and violators would be prosecuted.
25. Respondent was not present at the licensed facility on August 5, 2022, because he was called away that day on a family emergency to Atlanta, Georgia and returned the following week.
26. On October 26, 2022, the Department investigator observed: a closed, locked gate securing the property; a business sign with Respondent's name, hours of operation, and address affixed on a fence facing the street; signs posted indicating "Private Property Keep Out;" a location that appeared to be a private residence; and no one present or observed in the area.
27. On October 26, 2022, there was no indication the business was closed, just indicators of a secured property not accessible to the public.
28. A bona fide employee was not present at Respondent's licensed location on August 5, 2022, and October 26, 2022.

Vehicles Not Sold At Licensed Physical Location

29. Respondent's agent sold Mr. Garcia a 2017 Volkswagen Jetta on December 15, 2020, at 21822 Franz Road, Katy, Texas 77449.
30. Respondent's agent sold Mrs. Pittard the 2003 Nissan Murano on October 29, 2022, at 7301 Synott Road, Suite C, Houston, Texas.

Buyer's Temporary Tag and Vehicle Inspections

31. Respondent issued Mrs. Pittard's 2003 Nissan Murano a temporary buyer's tag on October 29, 2022, and January 2, 2023.
32. Respondent had the 2003 Nissan Murano inspected on November 18, 2022.

Reimbursement

33. Mrs. Pittard made multiple payments toward the 2003 Nissan Murano and did not receive an invoice for all her cash payments towards the vehicle. Those payments include: a contribution of \$463.50 (fee included) on October 28, 2022 by Mrs. Pittard's then fiancé and payments by Mrs. Pittard on October 28 and 29, 2022 totaling \$4,679. Mrs. Pittard's father also sent \$1,200 towards the vehicle.

Aggravating Factors

34. Staff established 12 violations: four records violations, two tag violations, two title violations, and four premises violations.
35. Two consumers, Mr. Garcia and Mrs. Pittard, were harmed by Respondent's violations.
36. Mr. Garcia and Mrs. Pittard did not receive their title.
37. Respondent misused temporary tags by issuing two tags temporary buyer's tag for one vehicle.
38. Economic damage to the public, specifically to Mr. Garcia and Mrs. Pittard, were caused by Respondent's failure to transfer title.

39. Respondent is unfit under standards governing the occupation, including qualifications for a license, because:
- a. Respondent allowed others to misuse his GDN license to buy and sell motor vehicles to consumers and at auction.
 - b. Respondent did not ensure a temporary tag was only issued and printed from the Department's temporary tag database and that only a dealer secured a temporary tag to a vehicle when his agent emailed the second temporary tag to Mrs. Pittard, who printed and affixed the second temporary tag to her vehicle, the 2005 Nissan Murano.
40. Respondent willfully defrauded Mrs. Pittard.
41. Respondent made no efforts to correct any violation.
42. Respondent's failure to transfer title was a serious violation. Respondent's egregious acts include the difficulty for Mr. Garcia and Mrs. Pittard to reach Respondent or his agents who eventually ceased communications with them. Regarding Mrs. Pittard, those acts include as misrepresenting the vehicle's condition and model year and ensuring delivery of license plates but sending another consumer's plates.
43. The vehicle inspection for the 2003 Nissan Murano occurred on November 18, 2022.
44. Respondent did not acknowledge any wrongdoing or show a willingness to cooperate with the Department.

Mitigating Factors

45. Respondent had no history of previous violations.
46. Respondent did not fail to fulfill a written agreement with a purchaser.
47. Respondent did not attempt to conceal the violations.

Revocation Factors

48. The factors supporting revocation are:
- a. Respondent is unfit under standards governing the occupation, including qualifications for a license;
 - b. Respondent willfully defrauded a purchaser; and
 - c. Respondent misused license plates or temporary tags.

Reimbursement

49. On February 16, 2023, the Department mailed Respondent a Notice of Department Decision. Respondent requested an administrative hearing to contest the allegation in the Notice of Department Decision on March 14, 2023.
50. On August 29, 2023, the Department mailed Respondent a Notice of Hearing and resent the Notice of Department Decision.
51. On October 12, 2023, ALJ Linda Brite with the State Office of Administrative Hearings (SOAH) convened a hearing by videoconference. Attorney Karen Meisel appeared on behalf of Staff. Respondent did not appear and was not represented at the hearing. ALJ Brite entered a Default Dismissal Order, which was set aside upon the ALJ granting Respondent's timely motion.
52. On January 5, 2024, the Department mailed Respondent a First Amended Notice of Hearing and resent the Notice of Department Decision. On March 25, 2024, the Department mailed Respondent a Second Amended Notice of Hearing and a First Amended Notice of Department Decision. These notices provided the date, time, and place of a preliminary hearing; the legal authority and jurisdiction under which the hearing was to be held; the particular sections of the statutes and rules involved; and either a short, plain statement of the factual matters asserted or an attachment that incorporates by reference the factual matters asserted in the complaint or petition filed with the state agency.
53. This matter was reassigned to SOAH ALJ Dee Marlo Chico. ALJ Chico addressed preliminary matters at the hearings scheduled on

December 14, 2023, and March 19, 2024. On both dates, Ms. Meisel appeared for Staff and attorney Amen Obas appeared for Respondent. At the December 2023 setting, Mr. Obas moved for a continuance, which Staff did not oppose, because Respondent was under his doctor's care. At the March 2024 setting, ALJ Chico granted Staff's Motion to Compel Discovery and continued the hearing to allow Respondent to meet the deadline imposed.

54. ALJ Chico convened the hearing on the merits by videoconference on April 9, 2024, September 10-11, 2024, and December 4, 2024.⁹⁷ On those dates, the following appeared: Ms. Meisel represented Staff and Kyle Komanich, Assistant Chief Investigator, appeared on behalf of the Department. Mr. Obas represented Respondent and Mr. Arubaleze appeared. The hearing concluded on December 4, 2024. The record closed on February 7, 2025.

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(a); Tex. Occ. Code §§ 2301.651, .801(a).
2. The Board had the authority to order a licensee to pay a refund to a buyer or lessee of a motor vehicle if the licensee is determined to have violated Chapter 2301 of the Texas Occupations Code or a Department rule. Tex. Occ. Code § 2301.807; *see* 43 Tex. Admin. Code § 215.504(a).
3. 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.

⁹⁷ The audio recording is the official record for the April 9, 2024, proceeding. The transcript is the official record for the September and December 2024 proceedings.

4. Respondent received proper and timely notice of the hearing. Tex. Gov't Code §§ 2001.051-.052.
5. Staff had 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.
6. Respondent violated 43 Texas Administrative Code section 144(d) by failing to deliver, within 15 days of receiving the requests, a copy of the specific records requested from the Department on August 13, 2021, March 29, 2022, May 13, 2022, and January 3, 2023.
7. Respondent violated Texas Tax Code section 152.0411 and Texas Transportation Code section 501.0234 by failing to remit motor vehicle sales tax and to apply for the registration and title of the motor vehicle in connection with the sale of a 2017 Volkswagen Jetta.
8. Respondent violated Texas Tax Code section 152.0411 and Texas Transportation Code section 501.0234 by failing to remit motor vehicle sales tax and to apply for the registration and title of the motor vehicle in connection with the sale of a 2003 Nissan Murano.
9. Respondent violated Texas Transportation Code section 503.032 and 43 Texas Administrative Code section 215.140 by failing to have a bona fide employee at the licensed location during posted business hours on August 5, 2022, and October 26, 2022.
10. Respondent violated Texas Occupations Code section 2301.362(a); Texas Transportation Code sections 503.021 and 503.027; and 43 Texas Administrative Code section 215.136 by failing to sell or offering for sale the 2017 Volkswagen Jetta at the licensed location.
11. Respondent violated Texas Occupations Code section 2301.362(a); Texas Transportation Code sections 503.021 and 503.027; and 43 Texas Administrative Code section 215.136 by failing to sell or offering for sale the 2003 Nissan Murano at the licensed location.

12. Respondent violated Texas Transportation Code sections 503.063 by issuing two buyer's tags to one consumer for the sale of one vehicle, the 2003 Nissan Murano.
13. Respondent violated Texas Transportation Code sections 503.063 and 548.101(2) and 43 Texas Administrative Code section 215.155(a)(4) by failing to perform a vehicle inspection within 180 days of the October 29, 2022, sale of the Nissan Murano to a buyer who was a Texas resident at the time of sale.
14. Pursuant to Texas Occupations Code section 2301.651(a)(3) and (4), the Board has the authority to revoke Respondent's license for any violation of any Board rule or any law related to the sale of motor vehicles.
15. 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.
16. Respondent should be assessed a \$1,000 per vehicle civil penalty for failing to comply with four written requests for records regarding four different vehicles, for a total penalty amount of \$4,000. 43 Tex. Admin. Code § 215.144(d).
17. Respondent should be assessed a \$5,000 per vehicle civil penalty for failing to timely transfer title for two vehicles, for a total penalty amount of \$10,000. Tex. Tax Code § 152.0411 and Tex. Transp. Code § 501.0234.
18. Respondent should be assessed a \$500 civil penalty for failing to conduct a vehicle inspection within the previous 180 days of issuing a buyer's temporary tag for one used motor vehicle. Tex. Transp. Code §§ 503.063, 548.101(2); 43 Tex. Admin. Code § 215.155(a)(4).
19. Respondent should be assessed a \$100 civil penalty for misusing a temporary tag by issuing more than one, specifically issued two temporary buyer's tag for one vehicle. Tex. Transp. Code § 503.063.
20. Respondent should be assessed a \$100 per premises visit civil penalty for not having a bona fide employee present during posted business hours on two premises visits, for a total penalty amount of \$200. Tex. Transp. Code § 503.032(c); 43 Tex. Admin. Code § 215.140.

21. Respondent should be assessed a \$100 per violation civil penalty for failing to sell or offer to sell a motor vehicle at the licensed location on two dates, for a total penalty amount of \$200. Tex. Occ. Code § 2301.362(a); Tex. Transp. Code §§ 503.021, .027; 43 Tex. Admin. Code § 215.136.
22. The Board should revoke Respondent's GDN license.
23. The Board should exercise its refund authority and refund Tiffany Pittard, née Davis, 100 percent of the funds she paid to Respondent.

Signed April 2, 2024

ALJ Signature:



Dee Marlo Chico

Presiding Administrative Law Judge

ACCEPTED
608-23-26648 TxDMV Board Meeting eBook
4/21/2025 10:15:52 am
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Kevin Garza, CLERK

July 10, 2025

FILED
608-23-26648
4/21/2025 9:56 AM
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Kevin Garza, CLERK

State Office of Administrative Hearings

Kristofer S. Monson
Chief Administrative Law Judge

April 21, 2025

Karen Meisel
Attorney for Petitioner

VIA EFILE TEXAS

Amen Obas
Attorney for Respondent

VIA EFILE TEXAS

RE: Docket Number 608-23-26648.ENF; *Texas Department of Motor Vehicles v. Francis E Arubaleze*

Dear Parties:

Please be advised that the time period to file exceptions to the Proposal for Decision (PFD) issued in the above-referenced hearing has expired and neither party filed exceptions. Therefore, the Administrative Law Judge recommends that the PFD be adopted as written. Because SOAH has concluded its involvement in the matter, the case is being returned to the **Texas Department of Motor Vehicles**.

CC: Service List

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.

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Filing Description: NO EXCEPTIONS LETTER

Status as of 4/21/2025 10:16 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Karen Meisel		karen.meisel@txdmv.gov	4/21/2025 9:56:42 AM	SENT

Associated Case Party: Francis E Arubaleze

Name	BarNumber	Email	TimestampSubmitted	Status
Amen Obas		amenlaw@sbcglobal.net	4/21/2025 9:56:42 AM	ERROR

**Texas Department of Motor Vehicles**

HELPING TEXANS GO. HELPING TEXAS GROW.

Board Meeting Date: 7/10/2025
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Corrie Thompson, Enforcement Division Director
Agenda Item: 6
Subject: Chapter 224, Adjudicative Practice and Procedure
Amendments: §224.116 and §224.124
New: §224.121
(Relating to Implementation of House Bill (HB) 1672, 89th Legislative Session, and Cleanup)

RECOMMENDATION

Action Item. Approve the emergency amendments and new section with an effective date of July 10, 2025.

PURPOSE AND EXECUTIVE SUMMARY

The emergency revisions implement HB 1672, 89th Legislature, Regular Session (2025). HB 1672 became effective on May 24, 2025. The regular proposed (non-emergency) version of this rule package is included under another agenda item for this meeting because emergency rules can only last for up to 180 days. The adopted revisions would also clean up the rule text.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

The emergency revisions are necessary to implement HB 1672, which became effective on May 24, 2025. HB 1672 amended Transportation Code, §643.2526 to require the department to adopt rules to create the requirements and procedures for the following: 1) the revocation or suspension of a motor carrier's registration; 2) the placement of a motor carrier on probation whose registration is suspended; and 3) the motor carrier's appeal of the revocation, suspension, or probation. If Transportation Code, Chapter 643 applies to the motor carrier, it must be registered with the department to transport persons or cargo over a road or highway in Texas. The term "registered" means authority to operate as a motor carrier, rather than vehicle registration under Transportation Code, Chapter 502.

Government Code, §2001.034 authorizes a state agency to adopt an emergency rule without prior notice or hearing if the agency finds that a requirement of state law requires adoption of a rule on fewer than 30 days' notice. Emergency rules adopted under Government Code, §2001.034 may not be effective for longer than 120 days and may not be renewed for longer than 60 days. If the board approves these emergency rules, the department will request the board to renew them at a future board meeting if the department needs to renew them for up to 60 more days until the regular adopted rules become effective. Once the regular adopted rules become effective, the emergency rules will terminate.

The emergency revisions state that upon request by the Texas Department of Public Safety (DPS), the department will revoke a motor carrier's registration if the Federal Motor Carrier Safety Administration (FMCSA) or DPS issued an order

stating the motor carrier has an unsatisfactory safety rating under the applicable laws cited in Transportation Code, §643.252(b). FMCSA's order is called an out-of-service order, which prohibits the motor carrier from engaging in interstate transportation. The DPS order is called an order to cease, which prohibits the motor carrier from operating a commercial motor vehicle in intrastate transportation. If DPS requests the department to revoke the motor carrier's registration, Transportation Code, §643.2526 authorizes the department to revoke a motor carrier's registration prior to providing the motor carrier with notice and an opportunity for hearing because the motor carrier should have received full due process from either FMCSA or DPS under the laws that govern those governmental entities.

The emergency revisions also state that if the motor carrier resolves its unsatisfactory safety rating and is no longer subject to the order to cease or out-of-service order after the department revokes the motor carrier's registration, the department will not rescind the revocation of the motor carrier's registration on appeal to the department because this scenario does not show any error regarding the department's revocation. However, an appeal of a revocation to the department may result in a rescission of the revocation if the underlying order from DPS or FMCSA, as applicable, was issued in violation of the motor carrier's due process rights or was issued to the motor carrier in error.

When determining whether to request the department to revoke the motor carrier's registration under Transportation Code, §643.252(b), it is within DPS's discretion to consider whether the motor carrier's safety rating might change from unsatisfactory to satisfactory or conditional after the department revokes the motor carrier's registration. Once the department receives the request from DPS to revoke the motor carrier's registration under Transportation Code, §643.252(b), the department will immediately revoke the registration.

If the motor carrier takes corrective action to change its unsatisfactory safety rating and is no longer subject to an out-of-service order or an order to cease after the department revoked the motor carrier's registration under Transportation Code, §643.252(b), the department will consider this fact when reviewing the motor carrier's application for reregistration or registration.

EMERGENCY REVISIONS TO**SUBCHAPTER D. MOTOR CARRIER AND OVERSIZE OR OVERWEIGHT VEHICLE OR LOAD ENFORCEMENT****43 TAC §224.116 AND §224.124****AND****NEW §224.121**

INTRODUCTION. The Texas Department of Motor Vehicles (department) adopts, on an emergency basis, revisions to 43 Texas Administrative Code (TAC) Chapter 224, Subchapter D, Motor Carrier and Oversize or Overweight Vehicle or Load Enforcement, by amending §224.116 and §224.124, and adding new §224.121, regarding the requirements and procedures under Transportation Code, §643.2526. The amendments and new section are necessary to implement House Bill (HB) 1672, 89th Legislature, Regular Session (2025). Adopted amendments are also necessary to clean up the rule text.

Government Code, §2001.034 authorizes a state agency to adopt an emergency rule without prior notice or hearing if the agency finds that a requirement of state law requires adoption of a rule on fewer than 30 days' notice. Emergency rules adopted under Government Code, §2001.034 may not be effective for longer than 120 days and may not be renewed for longer than 60 days.

EXPLANATION.

This emergency rulemaking is necessary because HB 1672 became effective on May 24, 2025, and requires the department to adopt rules to create the requirements and procedures for the following under Transportation Code, §643.2526: 1) the revocation or suspension of a motor carrier's registration; 2) the placement of a motor carrier on probation whose registration is suspended; and 3) the motor carrier's appeal of the revocation, suspension or probation. The board of the Texas Department of Motor

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1 Vehicles (board) did not meet in May or June of 2025 to approve the adoption of these emergency rules.

2 The board met on July 10, 2025, and approved the adoption of these emergency rules.

3 Adopted amendments to §224.116 implement HB 1672 by modifying the title of the section and
4 adding new subsection (h) to clarify that these administrative procedures do not apply to a proceeding
5 under Transportation Code, §643.2526. Section 224.116 provides the administrative procedures for a
6 proceeding under laws that require the department to provide written notice to the person and an
7 opportunity for the person to request a hearing before the department takes an administrative action
8 against the person. Because Transportation Code, §643.2526 states that a department action under
9 §643.2526 is not required to be preceded by notice and an opportunity for hearing, the department
10 adopts amendments to §224.116 to clarify that this section does not apply to a proceeding under
11 §643.2526. Adopted amendments to §224.116(a) are also necessary to clean up the rule text by adding a
12 hyphen to the term “first class mail” to read “first-class mail.”

13 Adopted new §224.121 and amendments to §224.124 are necessary to implement amendments
14 made by HB 1672 to Transportation Code, §643.2526. Sections 224.121 and 224.124 govern the
15 requirements and procedures under Transportation Code, §643.2526, which authorizes the department
16 to deny an application for registration, renewal of registration, or reregistration under Transportation
17 Code, Chapter 643 (Motor Carrier Registration) prior to providing the person with notice and an
18 opportunity for hearing. Upon request by the Texas Department of Public Safety (DPS) under
19 Transportation Code, §643.252(b), and prior to providing the person with notice and an opportunity for
20 hearing, the department is also authorized under Transportation Code, §643.2526 to revoke or suspend
21 the registration of a motor carrier or to place a motor carrier on probation whose registration is
22 suspended, if the motor carrier has an unsatisfactory safety rating under 49 C.F.R. Part 385 (Safety Fitness
23 Procedures), which is determined by the Federal Motor Carrier Safety Administration (FMCSA); or multiple

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1 violations of Transportation Code, Chapter 644 (Commercial Motor Vehicle Safety Standards), a rule
2 adopted under Chapter 644, or Subtitle C (Rules of the Road) of Transportation Code, Title 7 (Vehicles and
3 Traffic), which is determined by DPS. The references to registration under Transportation Code, Chapter
4 643 are references to operating authority to operate as a motor carrier, rather than vehicle registration
5 under Transportation Code, Chapter 502.

6 Adopted new §224.121 is necessary to provide the requirements and procedures regarding the
7 department's action under Transportation Code, §643.2526. Adopted new §224.121(a) states that the
8 department will only revoke a motor carrier's registration under Transportation Code, §643.2526
9 pursuant to a request from DPS under Transportation Code, §643.252(b). Although Transportation Code,
10 §643.252(b) authorizes DPS to request the department to suspend or revoke a registration issued to a
11 motor carrier under Transportation Code, Chapter 643, or to place on probation a motor carrier whose
12 registration is suspended, the department will only revoke the registration of a motor carrier under
13 Transportation Code, §643.252(b). The department's current system is not programmed to suspend a
14 motor carrier's registration, so revocation is the only option.

15 Also, the DPS rule regarding DPS's request to the department under Transportation Code,
16 §643.252(b) only refers to a revocation of the motor carrier's registration. *See* 37 TAC §4.19(a).
17 Transportation Code, §644.051(b) states that a DPS rule adopted under Transportation Code, Chapter 644
18 must be consistent with federal regulations. Section 4.19(a), which was adopted under the DPS
19 rulemaking authority in Transportation Code, §644.051, is consistent with 49 C.F.R. §385.13(e), which
20 states that if an interstate motor carrier has a final unsatisfactory safety rating, FMCSA will provide notice
21 to the motor carrier and issue an order revoking the motor carrier's interstate registration, which is also
22 known as operating authority to operate as a motor carrier in interstate transportation. Because DPS does

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1 not administer Transportation Code, Chapter 643, DPS must request the department to revoke a motor
2 carrier's registration for intrastate transportation.

3 Adopted new §224.121(a) also states that the department will not take action under
4 Transportation Code, §643.252(b) until FMCSA or DPS, as applicable, issues an order regarding the laws
5 referenced in §643.252(b). This requirement is necessary to help protect the person's due process rights
6 because Transportation Code, §643.2526 authorizes the department to take action against the person
7 prior to providing notice and an opportunity for a hearing. FMCSA and DPS are required to comply with
8 the due process requirements under the laws that govern their actions when issuing an order under the
9 laws referenced in Transportation Code, §643.252(b). The process set out in adopted new §224.121(a)
10 ensures that while a motor carrier may not receive notice and an opportunity for a hearing from the
11 department before the department revokes the motor carrier's registration, the motor carrier should
12 have received full due process on the same factual and legal allegations from either FMCSA or DPS.

13 The FMCSA order under 49 C.F.R. §385.13(d)(1) is called an out-of-service order, which prohibits
14 the motor carrier from engaging in interstate transportation. *See* 49 U.S.C. §31144(c) and 49 C.F.R.
15 §385.1(a) and §385.13(d)(1). The FMCSA procedures and proceedings regarding an out-of-service order
16 are governed by 49 U.S.C. §31144, 49 C.F.R. Part 385 (Safety Fitness Procedures), and 49 C.F.R. Part 386
17 (Rules of Practice for FMCSA Proceedings).

18 The DPS order under Transportation Code, §644.155 and 37 TAC §4.15 is called an order to cease,
19 which prohibits the motor carrier from operating a commercial motor vehicle in intrastate transportation.
20 The DPS proceedings regarding an order to cease are governed by 37 TAC §4.15 and §4.18. The DPS order
21 to cease tells the motor carrier that it must immediately cease all intrastate transportation until such time
22 as DPS determines the motor carrier's safety rating is no longer unsatisfactory.

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1 Adopted new §224.121(b) states that the department will issue notice of the department's action
2 under Transportation Code, §643.2526 to the person by email and first-class mail using the person's last
3 known address in the department's records. The notice requirements under Government Code,
4 §2001.054(c) do not apply to the department's notice regarding the department's action under
5 Transportation Code, §643.2526 because Transportation Code, §643.2526(a) says that the department's
6 action under Transportation Code, §643.252(b) is not required to be preceded by notice and an
7 opportunity for hearing, notwithstanding other law. Also, the motor carrier should have already received
8 due process under the DPS or FMCSA proceeding that resulted in an order to cease or out-of-service order,
9 respectively.

10 Adopted amendments to §224.124 implement HB 1672 by modifying the title of the section to
11 refer to an appeal of a department action. Adopted amendments to §224.124 delete subsection (a), and
12 amend existing subsections (b) and (c) to expand the scope of the rule to be consistent with the expanded
13 scope of Transportation Code, §643.2526, as amended by HB 1672. An adopted amendment to existing
14 subsection (b) clarifies that Subchapter E of Chapter 224 of this title is not the only subchapter in Chapter
15 224 that would apply to an appeal to the department under Transportation Code, §643.2526. Adopted
16 amendments re-letter existing subsections (b), (c), and (d) due to the deletion of subsection (a).

17 Adopted new §224.124(d) states that on appeal under Transportation Code, §643.2526, the
18 department will not rescind a revocation under Transportation Code, §643.252(b), based on the motor
19 carrier taking corrective action that results in an upgrade to its unsatisfactory safety rating after the
20 department issued notice to the motor carrier that it revoked the motor carrier's registration. DPS wants
21 the department to immediately revoke a motor carrier's registration under Transportation Code, Chapter
22 643 once DPS requests the department to revoke under Transportation Code, §643.252(b). The
23 department will not wait to see if the motor carrier takes either of the following actions prior to revoking

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1 the motor carrier's registration: 1) requests DPS or FMCSA, as applicable, to change the final safety rating
2 or to conduct a review regarding the final safety rating; or 2) appeals their final safety rating to a court
3 under the laws that govern the DPS or FMCSA order, as applicable.

4 FMCSA's regulation states that a motor carrier that has taken action to correct the deficiencies
5 that resulted in a final rating of "unsatisfactory" may request a rating change at any time. *See* 49 C.F.R.
6 §385.17(a). Another FMCSA regulation states as follows: 1) that a motor carrier may request FMCSA to
7 conduct an administrative review if it believes that FMCSA committed an error in assigning the final safety
8 rating; 2) that FMCSA's decision under the administrative review constitutes the final agency action; and
9 3) that a motor carrier may request a rating change under the provisions of 49 C.F.R. §385.17. *See* 49
10 C.F.R. §385.15. In addition, federal law authorizes the motor carrier to appeal FMCSA's final order to the
11 applicable United States Court of Appeals under 49 U.S.C. §521(b)(9) and 49 C.F.R. §386.67. Therefore, it
12 is possible that FMCSA could change a motor carrier's safety rating from unsatisfactory to satisfactory or
13 conditional after FMCSA issued the out-of-service order to the motor carrier and after the department
14 revoked the motor carrier's registration pursuant to DPS's request under Transportation Code,
15 §643.252(b).

16 The DPS administrative rule states that a motor carrier that has taken action to correct the
17 deficiencies that resulted in a final rating of "unsatisfactory" may request a rating change at any time. *See*
18 37 TAC §4.15(b)(3)(G). The DPS rule also states that the motor carrier may request DPS to conduct a
19 departmental review if the motor carrier believes that DPS has committed error in assigning the final
20 safety rating, that the final safety rating under the DPS departmental review constitutes a final agency
21 decision, and that any judicial review of the DPS final agency decision is subject to Government Code,
22 Chapter 2001. *See* 37 TAC §4.15(b)(3)(H) and (I). Therefore, it is possible that DPS could change a motor
23 carrier's safety rating from unsatisfactory to satisfactory or conditional after DPS issued the order to cease

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1 to the motor carrier and after the department revoked the motor carrier's registration pursuant to DPS's
2 request under Transportation Code, §643.252(b).

3 Once the department issues a revocation under Transportation Code, §643.2526, the revocation
4 is effective and cannot be rescinded unless the motor carrier submits a timely appeal under §643.2526. If
5 the motor carrier timely submits an appeal under Transportation Code, §643.2526, if the underlying order
6 from DPS or FMCSA was issued in compliance with the motor carrier's due process rights, and if the
7 requirements under Transportation Code, §643.252(b) were met at the time DPS requested the
8 department to revoke the motor carrier's registration, the department's revocation will not be rescinded
9 on appeal to the department. If the motor carrier resolves its unsatisfactory safety rating and is no longer
10 subject to the order to cease or out-of-service order after the department revokes the motor carrier's
11 registration, the evidence on appeal will not show any error regarding the department's revocation.
12 However, an appeal of a revocation under Transportation Code, §643.2526 may result in a rescission of
13 the revocation if the underlying order from DPS or FMCSA, as applicable, was issued in violation of the
14 motor carrier's due process rights or was issued to the motor carrier in error.

15 When determining whether to request the department to revoke the motor carrier's registration
16 under Transportation Code, §643.252(b), it is within DPS's discretion to consider whether the motor
17 carrier's unsatisfactory safety rating might change to a satisfactory or conditional safety rating after the
18 issuance of an order to cease or an out-of-service order. Once the department receives the request from
19 DPS to revoke the motor carrier's registration under Transportation Code, §643.252(b), the department
20 will immediately revoke the registration. If the department revoked a motor carrier's registration
21 pursuant to DPS's request under Transportation Code, §643.252(b), and the motor carrier later improves
22 its safety rating and is no longer subject to an out-of-service order or an order to cease, the department
23 will take this fact into consideration when reviewing the motor carrier's application for reregistration

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1 under Transportation Code, §643.0585 or the motor carrier's application for registration under
2 Transportation Code, §643.052.

3 Adopted new §224.124(e) requires the person who submits an appeal to the department under
4 Transportation Code, §643.2526 to state why the person claims the department's action is erroneous, as
5 well as the legal and factual basis for the claimed error. This information is necessary to enable the
6 department to comply with a requirement to docket the contested case with the State Office of
7 Administrative Hearings under 1 TAC §155.53(a)(1), which requires the Request to Docket Case form to
8 be submitted together with the complaint or other pertinent documents describing the agency action
9 giving rise to the contested case.

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SUBCHAPTER D. MOTOR CARRIER AND OVERSIZE OR OVERWEIGHT VEHICLE OR LOAD ENFORCEMENT

STATUTORY AUTHORITY. The department adopts the amendments under Transportation Code, §643.2526(d), which requires the department to adopt rules as necessary to implement §643.2526, including rules governing the requirements and procedures under §643.2526; Government Code, §2001.004, which requires state agencies to adopt rules of practice stating the nature and requirements of all available formal and informal procedures; Transportation Code, §643.003, which authorizes the department to adopt rules to administer Transportation Code, Chapter 643; Transportation Code, §643.252, which authorizes the department to suspend, revoke, or deny a registration issued under Transportation Code, Chapter 643 or place on probation a motor carrier whose registration is suspended; Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement the powers and duties of the department; and the statutory authority referenced throughout this preamble and in the rule text, which is incorporated herein by reference.

CROSS REFERENCE TO STATUTE. The adopted amendments implement Government Code, Chapter 2001; and Transportation Code, §§643.252(b), 643.2526, and 1002.001.

TEXT.

§224.116. Administrative Proceedings, Excluding Proceedings Under Transportation Code, §643.2526.

(a) If the department decides to take an enforcement action under §218.16 of this title (relating to Insurance Requirements) for the revocation of self-insured status, §218.64 of this title (relating to Rates), §218.71 of this title (relating to Administrative Penalties), §219.121 of this title (relating to Administrative Penalties and Sanctions under Transportation Code, §623.271), §218.72 of this title

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(relating to Administrative Sanctions), or §219.126 of this title (relating to Administrative Penalty for False Information on Certificate by a Shipper), the department shall mail a Notice of Department Decision to the person by first-class ~~[first-class]~~ mail to the last known address as shown in department records. If the enforcement action falls under the Memorandum of Agreement with the Federal Motor Carrier Safety Administration (FMCSA) under §218.71, the department shall mail the Notice of Department Decision to the person by first-class ~~[first-class]~~ mail to the last known address as shown in FMCSA's records.

(b) The Notice of Department Decision shall include:

- (1) a brief summary of the alleged violation or enforcement action being proposed;
- (2) a statement describing each sanction, penalty, or enforcement action proposed;
- (3) a statement informing the person of the right to request a hearing;
- (4) a statement of the procedure a person must use to request a hearing, including the deadline for filing a request with the department and the acceptable methods to request a hearing; and
- (5) a statement that a proposed penalty, sanction, or enforcement action will become final and take effect on a specific date if the person fails to request a hearing.

(c) A person must submit to the department a written request for a hearing to the address provided in the Notice of Department Decision not later than the 26th day after the date the notice is mailed by the department; however, this requirement does not apply to a contested case that falls under §218.64 and Transportation Code, §643.154.

(d) If a person submits a timely written request for a hearing or the contested case that falls under §218.64 and Transportation Code, §643.154, the department will contact the person and attempt to informally resolve the contested case. If the person and the department cannot informally resolve the

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1 contested case, the department will refer the contested case to SOAH to set a hearing date and will give
2 notice of the time and place of the hearing to the person.

3 (e) Except as provided by Transportation Code, §643.154, if the person does not make a timely
4 request for a hearing or agree to settle a contested case within 26 days of the date the Notice of
5 Department Decision was mailed, the allegations are deemed admitted on the 27th day and a final order
6 including sanctions and penalties may be issued by the final order authority.

7 (f) Except as provided by statute and the applicable provisions of this chapter, any SOAH
8 proceeding is governed by Government Code, Chapter 2001 and 1 TAC Chapter 155, including the
9 authority of the department to informally dispose of the contested case by stipulation, agreed
10 settlement, consent order, or default. The department will follow the process set forth in Transportation
11 Code, §643.2525 and the applicable provisions of this chapter when enforcing the federal laws and
12 regulations cited in §218.71 to the extent authorized by applicable federal laws and regulations.

13 (g) The department and the person may informally resolve the contested case by entering into a
14 settlement agreement or agreeing to stipulations at any time before the director issues a final order.
15 However, the person must pay any penalty in full prior to the execution of a settlement agreement.

16 (h) This section does not apply to a department action under Transportation Code, §643.2526.

17
18 §224.121. Administrative Proceedings under Transportation Code, §643.2526.

19 (a) The department will only revoke the registration of a motor carrier under Transportation
20 Code, §643.2526 pursuant to a request from the Texas Department of Public Safety under
21 Transportation Code, §643.252(b) after the issuance of an order by the following, as applicable:

22 (1) the Federal Motor Carrier Safety Administration regarding an unsatisfactory safety
23 rating under 49 C.F.R. Part 385; or

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(2) the Texas Department of Public Safety regarding multiple violations of the following:

(A) Transportation Code, Chapter 644;

(B) a rule adopted under Transportation Code, Chapter 644; or

(C) Subtitle C of Title 7 of the Transportation Code.

(b) The department will issue notice of the department's action under Transportation Code, §643.2526 to the person by email and first-class mail using the person's last known address in the department's records.

§224.124. Appeal of Department Action ~~[of Denial]~~ Under Transportation Code, §643.2526.

~~[(a) Pursuant to Transportation Code, §643.2526, an applicant may appeal the denial of an application for registration, renewal of registration, or reregistration under Transportation Code, Chapter 643.]~~

(a) [(b)] An [The] appeal to the department under Transportation Code, §643.2526 will be governed by Chapter 224 [-Subchapter E] of this title (relating to Adjudicative Practice and Procedure). [Contested Cases Referred to SOAH].

(b) [(c)] An [The applicant's] appeal will be considered untimely if it is not filed with the department by the 26th day after the date of the department's issuance of notice of the department's action. [denial of the application.] The department will not consider an untimely appeal.

(c) [(d)] An application that is withdrawn under Transportation Code, §643.055 is not a denial of an application for the purposes of an appeal under Transportation Code, §643.2526.

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1 (d) On appeal, the department will not rescind a revocation under Transportation Code,
2 \$643.252(b) based on the motor carrier taking corrective action that results in an upgrade to its
3 unsatisfactory safety rating after the department issued notice to the motor carrier that the department
4 revoked the motor carrier's registration.

5 (e) An appeal under Transportation Code, §643.2526 must state why the person claims the
6 department's action is erroneous, as well as the legal and factual basis for the claimed error.

To: Texas Department of Motor Vehicles Board
From: Laura Moriaty, General Counsel
Agenda Item: 7
Subject: Rule Review Proposals under Government Code, §2001.039: Chapter 206, Management; Chapter 211, Criminal History Offense and Action on License; and Chapter 217, Vehicle Titles and Registration, §217.27

RECOMMENDATION

Action Item. Approval to publish the proposed rule review in the *Texas Register* for public comment.

PURPOSE AND EXECUTIVE SUMMARY

The department proposes to review 43 Texas Administrative Code (TAC), Chapter 206, Management; Chapter 211, Criminal History Offense and Action on License; and Chapter 217, Vehicle Titles and Registration, §217.27. This review is being conducted under Texas Government Code, §2001.039.

FINANCIAL IMPACT

None.

BACKGROUND AND DISCUSSION

Texas Government Code, §2001.039 requires the department to review and consider for readoption each of its rules every four years.

The Texas Government Code requires the department to determine through the rule review whether the reasons for initially adopting these rules continue to exist and whether these rules should be repealed, readopted, or readopted with amendments. Proposed changes to Chapter 211 and to §217.27 that were identified in the course of the rule review are included in items 8 and 11 on the agenda for this board meeting. No changes are proposed for Chapter 206.

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Proposed Rule Review

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Chapter 206 – Management

Chapter 211 – Criminal History Offense and Action on License

Chapter 217 – Vehicle Titles and Registration

Intention to Review

The Texas Department of Motor Vehicles (department) will review and consider whether to readopt, readopt with amendments, or repeal 43 Texas Administrative Code, Chapter 206, Management; Chapter 211, Criminal History Offense and Action on License; and Chapter 217, Vehicle Titles and Registration, §217.27. This review is being conducted pursuant to Government Code, § 2001.039.

The board will assess whether the reasons for initially adopting these rules continue to exist and whether the rules should be repealed, readopted, or readopted with amendments.

If you want to comment on this rule review proposal, submit your written comments by 5:00 p.m. CDT on August 25, 2025. A request for a public hearing must be sent separately from your written comments. Send written comments or hearing requests by email to rules@txdmv.gov or by mail to Office of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the department will consider written comments and public testimony presented at the hearing.

Proposed changes to §217.27 and sections of Chapter 211 are published in the Proposed Rules section of this issue of the *Texas Register* and are open for a 30-day public comment period. No changes are proposed for Chapter 206.



To: Texas Department of Motor Vehicles Board
From: Monique Johnston, Motor Vehicle Division Director
Agenda Item: 8
Subject: Chapter 211, Criminal History Offense and Action on License
Amendments: §211.1 and §211.2
New: Subchapter B
Repeals: §§211.3, 211.4, 211.5, and 211.6
(Relating to the Implementation of Senate Bill (SB) 2587 and SB 1080, 89th Legislative Session, and Cleanup)

RECOMMENDATION

Action Item. Approval to publish proposed rule amendments, new sections, and repeals in the *Texas Register* for public comment.

PURPOSE AND EXECUTIVE SUMMARY

The department is conducting a review of its rules under 43 Texas Administrative Code (TAC) Chapter 211 in compliance with Government Code, §2001.039. The proposed amendments, new sections, and repeals would also implement Senate Bill (SB) 1080, 89th Regular Session (2025) effective May 27, 2025, and SB 2587, 89th Regular Session (2025) effective September 1, 2025; remove unnecessary language; add context or authority for certain rules; clarify the rules; and make the rules consistent with current processes, procedures, and terminology.

FINANCIAL IMPACT

No significant financial impact.

BACKGROUND AND DISCUSSION

The department is conducting a review of its rules under Chapter 211 in compliance with Government Code, §2001.039. The Notice of the department's plan to conduct this review will be published in the same issue of the *Texas Register*. As a part of the review, the department is proposing necessary amendments, repeals, and new sections as detailed in the following paragraphs.

This rule item proposes revisions to Chapter 211, Criminal History Offense and Action on License to organize the rules into two subchapters for consistency with other chapters in TAC Title 43, to: clarify the types of licenses to which the chapter applies, clarify which crimes relate to the duties and responsibilities of these license holders, delete duplicative language found in statute, conform rule language with statutory changes, clarify existing requirements, and modernize language and improve readability. Proposed language also conforms with Senate Bill (SB) 224, 88th Legislature, Regular Session (2023), which amended the Penal Code to add felony offenses involving damage to motor vehicles during the removal or attempted removal of a catalytic converter.

The proposed new language would also expand listed offenses under new Subchapter B. Criminal History Evaluation

Guidelines and Procedures, to clarify which offenses the department considers to be directly related to the licensed occupation and therefore potentially disqualifying.

Additionally, the proposed new language would clarify when the department will deny a pending application if an applicant or an applicant's representative is imprisoned. These amendments would implement SB 1080, 89th Regular Session (2025), effective May 27, 2025, which added additional circumstances in which the department is required to revoke a license upon the imprisonment of a license holder.

The proposed new language also would implement SB 2587, 89th Regular Session (2025), effective September 1, 2025. SB 2587 clarified which individuals the department may require to submit fingerprints for the purposes of obtaining criminal history. Proposed language in §211.13 would also clarify that an individual will not have to be re-fingerprinted if an active license is maintained and the individual continues to be fully enrolled in the DPS criminal history clearinghouse and validly subscribed in the FBI criminal history database.

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PROPOSAL OF REVISIONS TO**SUBCHAPTER A. CRIMINAL OFFENSE AND ACTION ON LICENSE****43 TAC §211.1 AND §211.2****REPEAL OF****SUBCHAPTER A. CRIMINAL OFFENSE AND ACTION ON LICENSE****43 TAC §§211.3-211.6****NEW****SUBCHAPTER B. CRIMINAL HISTORY EVALUATION GUIDELINES AND PROCEDURES****43 TAC §§211.10-211.13**

INTRODUCTION. The Texas Department of Motor Vehicles (department) proposes amendments to 43 Texas Administrative Code, (TAC) §211.1 and §211.2; repeal of §§211.3, 211.4, 211.5, and 211.6; and new sections §§211.10, 211.11, 211.12, and 211.13. The proposed amendments, repeals, and new sections are necessary to: organize the rules into two subchapters for consistency with other chapters in TAC Title 43, clarify the types of licenses to which the chapter applies, clarify which crimes relate to the duties and responsibilities of these license holders, delete duplicative language found in statute, conform rule language with statutory changes, clarify existing requirements, and modernize language and improve readability. Proposed language also conforms with Senate Bill (SB) 224, 88th Legislature, Regular Session (2023), which amended the Penal Code to add felony offenses involving damage to motor vehicles during the removal or attempted removal of a catalytic converter. The proposed language implements SB 2587, 89th Legislature, Regular Session (2025), which clarified the persons from whom the department could require a fingerprint-based criminal history background check; and SB 1080, 89th Legislature, Regular

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Session (2025), which added circumstances in which a state agency is required to revoke a license upon imprisonment of the license holder.

EXPLANATION. The department is conducting a review of its rules under Chapter 211 in compliance with Government Code, §2001.039. Notice of the department’s plan to conduct this review is also published in this issue of the *Texas Register*. As a part of the review, the department is proposing necessary amendments, repeals, and new sections as detailed in the following paragraphs.

Occupations Code, Chapter 53 and §§2301.651, 2302.104, 2302.105, and 2302.108, and Transportation Code, §503.034 and §503.038 authorize the department and its board to investigate and act on a license application, or on a license, when a person has committed a criminal offense. Chapter 211 allows the department to maintain fitness standards for license holders with prior criminal convictions while implementing the legislature’s stated statutory intent in Occupations Code, §53.003 to enhance opportunities for a person to obtain gainful employment after the person has been convicted of an offense and discharged the sentence for the offense.

The department must follow the requirements of Occupations Code, Chapter 53 to determine whether a person’s past criminal history can be considered in evaluating the person’s fitness for licensing. Occupations Code, §53.021 gives a licensing authority the power to suspend or revoke a license, to disqualify a person from receiving a license, or to deny a person the opportunity to take a licensing examination on the grounds that the person has been convicted of: (1) an offense that directly relates to the duties and responsibilities of the licensed occupation; (2) an offense listed in Article 42A.054, Code of Criminal Procedure; or (3) a sexually violent offense, as defined by Article 62.001, Code of Criminal Procedure. The department’s evaluation of past criminal history applies to all license applications. Under

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Occupations Code, §53.021(a)(1), the department is responsible for determining which offenses directly relate to the duties and responsibilities of a particular licensed occupation.

Occupations Code, §53.022 sets out criteria for determining whether an offense directly relates to the duties and responsibilities of the licensed occupation. Based on those criteria, the department has determined that certain offenses directly relate to the duties and responsibilities of an occupation licensed by the department. However, conviction of an offense that directly relates to the duties and responsibilities of the licensed occupation or is listed in Occupations Code, §53.021(a)(2) and (3) is not an automatic bar to licensing; the department must consider the factors listed under Occupations Code, §53.023 in making its fitness determination. The factors include, among other things, the person's age when the crime was committed, rehabilitative efforts, and overall criminal history. The department is required to publish guidelines relating to its practice under this chapter in accordance with Occupations Code, §53.025.

The proposed rule amendments also conform with SB 1080, 89th Legislature, Regular Session (2025) which amended Occupations Code, §53.021 effective May 27, 2025, to add circumstances in which a state agency must revoke a license upon imprisonment of a license holder, and SB 2587, 89th Legislature, Regular Session (2025), which amended Government Code, §411.12511, effective September 1, 2025, and clarified which persons the department could obtain fingerprint-based criminal history record information.

Proposed New Subchapter A, General Provisions

Chapter 211 currently contains only one subchapter. The proposed amendments would divide Chapter 211 into two subchapters. A proposed amendment would retitle Subchapter A "General Provisions," consistent with the organization and naming conventions found in Chapters 215 and 221 of this title. This proposed amendment would provide consistency and improve readability because Chapter

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211 applies to the same applicants and license holders as Chapters 215 and 221. Sections 211.1 and 211.2 are proposed for inclusion in retitled Subchapter A for consistency and ease of reference.

A proposed amendment to the title of §211.1 would add “Purpose and” to the section title to indicate that proposed amendments to this section include the purpose for the chapter in addition to definitions. This proposed change would place the chapter purpose description in the same subchapter and in the same order as similar language in Chapters 215 and 221 of this title for improved understanding and readability. Proposed new §211.1(a) would describe the purpose of Chapter 211 by incorporating existing language from current §211.3(a). The proposed amendments would add at the end of proposed new §211.1(a) new language describing the department’s obligation to review the criminal history of license applicants before issuing a new or renewal license and the option for the department to act on the license of an existing license holder who commits an offense during the license period, consistent with Occupations Code, Chapter 53 and §§2301.651, 2302.104, 2302.105, and 2302.108, and Transportation Code, §503.034 and §503.038, and existing department procedures.

A proposed amendment to §211.1 would reorganize the current definitions into a subsection (b). Proposed amendments to §211.1(b)(2) would delete references to “registration, or authorization,” add an “or” to §211.1(b)(2)(B), delete an “or” and add sentence punctuation in §211.1(b)(2)(C), and delete §211.1(b)(2)(D). These proposed amendments would clarify that Chapter 211 only applies to licenses issued by the department under Transportation Code, Chapter 503 and Occupations Code, Chapters 2301 and 2302, and does not apply to registrations the department may issue under the authority of another Transportation Code chapter. Registrations or permits that the department issues under other Transportation Code chapters do not currently require a review of an applicant’s criminal history. Proposed amendments to §211.1(b)(3) would delete the current list of specific retail license types and

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1 define the term “retail” by listing only those license types that are not considered to be retail. This
2 proposed amendment would shorten the sentence to improve readability without changing the meaning
3 or scope of the definition. Additionally, this proposed amendment would eliminate the need to update
4 the rule if a future statutory change created a new type of vehicle or retail license type or changed the
5 name of an existing vehicle type or retail licensing type.

6 A proposed amendment to the title of §211.2 would substitute “Chapter” for “Subchapter” for
7 consistency with the rule text. A proposed amendment in §211.2(b) would add a comma after Occupations
8 Code for consistency in punctuation.

9 The remaining sections in Subchapter A are proposed for repeal as each of these sections are
10 proposed for inclusion in new Subchapter B.

11 Proposed New Subchapter B, Criminal History Evaluation Guidelines and Procedures

12 A proposed amendment would add a new subchapter, Subchapter B. Criminal History Evaluation
13 Guidelines and Procedures. Proposed for inclusion in new Subchapter B are new sections §§211.10-
14 211.13. These new proposed sections would contain the guidelines and procedures rule language
15 currently found in §§211.3-211.6 with the addition of the proposed changes described below.

16 Proposed new §211.10 would include the rule text of current §211.3 with changes as follows.
17 Current §211.3(a) would be deleted because that language has been incorporated into proposed new
18 §211.1(a), which describes the purpose of Chapter 211. Proposed new §211.10(a) would incorporate the
19 language of current §211.3(b), except for the last sentence which duplicates a statutory requirement in
20 Occupations Code, §53.022 and does not need to be repeated in rule. Proposed new §211.10(b) would
21 recodify language that is currently in §211.3(c), except for §§211.3(c)(1) and (2), which are redundant and
22 unnecessary statutory references.

7/10/25

Exhibit A

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1 Proposed new §211.10(c) would incorporate §211.3(d) with the following changes. Proposed new
2 §211.10(c) would add a comma to correct missing punctuation after “Occupations Code” and would
3 delete three sentences that specify which offenses apply to a license type. Proposed new §211.10(c)
4 would include clarifying paragraph numbers: paragraph (1) would identify offenses that apply to all license
5 types, and paragraph (2) would separate and identify additional offenses that apply only to retail license
6 types. The proposed new language would add clarity and improve readability. Proposed new language
7 would divide the offense categories currently in §§211.3(d)(1) – (16) between the new paragraphs as
8 relettered subparagraphs of §211.10(c)(1) and (2).

9 Proposed new §211.10(c)(1)(B), would incorporate language currently in §211.3(d)(2) and add
10 language to clarify that offenses involving forgery, falsification of records, or perjury include the
11 unauthorized sale, manufacturing, alteration, issuance, or distribution of a license plate or temporary tag.
12 This proposed clarifying language provides additional notice to applicants and license holders that the
13 department considers forging or falsification of license plates or temporary tags to be a serious and
14 potentially disqualifying offense.

15 Proposed new §211.10(c)(1)(E) would incorporate language currently in §211.3(d)(5) and add
16 possession and dismantling of motor vehicles to the list of felony offenses under a state or federal statute
17 or regulation that could potentially be disqualifying. Proposed new §211.10(c)(1)(E) would also include
18 motor vehicle parts to clarify that disqualifying felony offenses include crimes related to motor vehicle
19 parts as well as to motor vehicles. These two proposed amendments are important due to the consumer
20 harm caused by “chop shops” that dismantle stolen vehicles and illegally sell parts, and the increasing

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1 frequency of motor vehicle parts theft, including catalytic converters, tailgates, batteries, wheel rims, and
2 tires.

3 Proposed new §211.10(c)(1)(G) would incorporate language currently in §211.3(d)(7) and would
4 clarify that an offense committed while engaged in a licensed activity or on a licensed premises includes
5 falsification of a motor vehicle inspection required by statute. This clarification is important because
6 emissions inspections in certain counties are required by law and harm the health and safety of Texas
7 citizens if not performed.

8 Proposed new §211.10(c)(1)(I) would add that offenses of attempting or conspiring to commit any
9 of the foregoing offenses are potentially disqualifying offenses because the person intended to commit
10 an offense. This proposed new language incorporates language from current §211.3(d)(16). The language
11 regarding conspiracies or attempts to commit the offenses must be included in the paragraph that applies
12 to all license holders and the paragraph that applies to retail license types because the related crimes for
13 each are proposed to be reorganized into separate paragraphs to improve readability.

14 Proposed new §211.10(c)(2)(E) would make felony offenses under Penal Code, §28.03 potentially
15 disqualifying when a motor vehicle is damaged, destroyed, or tampered with during the removal or
16 attempted removal of a catalytic converter. This new amendment aligns with SB 224, 88th Legislature,
17 Regular Session (2023), which amended Penal Code, §28.03 to create a state jail felony for damage to a
18 motor vehicle because of removal or attempted removal of the catalytic converter.

19 Proposed new §211.10(c)(2)(D) would incorporate §211.3(d)(12) and would add two additional
20 offenses against the family: Penal Code, §25.04 and §25.08. Penal Code, §25.04 includes offenses

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1 involving the enticement of a child away from the parent or other responsible person, and Penal Code,
2 §25.08 includes offenses related to the sale or purchase of a child. These offenses are relevant to the retail
3 professions licensed by the department because parents frequently bring children to a dealership when
4 considering a vehicle purchase, and a retail license holder may have unsupervised access to a child while
5 a parent test-drives a vehicle or is otherwise engaged in viewing or inspecting a vehicle offered for sale.
6 License holders also have access to the parent's motor vehicle records, including the family's home
7 address. A person with a predisposition to commit these types of crimes would have the opportunity to
8 engage in further similar conduct.

9 Proposed new §211.10(c)(2)(F) would incorporate the language of current §211.3(d)(13), and
10 clarify that the department would consider any offense against the person to be potentially be
11 disqualifying, would add a reference to Penal Code, Title 5, and would further clarify that an offense in
12 which use of a firearm resulted in fear, intimidation, or harm of another person would be included in the
13 list of potentially disqualifying crimes. Additionally, proposed new §211.10(c)(2)(F) would clarify that a
14 felony offense of driving while intoxicated that resulted in harm to another person may also be potentially
15 disqualifying. The department considers these offenses to be related to the occupations of retail license
16 holders because these license holders have direct contact with members of the public during vehicle test
17 drives or other settings in which no one else is present, and retail license holders have access to an
18 individual's motor vehicle records, including the individual's home address. A person with a predisposition
19 for violence or a tendency toward intoxicated driving would have the opportunity in these situations to
20 engage in further similar conduct. These proposed amendments would further clarify which offenses
21 against a person the department considers directly related to the licensed occupation and therefore

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1 potentially disqualifying. The department's consideration of these crimes is subject to certain limitations
2 in Occupations Code, Chapter 53.

3 Proposed new §211.11 would incorporate language from current §211.4, with the addition of
4 proposed new §211.11(a), which would clarify that the department will deny a pending application if an
5 applicant or an applicant's representative as defined in §211.2(a)(2) is imprisoned. Occupations Code,
6 §53.021(b) requires an agency to revoke a license holder's license on the license holder's imprisonment
7 following a felony conviction, felony community supervision revocation, revocation of parole, or
8 revocation of mandatory supervision. Because the department also determines licensure eligibility based
9 on individuals serving as representatives for the license holder, the department will consider the effect of
10 imprisonment of those persons on a license holder. Because license revocation for a felony conviction is
11 mandatory in Occupations Code, §53.021(b), the department must also deny a pending application. An
12 applicant who is imprisoned may reapply once the applicant is no longer imprisoned and an applicant
13 whose application is denied based on an imprisoned individual serving in a representative capacity may
14 choose a different representative and reapply for licensure. Proposed new §211.11(b) would implement
15 SB 1080, 89th Legislature (2025), which amended Occupations Code, §53.021 to require the department
16 to revoke a license if the license holder is imprisoned following a felony conviction for an offense that
17 directly relates to the duties and responsibilities of the licensed occupation, an offense in Code of Criminal
18 Procedure, Article 42A.054, or a sexually violent offense in Code of Criminal Procedure, Article 62.001.
19 Proposed amendments to new §211.11(b) would also incorporate the existing language from current
20 §211.4(c) as phrased in Occupations Code, §53.021(b). Proposed new §211.11(c) incorporates language
21 from current §211.4(d). Proposed new §211.11(d) incorporates language from current §211.4(c).

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1 Proposed new §211.12 would incorporate without change the language in current §211.5 that
2 addresses the procedure for a person to obtain a criminal history evaluation letter from the department.
3 This process allows a person to request an evaluation prior to applying for a license if the person so
4 desires.

5 Proposed new §211.13(a) would incorporate the current language of §211.6(a) and would clarify
6 that fingerprint requirements apply to “an applicant for a new or renewal license” to improve readability
7 without changing meaning. Proposed §211.13(b) would move the introductory phrase “Unless previously
8 submitted for an active license issued by the department,” to proposed §211.13(c) to improve readability
9 and to allow the department to further clarify submission requirements in §211.13(c). Proposed new
10 §211.13(b)(1) would incorporate the language of current §211.6(b)(1) and would clarify that an applicant
11 includes an owner, member, partner, or trust beneficiary. This is a clarification rather than an extension
12 of the existing requirements for the fingerprinting of applicants, because each of these categories has an
13 ownership interest in the license. If the owner is a trust, the license is a trust asset, and each beneficiary
14 is an equitable owner of the trust’s assets. It is necessary for the department to fingerprint trust
15 beneficiaries along with other owners because doing so will prevent a bad actor with a history of criminal
16 offenses that directly relate to the duties and responsibilities of a license holder from obtaining a license
17 from the department by using a trust to hide the bad actor’s identity and then using that license to
18 perpetrate, or benefit from, fraudulent and criminal actions, or otherwise take advantage of the position
19 of trust created by the license. These proposed amendments are consistent with Government Code,
20 §411.12511, as amended by SB 2587, 89th Regular Session (2025).

21 Proposed new §211.13(b)(2) would incorporate the language of current §211.6(b)(2) and would
22 clarify that a person acting in a representative capacity includes an officer, director, manager, trustee,

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principal, manager of business affairs, or other employee whose act or omission in the course or scope of the representation would be cause for denying, revoking, or suspending a license. The proposed language recognizes that many license holders are small businesses that may employ only one or a few employees and may assign or delegate key management tasks such as administering the temporary tag or license plate system for the license holder, and that a principal may be a representative and not necessarily an owner of the applicant. These proposed amendments are consistent with Government Code, §411.12511, as amended by SB 2587, 89th Regular Session (2025).

Proposed new §211.13(c) would incorporate the current language of §211.6(c) and the introductory phrase from §211.6(b), and would further clarify that the department will not require a person to submit fingerprints if the person previously submitted a complete and acceptable set of fingerprints, and the person remains fully enrolled in the Texas Department of Public Safety's (DPS) criminal history clearinghouse and validly subscribed in the federal criminal history database maintained by the Federal Bureau of Investigation (FBI). This clarification is important as DPS or the FBI may change the enrollment or subscription status of a person previously fingerprinted if, for example, a court expunges a crime from a person's criminal history record. If DPS or the FBI change a person's enrollment or subscription status, the department must require the person to be fingerprinted again, or the department will not be able to access that person's criminal history records for use in evaluating the license application.

FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT. Glenna Bowman, Chief Financial Officer, has determined that for each year of the first five years the proposal will be in effect, there will be no significant fiscal impact to state or local governments as a result of the enforcement or administration of

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1 the proposal. Monique Johnston, Director of the Motor Vehicle Division, has determined that there will
2 be no significant impact on local employment or the local economy as a result of the proposal.

3 **PUBLIC BENEFIT AND COST NOTE.** Ms. Johnston also determined that, for each year of the first five years
4 the proposal is in effect, public benefits are anticipated, and that applicants and license holders will not
5 incur costs to comply with the proposal. The anticipated public benefits include reduced opportunity for
6 fraud and related crime, and improved public safety. Requiring fingerprints for a trust beneficiary will
7 benefit the public by preventing bad actors with a history of criminal offenses that directly relate to the
8 duties and responsibilities of a license holder from obtaining licenses by using a trust to hide their identity
9 and then using those licenses to perpetrate, or benefit from, fraud and criminal actions, or otherwise take
10 advantage of the position of trust created by the license.

11 Ms. Johnston anticipates that there will be no additional costs on regulated persons to comply
12 with the submission and evaluation of information under this proposal because the rules do not establish
13 any new requirements or costs for regulated persons unless the person commits a crime. The proposed
14 requirement in §211.13(b)(1) for the fingerprinting of trust beneficiaries is a clarification of the existing
15 requirement that applicant owners must be fingerprinted, as trust beneficiaries are equitable owners of
16 the trust's assets. It therefore does not create a new fingerprinting requirement. Similarly, the proposed
17 new language that allows the department to fingerprint an employee, who the applicant designates as an
18 authorized representative in the application and whose acts or omission would be cause for denying,
19 revoking, or suspending a license, is a clarifying example of "a person acting in a representative capacity"
20 and not a new fingerprinting requirement. Additionally, Ms. Johnston anticipates that there will be no
21 additional costs to regulated persons to comply with the fingerprint requirements under this proposal as
22 the new section does not establish fees for fingerprinting or processing criminal background checks. Fees

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1 for fingerprinting and access to criminal history reports are established by DPS under the authority of
2 Texas Government Code, Chapter 411.

3 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by Government
4 Code, §2006.002, the department has determined that this proposal will not have an adverse economic
5 effect or disproportionate economic impact on small or micro businesses. The department has also
6 determined that the proposed amendments will not have an adverse economic effect on rural
7 communities because rural communities are exempt from the requirement to hold a license under
8 Transportation Code, §503.024. Therefore, under Government Code, §2006.002, the department is not
9 required to perform a regulatory flexibility analysis.

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

14 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that for each year of the
15 first five years the proposed repeal and amendments are in effect the amendments will not create or
16 eliminate a government program; will not require the creation of new employee positions and will not
17 require the elimination of existing employee positions; will not require an increase or decrease in future
18 legislative appropriations to the department; will not require an increase in fees paid to the department;
19 will create new regulations and expand existing regulations, as described in the explanation section of this
20 proposal; will repeal existing regulations in §§211.3 – 211.6; will increase the number of individuals
21 subject to the rule's applicability regarding fingerprinting; and will not significantly benefit or adversely
22 affect the Texas economy.

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1 REQUEST FOR PUBLIC COMMENT.

2 If you want to comment on the proposal, submit your written comments by 5:00 p.m. CDT on
3 August 25, 2025. A request for a public hearing must be sent separately from your written comments.
4 Send written comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office of General
5 Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is
6 held, the department will consider written comments and public testimony presented at the hearing.

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SUBCHAPTER A. GENERAL PROVISIONS [~~CRIMINAL OFFENSE AND ACTION ON LICENSE~~]**43 TAC §211.1 AND §211.2**

STATUTORY AUTHORITY. The department proposes amendments to Chapter 211 under Government Code, §411.122(d), which authorizes department access to criminal history record information maintained by DPS; Government Code, §411.12511, as amended by Senate Bill (SB) 2587, 89th Legislative Session (2025), which authorizes the department to obtain criminal history record information from DPS and the FBI for license applicants, license holders, and representatives whose act or omission would be cause for denying, revoking, or suspending a general distinguishing number or license issued under Transportation Code, Chapter 503, or Occupations Code, Chapters 2301 and 2302, Occupations Code, §2301.151, which gives the board authority to regulate the distribution, sale, and lease of motor vehicles and the authority to take any action that is necessary or convenient to exercise that authority; Occupations Code, §2301.152, which authorizes the board to establish the qualifications of license holders, ensure that the distribution, sale, and lease of motor vehicles is conducted as required by statute and board rules, to prevent fraud, unfair practices, discrimination, impositions, and other abuses in connection with the distribution and sale of motor vehicles, and to enforce and administer Occupations Code, Chapter 2301 and Transportation Code, Chapter 503; Occupations Code, §2301.155, which authorizes the board to adopt rules as necessary or convenient to administer Occupations Code, Chapter 2301 and to govern practice and procedure before the board; Occupations Code, §2301.651, which gives the board authority to deny an application for a license, to revoke or suspend a license, to place on probation, or to reprimand a license holder if the applicant or license holder is unfit, makes a material misrepresentation, violates any law relating to the sale, distribution, financing, or insuring of motor vehicles, willfully defrauds a purchaser, or fails to fulfill a written agreement with a retail purchaser of a

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motor vehicle; Occupations Code, §2302.051, which authorizes the board to adopt rules as necessary to administer Occupations Code, Chapter 2302, Transportation Code, §503.002, which authorizes the board to adopt rules for the administration of Transportation Code, Chapter 503; and Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement the powers and the duties of the department.

CROSS REFERENCE TO STATUTE. Government Code, Chapter 411; Occupations Code, Chapters 53, 2301 and 2302; Transportation Code, Chapters 503 and 1002; Penal Code, Chapters 25, 28, 43, 49 and Title 5; and Code of Criminal Procedure, Article 42A and 62.

Text.

§211.1. Purpose and Definitions.

(a) The licenses issued by the department create positions of trust. License holder services involve access to confidential information; conveyance, titling, and registration of private property; possession of monies belonging to or owed to private individuals, creditors, and governmental entities; and compliance with federal and state environmental and safety regulations. License holders are provided with opportunities to engage in fraud, theft, money laundering, and related crimes, and to endanger the public through violations of environmental and safety regulations. Many license holders provide services directly to the public, so licensure provides persons predisposed to commit assaultive or sexual crimes with greater opportunities to engage in such conduct. To protect the public from these harms, the department shall review the criminal history of license applicants before issuing a new or

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1 renewal license and may take action on a license holder who commits an offense during the license
2 period based on the guidelines in this chapter.

3 (b) When used in this chapter, the following words and terms have the following meanings,
4 unless the context clearly indicates otherwise.

5 (1) "Department" means the Texas Department of Motor Vehicles.

6 (2) "License" means any license ~~[, registration, or authorization,]~~ issued by the
7 department under:

8 (A) Transportation Code, Chapter 503;

9 (B) Occupations Code, Chapter 2301; or

10 (C) Occupations Code, Chapter 2302. ~~[; or]~~

11 ~~[(D) any other license, registration, or authorization, that the department may~~
12 ~~deny or revoke because of a criminal offense of the applicant or license holder.]~~

13 (3) "Retail license types" means those license ~~[holder]~~ types which require holders to
14 [that] interact directly with the public, ~~[including salvage dealers, converters, independent mobility~~
15 ~~motor vehicle dealers, lease facilitators, and general distinguishing number holders for the following~~
16 ~~vehicle categories: all terrain vehicle, light truck, motorcycle, motorhome, moped /motor scooter,~~
17 ~~medium duty truck, neighborhood vehicle, other, passenger auto, recreational off highway vehicle, and~~
18 ~~towable recreational vehicle,]~~ but does not include other license types that do not generally interact
19 directly with the public, including manufacturers, distributors, and general distinguishing number

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holders for the following vehicle categories: ambulance, axle, bus, engine, fire truck/fire fighting vehicle, heavy duty truck, transmission, wholesale motor vehicle dealer, and wholesale motor vehicle auction.

§211.2. Application of Chapter ~~[Subchapter]~~.

(a) This chapter applies to the following persons:

(1) applicants and holders of any license; and

(2) persons who are acting at the time of application, or will later act, in a representative capacity for an applicant or holder of a license, including the applicant's or holder's officers, directors, members, managers, trustees, partners, principals, or managers of business affairs.

(b) In this chapter a "conviction" includes a deferred adjudication that is considered to be a conviction under Occupations Code, §53.021(d).

STATUTORY AUTHORITY. The department proposes repeals to Chapter 211 under Government Code, §411.122(d), which authorizes department access to criminal history record information maintained by DPS; Government Code, §411.12511, which authorizes the department to obtain criminal history record information from DPS and the FBI for license applicants, license holders, and representatives whose act or omission would be cause for denying, revoking, or suspending a general distinguishing number or license issued under Transportation Code, Chapter 503, or Occupations Code, Chapters 2301 and 2302; Occupations Code, §2301.151, which gives the board authority to regulate the distribution, sale, and lease of motor vehicles and the authority to take any action that is necessary or convenient to exercise that

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Chapter 211 – Criminal History Offense and Action on License

1 authority; Occupations Code, §2301.152, which authorizes the board to establish the qualifications of
2 license holders, ensure that the distribution, sale, and lease of motor vehicles is conducted as required by
3 statute and board rules, to prevent fraud, unfair practices, discrimination, impositions, and other abuses
4 in connection with the distribution and sale of motor vehicles, and to enforce and administer Occupations
5 Code, Chapter 2301 and Transportation Code, Chapter 503; Occupations Code, §2301.155, which
6 authorizes the board to adopt rules as necessary or convenient to administer Occupations Code, Chapter
7 2301 and to govern practice and procedure before the board; Occupations Code, §2301.651, which gives
8 the board authority to deny an application for a license, to revoke or suspend a license, to place on
9 probation, or to reprimand a license holder if the applicant or license holder is unfit, makes a material
10 misrepresentation, violates any law relating to the sale, distribution, financing, or insuring of motor
11 vehicles, willfully defrauds a purchaser, or fails to fulfill a written agreement with a retail purchaser of a
12 motor vehicle; Occupations Code, §2302.051, which authorizes the board to adopt rules as necessary to
13 administer Occupations Code, Chapter 2302; Transportation Code, §503.002, which authorizes the board
14 to adopt rules for the administration of Transportation Code, Chapter 503; and Transportation Code,
15 §1002.001, which authorizes the board to adopt or rules that are necessary and appropriate to implement
16 the powers and the duties of the department.

17 **CROSS REFERENCE TO STATUTE.** Government Code, Chapter 411; Occupations Code, Chapters 53, 2301
18 and 2302; Transportation Code, Chapters 503 and 1002; Penal Code, Chapters 25, 28, 43, 49 and Title 5;
19 and Code of Criminal Procedure, Article 42A and 62.

20
21 Text.

22 [~~§211.3. Criminal Offense Guidelines.~~]

7/10/25

Exhibit B

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Chapter 211 – Criminal History Offense and Action on License

1 ~~[(a) The licenses issued by the department create positions of trust. License holders provide~~
2 ~~services to members of the public. License holder services involve access to confidential information,~~
3 ~~conveyance, titling, and registration of private property, possession of monies belonging to or owed to~~
4 ~~private individuals, creditors, and governmental entities, and compliance with federal and state~~
5 ~~environmental and safety regulations. License holders are provided with opportunities to engage in~~
6 ~~fraud, theft, money laundering, and related crimes and to engage in environmental and safety violations~~
7 ~~that endanger the public. In addition, licensure provides persons predisposed to commit assaultive or~~
8 ~~sexual crimes with greater opportunities to engage in such conduct.]~~

9 ~~[(b) Under Occupations Code Chapter 53 the department may suspend or revoke an existing~~
10 ~~license or disqualify an applicant from receiving a license because of a person's conviction of a felony or~~
11 ~~misdemeanor if the crime directly relates to the duties and responsibilities of the licensed occupation.~~
12 ~~The department shall consider the factors listed in the Occupations Code §53.022 in determining~~
13 ~~whether a criminal conviction directly relates to the duties and responsibilities of a license holder.]~~

14 ~~[(c) The department has determined under the factors listed in Occupations Code §53.022 that~~
15 ~~offenses detailed in subsection (d) of this section directly relate to the duties and responsibilities of~~
16 ~~license holders, either because the offense entails a violation of the public trust; issuance of a license~~
17 ~~would provide an opportunity to engage in further criminal activity of the same type; or the offense~~
18 ~~demonstrates the person's inability to act with honesty, trustworthiness, and integrity. Such offenses~~
19 ~~include crimes under the laws of another state, the United States, or a foreign jurisdiction, if the offense~~
20 ~~contains elements that are substantially similar to the elements of an offense under the laws of this~~
21 ~~state. The list of offenses in subsection (d) of this section is in addition to those that are independently~~
22 ~~disqualifying under Occupations Code §53.021, including:]~~

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1 ~~[(1) an offense listed in Article 42A.054, Code of Criminal Procedure; or]~~

2 ~~[(2) a sexually violent offense, as defined by Article 62.001, Code of Criminal Procedure.]~~

3 ~~[(d) The list of offenses in this subsection is intended to provide guidance only and is not~~
4 ~~exhaustive of the offenses that may relate to a particular regulated occupation. After due consideration~~
5 ~~of the circumstances of the criminal act and its relationship to the position of trust involved in the~~
6 ~~particular licensed occupation, the department may find that an offense not described below also~~
7 ~~renders a person unfit to hold a license based on the criteria listed in Occupations Code §53.022.~~
8 ~~Paragraphs (1) – (8) of this subsection apply to all license types. Paragraphs (9) – (15) of this subsection~~
9 ~~apply only to retail license types. Paragraph (16) of this subsection applies to offenses applicable to a~~
10 ~~license type.]~~

11 ~~[(1) offenses involving fraud, theft, deceit, misrepresentation, or that otherwise reflect~~
12 ~~poorly on the person's honesty or trustworthiness, including an offense defined as moral turpitude;]~~

13 ~~[(2) offenses involving forgery, falsification of records, or perjury;]~~

14 ~~[(3) offenses involving the offering, paying, or taking of bribes, kickbacks, or other illegal~~
15 ~~compensation;]~~

16 ~~[(4) felony offenses against public administration;]~~

17 ~~[(5) felony offenses under a state or federal statute or regulation involving the~~
18 ~~manufacture, sale, finance, distribution, repair, salvage, or demolition, of motor vehicles;]~~

19 ~~[(6) felony offenses under a state or federal statute or regulation related to emissions~~
20 ~~standards, waste disposal, water contamination, air pollution, or other environmental offenses;]~~

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1 ~~[(7) offenses committed while engaged in a licensed activity or on licensed premises;]~~

2 ~~[(8) felony offenses involving the possession, manufacture, delivery, or intent to deliver~~

3 ~~controlled substances, simulated controlled substances, dangerous drugs, or engaging in an organized~~

4 ~~criminal activity;]~~

5 ~~[(9) felony offenses against real or personal property belonging to another;]~~

6 ~~[(10) offenses involving the sale or disposition of another person's real or personal~~

7 ~~property;]~~

8 ~~[(11) a reportable felony offense conviction under Chapter 62, Texas Code of Criminal~~

9 ~~Procedure for which the person must register as a sex offender;]~~

10 ~~[(12) an offense against the family as described by Penal Code §§25.02, 25.07, 25.072,~~

11 ~~or 25.11;]~~

12 ~~[(13) felony offenses against the person;]~~

13 ~~[(14) a felony stalking offense as described by Penal Code §42.072;]~~

14 ~~[(15) a felony offense against public order and decency as described by Penal Code~~

15 ~~§§43.24, 43.25, 43.251, 43.26, 43.261, or 43.262; and]~~

16 ~~[(16) offenses of attempting or conspiring to commit any of the foregoing offenses~~

17 ~~applicable to the license type].~~

18 ~~[(e) When determining a person's present fitness for a license, the department shall also~~

19 ~~consider the following evidence:]~~

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Chapter 211 – Criminal History Offense and Action on License

1 ~~[(1) the extent and nature of the person's past criminal activity;]~~

2 ~~[(2) the age of the person when the crime was committed;]~~

3 ~~[(3) the amount of time that has elapsed since the person's last criminal activity;]~~

4 ~~[(4) the conduct and work activity of the person before and after the criminal activity;]~~

5 ~~[(5) evidence of the person's rehabilitation or rehabilitative effort while incarcerated or~~
6 ~~after release;]~~

7 ~~[(6) evidence of the person's compliance with any conditions of community supervision,~~
8 ~~parole, or mandatory supervision; and]~~

9 ~~[(7) other evidence of the person's present fitness, including letters of~~
10 ~~recommendation.]~~

11 ~~[(f) It is the person's responsibility to obtain and provide to the licensing authority evidence~~
12 ~~regarding the factors listed in subsection (e) of this section.]~~

13
14 ~~[§211.4. Imprisonment.]~~

15 ~~[(a) Section 211.3 of this Chapter does not apply to persons who are imprisoned at the time the~~
16 ~~department considers the conviction.]~~

17 ~~[(b) The department shall revoke a license upon the imprisonment of a license holder following~~
18 ~~a felony conviction or revocation or felony community supervision, parole, or mandatory supervision.]~~

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1 ~~[(c) The department may revoke a license upon the imprisonment for a felony conviction, felony~~
2 ~~community supervision revocation, revocation of parole, or revocation of mandatory supervision of a~~
3 ~~person described by §211.2(a)(2) of this chapter who remains employed with the license holder.]~~

4 ~~[(d) A person currently imprisoned because of a felony conviction may not obtain a license,~~
5 ~~renew a previously issued license, or act in a representative capacity for an application or license holder~~
6 ~~as described by §211.2(a)(2).]~~

7
8 ~~[\$211.5. Criminal History Evaluation Letters.]~~

9 ~~[(a) Pursuant to Texas Occupations Code, Chapter 53, Subchapter D, a person may request that~~
10 ~~the department evaluate the person's eligibility for a specific occupational license regulated by the~~
11 ~~department by:]~~

12 ~~[(1) submitting a request on a form approved by the department for that purpose; and]~~

13 ~~[(2) paying the required Criminal History Evaluation Letter fee of \$100.]~~

14 ~~[(b) The department shall respond to the request not later than the 90th day after the date the~~
15 ~~request is received.]~~

16
17 ~~[\$211.6. Fingerprint Requirements for Designated License Types.]~~

18 ~~[(a) The requirements of this section apply to applicants for and holders of license types~~
19 ~~designated in Chapter 215 or Chapter 221 of this title as requiring fingerprints for licensure.]~~

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1 ~~[(b) Unless previously submitted for an active license issued by the department, the following~~
2 ~~persons may be required to submit a complete and acceptable set of fingerprints to the Texas~~
3 ~~Department of Public Safety and pay required fees for purposes of obtaining criminal history record~~
4 ~~information from the Texas Department of Public Safety and the Federal Bureau of Investigation:]~~

5 ~~[(1) a person applying for a new license, license amendment due to change in~~
6 ~~ownership, or license renewal; and]~~

7 ~~[(2) a person acting in a representative capacity for an applicant or license holder who is~~
8 ~~required to be listed on a licensing application, including an officer, director, member, manager, trustee,~~
9 ~~partner, principal, or manager of business affairs.]~~

10 ~~[(c) After reviewing a licensure application and licensing records, the department will notify the~~
11 ~~applicant or license holder which persons in subsection (b) of this section are required to submit~~
12 ~~fingerprints to the Texas Department of Public Safety.]~~

13
14 **SUBCHAPTER B. CRIMINAL HISTORY EVALUATION GUIDELINES AND PROCEDURES**

15 **43 TAC §§211.10-211.13**

16 **STATUTORY AUTHORITY.** The department proposes new sections to Chapter 211 under Government
17 Code, §411.122(d), which authorizes department access to criminal history record information
18 maintained by DPS; Government Code, §411.12511, which authorizes the department to obtain criminal
19 history record information from DPS and the FBI for license applicants, license holders, and
20 representatives whose act or omission would be cause for denying, revoking, or suspending a general

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Chapter 211 – Criminal History Offense and Action on License

1 distinguishing number or license issued under Transportation Code, Chapter 503, or Occupations Code,
2 Chapters 2301 and 2302; Occupations Code, §2301.151, which gives the board authority to regulate the
3 distribution, sale, and lease of motor vehicles and the authority to take any action that is necessary or
4 convenient to exercise that authority; Occupations Code, §2301.152, which authorizes the board to
5 establish the qualifications of license holders, ensure that the distribution, sale, and lease of motor
6 vehicles is conducted as required by statute and board rules, to prevent fraud, unfair practices,
7 discrimination, impositions, and other abuses in connection with the distribution and sale of motor
8 vehicles, and to enforce and administer Occupations Code, Chapter 2301 and Transportation Code,
9 Chapter 503; Occupations Code, §2301.155, which authorizes the board to adopt rules as necessary or
10 convenient to administer Occupations Code, Chapter 2301 and to govern practice and procedure before
11 the board; Occupations Code, §2301.651, which gives the board authority to deny an application for a
12 license, to revoke or suspend a license, to place on probation, or to reprimand a license holder if the
13 applicant or license holder is unfit, makes a material misrepresentation, violates any law relating to the
14 sale, distribution, financing, or insuring of motor vehicles, willfully defrauds a purchaser, or fails to fulfill
15 a written agreement with a retail purchaser of a motor vehicle; Occupations Code, §2302.051, which
16 authorizes the board to adopt rules as necessary to administer Occupations Code, Chapter 2302;
17 Transportation Code, §503.002, which authorizes the board to adopt rules for the administration of
18 Transportation Code, Chapter 503; and Transportation Code, §1002.001, which authorizes the board to
19 adopt rules that are necessary and appropriate to implement the powers and the duties of the
20 department.

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CROSS REFERENCE TO STATUTE. Government Code, Chapter 411; Occupations Code, Chapters 53, 2301 and 2302; Transportation Code, Chapters 503 and 1002; Penal Code, Chapters 25, 28, 43, 49 and Title 5; and Code of Criminal Procedure, Article 42A and 62.

Text.

§211.10. Criminal Offense Guidelines.

(a) Under Occupations Code, Chapter 53, the department may suspend or revoke an existing license or disqualify an applicant from receiving a license because of a person's conviction of a felony or misdemeanor if the crime directly relates to the duties and responsibilities of the licensed occupation.

(b) The department has determined under the factors listed in Occupations Code, §53.022 that offenses detailed in subsection (c) of this section directly relate to the duties and responsibilities of license holders, either because the offense entails a violation of the public trust, issuance of a license would provide an opportunity to engage in further criminal activity of the same type, or the offense demonstrates the person's inability to act with honesty, trustworthiness, and integrity. Such offenses include crimes under the laws of another state, the United States, or a foreign jurisdiction, if the offense contains elements that are substantially similar to the elements of an offense under the laws of this state. The list of offenses in subsection (c) of this section is in addition to offenses that are independently disqualifying under Occupations Code, §53.021.

(c) The list of offenses in this subsection is intended to provide guidance only and is not exhaustive of the offenses that may relate to a particular regulated occupation. After due consideration of the circumstances of the criminal act and its relationship to the position of trust involved in the

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1 particular licensed occupation, the department may find that an offense not described below also
2 renders a person unfit to hold a license based on the criteria listed in Occupations Code, §53.022.

3 (1) the following offenses apply to all license types:

4 (A) offenses involving fraud, theft, deceit, misrepresentation, or that otherwise
5 reflect poorly on the person's honesty or trustworthiness, including an offense defined as moral
6 turpitude;

7 (B) offenses involving forgery, falsification of records, perjury, or the
8 unauthorized sale, manufacturing, alteration, issuance, or distribution of a license plate or temporary
9 tag;

10 (C) offenses involving the offering, paying, or taking of bribes, kickbacks, or
11 other illegal compensation;

12 (D) felony offenses against public administration;

13 (E) felony offenses under a state or federal statute or regulation involving the
14 manufacture, sale, finance, distribution, repair, salvage, possession, dismantling, or demolition, of motor
15 vehicles or motor vehicle parts;

16 (F) felony offenses under a state or federal statute or regulation related to
17 emissions standards, waste disposal, water contamination, air pollution, or other environmental
18 offenses;

19 (G) offenses committed while engaged in a licensed activity or on licensed
20 premises, including the falsification of a motor vehicle inspection required by statute;

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1 (H) felony offenses involving the possession, manufacture, delivery, or intent to
2 deliver controlled substances, simulated controlled substances, dangerous drugs, or engaging in an
3 organized criminal activity; and

4 (I) offenses of attempting or conspiring to commit any of the foregoing offenses.

5 (2) the following additional offenses apply to retail license types:

6 (A) felony offenses against real or personal property belonging to another;

7 (B) offenses involving the sale or disposition of another person's real or personal
8 property;

9 (C) a reportable felony offense conviction under Chapter 62, Texas Code of
10 Criminal Procedure for which the person must register as a sex offender;

11 (D) an offense against the family as described by Penal Code, §§25.02, 25.04,
12 25.07, 25.072, 25.08, or 25.11;

13 (E) felony offenses under Penal Code, §28.03 involving a motor vehicle that is
14 damaged, destroyed, or tampered with during the removal or attempted removal of a catalytic
15 converter;

16 (F) offenses against the person under Penal Code, Title 5, including offenses in
17 which use of a firearm resulted in fear, intimidation, or harm of another person, and in Penal Code,
18 Chapter 49, a felony offense of driving while intoxicated that resulted in the harm of another person;

19 (G) a felony stalking offense as described by Penal Code, §42.072;

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Chapter 211 – Criminal History Offense and Action on License

1 (H) a felony offense against public order and decency as described by Penal

2 Code §§43.24, 43.25, 43.251, 43.26, 43.261, or 43.262; and

3 (I) offenses of attempting or conspiring to commit any of the foregoing

4 offenses.

5 (d) When determining a person's present fitness for a license, the department shall also

6 consider the following evidence:

7 (1) the extent and nature of the person's past criminal activity;

8 (2) the age of the person when the crime was committed;

9 (3) the amount of time that has elapsed since the person's last criminal activity;

10 (4) the conduct and work activity of the person before and after the criminal activity;

11 (5) evidence of the person's rehabilitation or rehabilitative effort while incarcerated or

12 after release;

13 (6) evidence of the person's compliance with any conditions of community supervision,

14 parole, or mandatory supervision; and

15 (7) other evidence of the person's present fitness, including letters of recommendation.

16 (e) It is the person's responsibility to obtain and provide to the licensing authority evidence

17 regarding the factors listed in subsection (d) of this section.

18
19 §211.11. Imprisonment.

7/10/25

Exhibit B

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Chapter 211 – Criminal History Offense and Action on License

1 (a) The department shall deny a license application if the applicant or a person described by
2 §211.2(a)(2) of this chapter (relating to Application of Chapter) is imprisoned while a new or renewal
3 license application is pending.

4 (b) The department shall revoke a license upon the imprisonment of a license holder following a:

5 (1) felony conviction for:

6 (A) an offense that directly relates to the duties and responsibilities of the
7 licensed occupation;

8 (B) an offense listed in Article 42A.054, Code of Criminal Procedure; or

9 (C) a sexually violent offense, as defined by Article 62.001, Code of Criminal
10 Procedure;

11 (2) felony community supervision revocation;

12 (3) revocation of parole; or

13 (4) revocation of mandatory supervision.

14 (c) A person currently imprisoned because of a felony conviction may not obtain a license,
15 renew a previously issued license, or act in a representative capacity for an application or license holder
16 as described by §211.2(a)(2).

17 (d) The department may revoke a license upon the imprisonment for a felony conviction, felony
18 community supervision revocation, revocation of parole, or revocation of mandatory supervision of a
19 person described by §211.2(a)(2) of this chapter who remains employed with the license holder.

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Chapter 211 – Criminal History Offense and Action on License

1

2 §211.12. Criminal History Evaluation Letters.

3 (a) Pursuant to Texas Occupations Code, Chapter 53, Subchapter D, a person may request that
4 the department evaluate the person's eligibility for a specific occupational license regulated by the
5 department by:

6 (1) submitting a request on a form approved by the department for that purpose; and

7 (2) paying the required Criminal History Evaluation Letter fee of \$100.

8 (b) The department shall respond to the request not later than the 90th day after the date the
9 request is received.

10

11 §211.13. Fingerprint Requirements for Designated License Types.

12 (a) The requirements of this section apply to an applicant for a new or renewal license for the
13 license types designated in Chapter 215 or Chapter 221 of this title as requiring fingerprints for
14 licensure.

15 (b) The following persons may be required to submit a complete and acceptable set of
16 fingerprints to the Texas Department of Public Safety and pay required fees for purposes of obtaining
17 criminal history record information from the Texas Department of Public Safety and the Federal Bureau
18 of Investigation:

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1 (1) a person, including an owner, member, partner, or trust beneficiary, applying for a
2 new license, license amendment due to change in ownership, or license renewal; and

3 (2) a person acting in a representative capacity for an applicant or license holder who is
4 designated as an authorized representative on a licensing application, including an officer, director,
5 manager, trustee, principal, manager of business affairs, or other employee whose act or omission in the
6 course or scope of the representation would be cause for denying, revoking, or suspending a license.

7 (c) After reviewing a licensure application and licensing records, the department will notify the
8 applicant or license holder of which persons in subsection (b) of this section are required to submit
9 fingerprints to the Texas Department of Public Safety. The department will not require a person to
10 submit fingerprints if the person previously submitted a complete and acceptable set of fingerprints for
11 a currently active license issued by the department, and the person remains fully enrolled in the Texas
12 Department of Public Safety's criminal history clearinghouse and validly subscribed in the federal
13 criminal history database maintained by the Federal Bureau of Investigation.



To: Texas Department of Motor Vehicles Board
From: Annette Quintero, Vehicle Titles & Registration Division Director
Agenda Item: 9
Subject: Chapter 215, Motor Vehicle Distribution
Amendments: Subchapters B and D
New §215.91
(Relating to License Processing for Military Service Members, Spouses, and Veterans)
New §215.163
(Relating to Implementation of HB 718, 88th Legislative Session; SB 1902 and HB 5629, 89th Legislative Session; and Cleanup)

RECOMMENDATION

Action Item. Approval to publish proposed rule amendments and new sections in the *Texas Register* for public comment.

PURPOSE AND EXECUTIVE SUMMARY

The proposed amendments and new sections would implement House Bill (HB) 718, 88th Legislature, Regular Session (2023), Senate Bill (SB) 1902, 89th Legislature (2025), and HB 5629, 89th Legislature (2025), and would modify language to improve readability.

FINANCIAL IMPACT

No significant fiscal impact.

BACKGROUND AND DISCUSSION

HB 718 amended Transportation Code, Chapter 503 to eliminate the use of temporary tags when purchasing a motor vehicle and replaced these tags with categories of license plates, effective July 1, 2025. HB 718 requires the department to determine new distribution methods, systems, and procedures, and set certain fees. Section 34 of HB 718 grants the department authority to adopt rules necessary to implement or administer these changes in law and required the department to adopt related rules by December 1, 2024. The department did so by publishing proposed rules in the July 12, 2024, issue of the *Texas Register*, and publishing adopted rules in the November 8, 2024, issue of the *Texas Register* (49 TexReg 8953).

HB 718 requires a Texas dealer beginning July 1, 2025, to ensure that an assigned general issue license plate or set of license plates stay with the vehicle if that vehicle is later sold to another Texas buyer. However, SB 1902 changed that process to require a dealer to transfer a removed license plate to another vehicle of the same class within 10 days or dispose of the license plate according to department rules effective July 1, 2025. SB 1902 requires the department to adopt rules implementing this change by October 1, 2025.

HB 5629 amends Occupations Code, Chapter 55, effective September 1, 2025, to change state agency licensing

requirements for military service members and military spouses. These requirements apply to all licenses issued by the department and amendments to §215.83 and new §215.91 are proposed in Subchapter B, Licenses, Generally, which would implement these changes and apply to all licenses issued by the department under Occupations Code, Chapter 2301, and Transportation Code, Chapter 503.

In §215.151, amendments are proposed which would implement HB 718 to address circumstances in which a dealer could mail or deliver a license plate or set of license plates to a buyer or a converter for attachment to a vehicle. These amendments are necessary because in prior rulemaking the department did not address circumstances in which a person other than a dealer may affix a license plate to a vehicle when the vehicle is not at the dealer's location.

Proposed new §215.163 would implement both HB 718 and SB 1902 to address license plate disposition when a license holder offers a vehicle for sale at auction or on consignment. This new rule is necessary because the department did not adopt a rule to address the disposition of license plates for these types of sales in prior rulemaking. The §215.163 rule proposal that the board approved for publication for public comment at the April 2025 board meeting was withdrawn because SB 1902 requires the department to propose a new rule consistent with the requirements of SB 1902.

Nonsubstantive amendments are proposed in §215.133 and §215.144 which would modify language to improve readability by using consistent terminology.

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Chapter 215 – Motor Vehicle Distribution

PROPOSAL OF REVISIONS TO**SUBCHAPTER B. LICENSES, GENERALLY****43 TAC §215.83****AND NEW §215.91****SUBCHAPTER D. GENERAL DISTINGUISHING NUMBERS AND IN-TRANSIT LICENSES****43 TAC §§215.133, 215.140, 215.141, 215.144, 215.150-152, 215.155, AND 215.158****AND NEW §215.163**

INTRODUCTION. The Texas Department of Motor Vehicles (department) proposes amendments to 43 Texas Administrative Code (TAC) Subchapter B. Licenses, Generally, §215.83 and proposes new §215.91; proposes amendments to Subchapter D, General Distinguishing Numbers and In-Transit Licenses, §§215.133, 215.140, 215.141, 215.144, 215.150-152, 215.155, and 215.158; and proposes new §215.163. These amendments and new sections are necessary to implement House Bill (HB) 718, 88th Legislature, Regular Session (2023), Senate Bill (SB) 1902, 89th Legislature, Regular Session (2025), and HB 5629, 89th Legislature, Regular Session (2025).

HB 5629, 89th Legislature (2025), amends Occupations Code, Chapter 55, effective September 1, 2025, to change state agency licensing requirements for military service members, military veterans, and military spouses. Because these requirements apply to all licenses issued by the department, a new rule, §215.91, is proposed in Subchapter B, Licenses, Generally, which would apply to all licenses issued by the department under Occupations Code, Chapter 2301, and Transportation Code, Chapter 503. Proposed amendments to §215.83 would prevent any conflict or confusion with proposed new §215.91.

HB 718 amended Transportation Code, Chapter 503 to eliminate the use of temporary tags when purchasing a motor vehicle and replaced these tags with categories of license plates, effective July 1, 2025.

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Chapter 215 – Motor Vehicle Distribution

1 HB 718 requires the department to determine new distribution methods, systems, and procedures, and
2 set certain fees. Section 34 of HB 718 grants the department authority to adopt rules necessary to
3 implement or administer these changes in law and required the department to adopt related rules by
4 December 1, 2024. The department did so by publishing proposed rules in the July 12, 2024, issue of the
5 *Texas Register*, and publishing adopted rules in the November 8, 2024, issue of the *Texas Register* (49
6 TexReg 8953). HB 718 required a Texas dealer, beginning July 1, 2025, to ensure that an assigned general
7 issue license plate or set of license plates stayed with the vehicle if that vehicle is later sold to another
8 Texas buyer.

9 However, SB 1902 changed that process to require a dealer to transfer a removed license plate to
10 another vehicle of the same class within 10 days or dispose of the license plate according to department
11 rules. SB 1902, effective July 1, 2025, requires the department to adopt implementing rules by October 1,
12 2025. Amendments to §§215.140, 215.141, 215.150-215.152, 215.155, and 215.158 are proposed to
13 implement SB 1902.

14 In §215.151, amendments are also proposed to implement HB 718 to address circumstances in
15 which the department would permit a dealer to mail or deliver a license plate or set of license plates to a
16 buyer or a converter for attachment to a vehicle. These amendments are necessary because in prior
17 rulemaking the department did not address circumstances in which a person other than a dealer should
18 be able to affix a license plate to a vehicle because the vehicle is not at the dealer's location.

19 Proposed new §215.163, implements both HB 718 and SB 1902 to address license plate
20 disposition when a license holder offers a vehicle for sale at auction or on consignment. This new rule is
21 necessary because the department did not address disposition of license plates for these types of sales in
22 prior rulemaking. During the rulemaking process, license holders raised questions about disposition of
23 license plates when motor vehicles are sold at auctions or on consignment based on concerns that the

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1 department may require operational changes that would increase business costs. In November 2024, the
2 department provided an early draft of this proposed new rule to the Motor Vehicle Industry Regulation
3 Advisory Committee (MVIRAC). Committee members voted on formal motions and provided informal
4 comments. The department incorporated input from this committee into this rule proposal, as well as
5 comments from license holders that regularly hold or participate in motor vehicle auctions. In proposing
6 this rule, the department seeks to minimize opportunities for license plate fraud related to auction and
7 other consignment sales and to eliminate any unnecessary operational or cost impacts to license holders.

8 In June 2025, the MVIRAC reviewed drafts of the proposed revisions to §§215.141, 215.150,
9 215.151, 215.152, 215.155, 215.158, 215.163 and provided the department with feedback on those
10 provisions. The department incorporated the feedback from the committee into this rule proposal.

11 Nonsubstantive amendments are proposed in §215.133 and §215.144 to modify language to
12 improve readability by using consistent terminology.

13 EXPLANATION.**14 §215.83**

15 Proposed amendments to §215.83 would delete subsection (i) and amend subsection (h) to
16 replace specific requirements with a cross-reference to proposed new §215.91. These proposed
17 amendments would ensure that the licensure requirements for military service members, military spouses
18 and military veterans are consolidated into proposed new §215.91. These proposed amendments would
19 thus avoid any confusion or conflict between §215.83 and proposed new §215.91.

20 §215.91

21 Proposed new §215.91(a) would implement Occupations Code, §55.002, which exempts an
22 individual that holds a license from incurring a penalty for failing to renew a license in a timely manner
23 because the individual was on active duty. Proposed new §215.91(b) would implement Occupations Code,

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1 §55.0041(a) and §55.0041(b), as amended by HB 5629 which require a state agency to issue a license to
2 a military service member or military spouse within ten days if the member or spouse holds a current
3 license issued by another state that is similar in the scope of practice to Texas requirements and is in good
4 standing, or held the same Texas license within the past five years, if a military service member or miliary
5 spouse submits an application and other required documents described in Occupations Code,
6 §55.0041(b). Proposed new §215.91(b)(1) would describe the application and documents the military
7 service member or military spouse must submit to the department. Proposed new §215.91(b)(2) would
8 describe the department's review process after receiving an application and related documents, including
9 confirming licensure and good standing in the other state and comparing licensing requirements to
10 determine if the other state's requirements are similar in scope of practice. Proposed new §215.91(b)(3)
11 would inform an applicant that within 10 days, the department will either issue a license if the applicant
12 meets the requirements in Occupations Code, §55.0041 or notify the applicant why the department is
13 unable to issue a license. Proposed new §215.91(b)(3) would also inform an applicant that the license is
14 subject to the requirements of this chapter and Occupations Code, Chapter 2301, and Transportation
15 Code, Chapter 503, unless exempted or modified under Occupations Code, Chapter 55, consistent with
16 Occupations Code, §55.0041(c). Proposed new §215.91(b) is necessary to implement Occupations Code,
17 §55.0041 as amended by HB 5629. Proposed new §215.91(c) would inform a military service member,
18 military veteran, or military spouse that this rule establishes requirements and procedures authorized or
19 required by Texas law and does not affect any rights under federal law. Proposed new §215.91 would
20 implement Occupations Code, Chapter 55, as amended by HB 5629, and would inform military service
21 members, veterans, and military spouses regarding eligibility for special licensing consideration.

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§215.133

Proposed amendments to §215.133(i), (j), and (k) would add “dealer” to describe the type of independent motor vehicle general distinguishing number (GDN) referenced in these subsections for consistency with phrasing in other rule subsections and to improve readability without changing meaning.

§215.140

A proposed amendment to §215.140(a)(6)(E) would delete a reference to dealer license plate storage requirements for assigned license plates for vehicles in inventory and add a reference to unassigned license plates. SB 1902 eliminated the requirement for a dealer to keep an inventory of assigned license plates. Instead, SB 1902 requires a dealer to keep a license plate removed from a sold vehicle and reassign that license plate to a sold vehicle of the same class within ten days or dispose of the license plate according to department rules.

§215.141

A proposed amendment to §215.141(a)(26) would expand the sanction for failure to securely store a license plate after July 1, 2025, to include failure to destroy a previously issued but not currently assigned license plate within the time prescribed by statute. This proposed amendment would implement SB 1902, which amended Transportation Code, §504.901 to require a dealer to either transfer a license plate removed from a vehicle to the same class of vehicle within ten days or dispose of the license plate no later than the tenth day after the license plate was removed from the vehicle.

A proposed amendment to §215.141(a)(34) would delete a sanction for failure to remove a license plate from a vehicle sold to an out-of-state buyer or from a vehicle sold for export and substitute a sanction for failure to remove a license plate from a vehicle as required by statute or rule. This proposed amendment is necessary to conform the language to the requirements of SB 1902, which requires dealers to remove a license plate from a vehicle that is transferred to or purchased by the dealer, and is necessary

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1 to conform with proposed new §215.163 which requires a dealer to remove a license plate from a vehicle
2 in certain other circumstances such as before a vehicle is offered for sale at auction or on consignment.

3 §215.144

4 Proposed amendments to §215.144(i)(2) would add the phrase “GDN holder that acts as a ” to
5 clarify the type of motor vehicle auction referenced in subsection (i). Proposed amendments to
6 §215.144(i)(2)(A) would substitute the phrase “before offering a vehicle for sale at auction” for “it offers
7 for sale.” These proposed amendments would improve readability by using consistent terminology
8 without changing meaning.

9 §215.150

10 Proposed amendments to §215.150(a) and §215.150(e) would add a reference to a general issue
11 license plate as a type of license plate that a buyer can transfer to a newly purchased vehicle, to implement
12 SB 1902 because SB 1902 allows a dealer to transfer an existing buyer’s general issue license plate to a
13 purchased vehicle of the same class within ten days. A proposed amendment to §215.150(a)(2) would
14 delete a reference to issuing a license plate if the vehicle did not come with a buyer’s license plate because
15 SB 1902 eliminated the requirement for a license plate to remain with a vehicle upon subsequent retail
16 sale. A proposed amendment to §215.150(d)(3) would add a closed GDN to the list of circumstances in
17 which a GDN dealer could no longer issue a buyer’s license plate. The amendment recognizes that a dealer
18 may choose to close a GDN issued by the department at any time, and after closure the person would not
19 be a licensed GDN dealer under Transportation Code, Chapter 503, and therefore not authorized to issue
20 a buyer’s license plate or a buyer’s temporary license plate. Proposed amendments to §215.150(f)(4)
21 would delete a reference to license plates assigned to vehicles in inventory, delete unnecessary
22 punctuation, and add a reference to unassigned license plates. SB 1902 eliminated the requirement for a

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1 dealer to keep an inventory of assigned license plates. Rather, SB 1902 requires a dealer to reassign a
2 removed license plate within a ten-day window before disposing of the license plate.

3 §215.151

4 Proposed amendments throughout §215.151(a) and in §215.151(c) would add a reference to a
5 general issue license plate as a type of license plate that a buyer can transfer to a newly purchased vehicle.
6 These amendments implement SB 1902 because SB 1902 allows a dealer to transfer an existing buyer's
7 general issue license plate to a purchased vehicle within ten days. Proposed amendments to
8 §215.151(a)(3) would delete a reference to when a dealer must, or a governmental agency may, issue a
9 buyer's license plate to the buyer of a used vehicle, and replace that language with issuing a buyer's license
10 plate when the buyer does not have a general issue, specialty, personalized or other qualifying license
11 plate to transfer to the vehicle. These amendments implement SB 1902, which no longer requires a license
12 plate to remain with a vehicle and allows a previously issued general issue license plate to be reassigned
13 to a different vehicle of the same class within ten days.

14 A proposed amendment to §215.151(c) would delete a reference to a vehicle that has an assigned
15 license plate because SB 1902 eliminated the requirement for a license plate to remain assigned to a
16 vehicle upon subsequent retail sale. Proposed amendments to §215.151(c) would add language to require
17 the removal of any previously assigned license plate and require the dealer to reassign that license plate
18 to a vehicle of the same class within ten days before disposing of that license plate when a buyer provides
19 a different qualifying license plate to be assigned to a purchased vehicle. This proposed amendment would
20 implement the requirements for plate transfer or disposal by a dealer in Transportation Code, §504.901,
21 as amended by SB 1902. Proposed amendments to §215.151(d) would implement the requirements of SB
22 1902 by adding language that would allow a dealer to reassign a license plate to a vehicle of the same
23 class within ten days, and deleting references to providing an assigned license plate to a Texas retail buyer

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or Texas dealer and references to voiding plates for vehicles sold to out-of-state or exporting buyers. These proposed amendments are necessary because SB 1902 eliminated the requirement for a license plate to remain assigned to a vehicle upon subsequent retail sale and instead requires a dealer to dispose of any license plate that is not reassigned after ten days according to department rules.

Proposed amendments would add new §215.151(e) to describe circumstances in which a dealer is not required to secure or affix an assigned license plate to a vehicle after a lawful sale. Proposed new §215.151(e)(1) would allow a retail buyer who purchases a vehicle for direct delivery to the buyer to authorize the dealer in writing to mail or securely deliver the dealer-assigned buyer's license plate to the buyer. Proposed new §215.151(e)(1) is necessary to accommodate lawful sales in which vehicles are shipped directly to a retail buyer, which is common in multi-vehicle or fleet purchases. Proposed new §215.151(e)(2) would allow a retail buyer to authorize a dealer in writing to mail or securely deliver a license plate or set of license plates to a licensed converter who could then affix the assigned buyer's license plate to the vehicle once the vehicle is complete prior to delivery to the customer, or allow the converter to provide the license plate to the customer at vehicle delivery. Proposed new §215.151(e)(1) and new §215.151(e)(2) are necessary to facilitate delivery of a dealer-assigned buyer's license plate when a vehicle is sold in a retail transaction, but the purchased vehicle is not located at the dealer's licensed location.

§215.152

Proposed amendments to §215.152(c) and §215.152(d) would add "new" to describe the type of buyer's license plates that the department will be allocating to each dealer and would delete the term unassigned. These amendments would implement SB 1902, which amended Transportation Code, §504.901, to require a dealer to transfer an unassigned license plate to a purchased vehicle of the same class within 10 days or destroy the license plate.

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1 A proposed amendment to §215.152(d)(4) would add “or decrease” to allow the department to
2 decrease the annual allotment of license plates for dealers based on changes in the market, temporary
3 conditions, or other relevant factors in the state, county, or other geographical or population area. For
4 example, sales may decline during an economic recession, resulting in dealers needing fewer plates to
5 assign to new cars. When this happens, the state should not incur the expense to manufacture or
6 distribute license plates that will not be used, and a dealer should not be required to undergo the expense
7 or effort to store and track a larger supply of license plates than what the dealer will likely use. To address
8 this, a proposed amendment to §215.152(g) would allow a new dealer to request fewer buyer’s license
9 plates or buyer’s temporary license plates than what would be allocated under §215.152(e).

10 Proposed new §215.152(i) describes the circumstances in which a dealer would not be eligible to
11 receive a quarterly allocation of buyer’s license plates delivered to the dealer’s licensed physical location.
12 These circumstances are: if the dealer’s license has been closed, canceled, or revoked in a final order; if
13 the department has issued a notice of department decision for a violation of premises requirements
14 because the dealer appears to have abandoned the licensed location; if the dealer has been denied access
15 to the temporary tag system or the license plate system; if a dealer fails a compliance review performed
16 by the department under Transportation Code, §503.063(d); if the dealer’s license expires during that
17 quarter and a renewal application has not been submitted to the department; if a dealer does not have
18 an owner or bona fide employee at the licensed location during posted business hours to accept a license
19 plate delivery; or if a dealer fails to keep license plates or the license plate system secure. In accordance
20 with Occupations Code, §2301.152, the department is responsible for reducing the opportunities for
21 license plate fraud or misuse. This proposed new subsection is necessary for the department to fulfill that
22 obligation.

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1 Proposed new §215.152(j) would allow a dealer with an active license and access to the license
2 plate database who is ineligible to receive a quarterly license plate allocation under subsection (i) to
3 request that the department conduct a compliance review under Transportation Code, §503.063(d) to
4 determine if the dealer is eligible to receive a future allocation. A dealer would be able to request a
5 compliance review by submitting an email request to DealerCompliance@txdmv.gov, and the department
6 will perform the requested compliance review within 14 days. This subsection would allow a dealer to
7 become eligible for a future license plate allocation once the dealer passes a compliance review
8 performed by the department, consistent with Transportation Code, §503.063(d).

9 Proposed new §215.152(k) would allow the department to require a dealer with an active license
10 to obtain buyer's license plates from a county tax assessor-collector or department regional service center
11 if the dealer is not eligible to receive license plates under §215.152(i). This proposed new subsection
12 would allow a licensed dealer to continue to operate while the dealer addresses a security or other
13 operational issue that would prevent the department from securely delivering license plates to the
14 licensed location. A proposed amendment would reletter §215.152(i) to (l) to accommodate the three
15 new proposed subsections described above.

16 A proposed amendment would add new §215.152(m), which would describe when a dealer may
17 request fewer buyer's license plates or buyer's temporary license plates. A dealer may request fewer
18 license plates after using less than 50 percent of the quarterly allocation of general issue license plates or
19 buyer temporary license plates in a quarter, or after using less than 50 percent of the allotted annual
20 maximum number of general issue license plates or buyer temporary license plates in a year. A dealer
21 should not be required to undergo the expense or effort to store and track a significantly larger supply of
22 license plates than what the dealer will use. Proposed amendments would reletter §215.152(j) to (n) and

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1 reletter remaining subsections accordingly to accommodate the new proposed subsections described
2 above.

3 Proposed amendments to relettered §215.152(n) would add a reference to a dealer being able to
4 request a decrease in a quarterly or annual allocation by submitting a request in the department's
5 designated license plate system, and delete a reference to subsection (i). These amendments are
6 necessary to inform a dealer how to request a decrease in a quarterly or annual buyer's license plate or
7 buyer's temporary license plate allocation.

8 A proposed amendment to relettered §215.152(o) would add "or decrease" in recognition that a
9 dealer may request a decrease in a maximum annual allotment. Proposed amendments throughout
10 relettered §215.152(o) would delete "additional" to describe license plates because amendments to this
11 rule are proposed to allow a dealer to request fewer license plates. A proposed amendment to relettered
12 §215.152(o)(2) would delete the phrase "for more license plates" to describe the type of additional
13 requests a dealer may submit because a dealer may submit additional requests for fewer license plates.
14 A proposed amendment to relettered §215.152(o)(3)(D) would delete a reference to issuing no additional
15 license plates because a dealer may request to reduce the number of license plates, and the department
16 may deny that request. Proposed amendments to relettered §215.152(o)(3)(E)(ii) would delete a
17 reference to additional license plates being added to the dealer's allocation and would substitute text to
18 state that the dealer's allocation will be adjusted. These proposed amendments would recognize that a
19 dealer's request for fewer license plates may be adjusted by the designated director in the department's
20 Vehicle Titles and Registration Division. A proposed amendment to relettered §215.152(o)(3)(E)(ii) would
21 add "informed about" to improve readability without changing meaning. A proposed amendment to
22 relettered §215.152(o)(5) would delete a reference to additional license plates because this proposal
23 would allow a dealer to submit a subsequent request for fewer license plates during a calendar year.

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§215.155

Proposed amendments to §215.155(c) would delete §215.155(c)(2), which requires a selling dealer to provide a license plate to a purchasing dealer for placement on the vehicle at time of retail sale, and would modify related punctuation and numbering. These proposed amendments would implement SB 1902, which eliminated the requirement for an assigned license plate to stay with a vehicle upon a subsequent retail sale of the vehicle.

§215.158

Proposed amendments to §215.158(b) would delete a reference to removing a previously assigned buyer's license plate or other type of license plate for a vehicle sold to an out-of-state buyer or for another reason allowed by rule and would simplify the subsection to apply only when a dealer is required to void a previously assigned buyer's license plate from a vehicle. These proposed amendments would align the rule text with Transportation Code, §504.901, as amended by SB 1902, which requires a dealer to void a previously assigned buyer's license plate within 10 days unless the dealer has reassigned that license plate to another vehicle of the same class.

§215.163

Proposed new §215.163 would address how a license holder must manage a license plate or set of license plates for motor vehicles sold at auction or on consignment. Proposed new §215.163 is necessary to clarify license plate disposition and the reporting responsibilities of a dealer and a wholesale motor vehicle auction GDN holder when offering a motor vehicle for sale at a wholesale auction, and to clarify a dealer's responsibilities when offering a motor vehicle for sale at auction or on consignment at the dealer's licensed location consistent with the requirements of Transportation Code, §§503.063, 503.0633, and 504.901 as amended by HB 718 and SB 1902, effective July 1, 2025.

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1 Proposed new §215.163(a) would address license plate disposition requirements for motor
2 vehicles offered for sale at a wholesale motor vehicle auction, in which only dealers are allowed to
3 purchase a motor vehicle under Transportation Code, §503.037. Proposed new §215.163(a) would require
4 a wholesale motor vehicle auction GDN holder who receives a motor vehicle on consignment from a
5 person who is not a GDN holder to remove and mark any license plate with the vehicle as void; and
6 destroy, recycle, or return any license plate in keeping with the requirements of §215.158 (relating to
7 General Requirements for Buyer's License Plates). Proposed new §215.163(a) is necessary to prevent
8 Texas license plates from being distributed out-of-state or exported and used fraudulently. These
9 proposed amendments are also consistent with Transportation Code, §503.063 and §504.901, as
10 amended by HB 718 and SB 1902, which authorizes dealers to issue a buyer's license plate and access the
11 license plate system but does not authorize motor vehicle auction license holders to do so.

12 Proposed new §215.163(b) would describe a dealer's license plate disposition responsibilities if a
13 motor vehicle with a license plate is sold at a public auction, at which members of the public can bid on
14 and purchase a motor vehicle. Proposed new §215.163(b) would require a dealer who is authorized to sell
15 a consigned vehicle to return an assigned license plate to the vehicle's owner in keeping with
16 Transportation Code §504.901(b), or destroy, recycle, or return the license plate in accordance with
17 §215.158 (relating to General Requirements for Buyer's License Plates). The option for a dealer to destroy
18 an assigned license plate is necessary because in some circumstances a dealer may be unable to return
19 an assigned plate to the vehicle's owner. For example, a dealer could not do so if the vehicle's owner has
20 died or the vehicle's owner relocated without a forwarding address. If a dealer offers a motor vehicle from
21 the dealer's inventory for sale at a public auction, the dealer is required to remove and securely store the
22 license plate before offering the vehicle for sale at a public auction as required in proposed 43 TAC
23 §215.150(f) (relating to Dealer Authorization to Issue License Plates) and may reassign the license plate

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1 within ten days. If the purchaser is a Texas retail buyer, the dealer must issue a buyer's license plate to
2 the purchaser and update the license plate database unless the buyer has a general issue, specialty,
3 personalized, or other qualifying license plate to transfer, consistent with proposed amendments to 43
4 TAC §215.151 (relating to License Plate General Use Requirements). If the purchaser at the public auction
5 is a dealer, export buyer, or out-of-state buyer, the selling dealer must not issue a buyer's license plate.
6 Additionally, if the purchaser at an auction is an out-of-state buyer, the dealer may only issue a buyer's
7 temporary license plate if the buyer requires this license plate to transport the vehicle to another state in
8 accordance with Transportation Code, §503.063, as amended by HB 718, and with 43 TAC §215.150(c)
9 (relating to Dealer Authorization to Issue License Plates). Proposed new §215.163(b) is necessary to clarify
10 license plate disposition for different types of sales that can occur at a public auction and to minimize
11 potential fraud or misuse of license plates that may occur, consistent with the requirements of
12 Transportation Code, §503.063 and §504.901, as amended by HB 718 and SB 1902, and of proposed
13 amendments to 43 TAC §§215.150, 215.151, and 215.158.

14 Proposed new §215.163(c) would implement dealer requirements for other types of consignment
15 sales which occur at a dealer's licensed location and not at auction. Proposed new §215.163(c) is necessary
16 to address license plate disposition for other types of consignment sales and to minimize potential fraud
17 or misuse of license plates, consistent with the requirements of Transportation Code, §503.063 and
18 §504.901, as amended by HB 718 and SB 1902, and the requirements of the department's adopted and
19 proposed rules implementing HB 718. Proposed new §215.163(c)(1) would require a dealer to remove
20 and return any license plate to the vehicle's owner. Proposed new §215.163(c)(1) would further clarify
21 that a dealer may use its dealer's temporary license plate to demonstrate the consigned vehicle to a
22 potential purchaser, in accordance with 43 TAC §215.138 (relating to Use of Dealer's License Plates).

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1 Proposed new §215.163(c)(2) would align the requirements for dealer consignment sales with the
2 general license plate disposition requirements in the department's rules implementing HB 718 adopted
3 effective July 1, 2025. Proposed new §215.163(c)(2) would require a dealer, upon the sale of a consigned
4 motor vehicle, to assign a license plate to a Texas retail buyer that purchases the vehicle unless the buyer
5 has a general issue, specialty, personalized, or other qualifying license plate to transfer and to update the
6 license plate database, consistent with 43 TAC §215.151 (relating to License Plate General Use
7 Requirements). If the vehicle is sold to an out-of-state buyer, for export, or to a Texas dealer, a dealer may
8 not issue a buyer's license plate and may only issue a buyer's temporary license plate if the out-of-state
9 purchaser requires a license plate to transport the vehicle to another state for titling and registration in
10 that jurisdiction.

11 Proposed new §215.163(c)(3) is necessary to clarify license plate disposition requirements for
12 independent motor vehicle dealers whose business includes the sale of salvage vehicles or total loss
13 vehicles as defined by the applicable insurance contract, and who may receive consignments from non-
14 GDN holders such as insurance or finance companies. In these situations, an independent motor vehicle
15 dealer must remove and destroy, recycle, or return the license plate as required in §215.158 (relating to
16 General Requirements for Buyer's License Plates). Under Occupations Code, §2302.009, an independent
17 motor vehicle dealer that acts as a salvage vehicle dealer or displays a motor vehicle as an agent of an
18 insurance company must comply with Occupations Code, Chapter 2302, including the requirement to
19 immediately remove any unexpired license plate. Requiring an independent motor vehicle dealer to either
20 transfer or void, destroy, recycle, or return the license plate as required in §215.158 (relating to General
21 Requirements for Buyer's License Plates) is necessary to reduce the risk of fraud or misuse of the plates,
22 since salvage or total loss vehicles may not be driven on Texas roads. Proposed new §215.163(c) is
23 necessary to minimize potential fraud or misuse of these license plates and is consistent with the

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requirements of Occupations Code, Chapter 2302, and Transportation Code, §503.063 and §504.901, as amended by HB 708 and SB 1902.

FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT. Glenna Bowman, Chief Financial Officer, has determined that for each year of the first five years the rule will be in effect, there will be no significant fiscal impact to state or local governments as a result of the enforcement or administration of the proposal.

Monique Johnston, Director of the Motor Vehicle Division (MVD), Annette Quintero, Director of the Vehicle Titles and Registration Division (VTR), and Corrie Thompson, Director of the Enforcement Division (ENF), have determined that there will be not be a measurable effect on local employment or the local economy as a result of the proposal because the overall number of motor vehicle sales will not be affected.

PUBLIC BENEFIT AND COST NOTE. Ms. Johnston, Ms. Quintero, and Ms. Thompson have also determined that, for each year of the first five years amended and new sections are in effect, there are multiple public benefits anticipated because of the reduction in opportunities for license plate fraud, and that certain applicants and license holders may incur costs to comply with the proposal. The department prioritized the public benefits associated with reducing fraud and related crime and improving public health and safety, while carefully considering potential costs to license holders consistent with board and department responsibilities.

Anticipated Public Benefits. The public benefits anticipated as a result of the proposal include limiting the criminal activity of a small subset of dealers who may fraudulently obtain, sell, or issue license plates to persons seeking to engage in violent criminal activity, including armed robbery, human trafficking, and assaults on law enforcement, or to criminally operate uninsured and uninspected vehicles as a hazard to Texas motorists and the environment.

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1 Anticipated Costs to Comply With The Proposal. Ms. Quintero anticipates that certain license holders may
2 incur costs to comply with these proposed rules. In proposed new §215.151(e), a dealer could incur a fee
3 to mail a license plate or set of license plates to a buyer or a converter when the buyer authorizes the
4 dealer to do so in writing because the vehicle is being delivered directly to the buyer by a transporter or
5 converter. Department research suggests that the average cost to mail a set of license plates is \$10.10.
6 Ms. Quintero has determined that the cost for a license holder to mail or otherwise securely transfer a
7 license plate to a buyer or converter would be offset by a dealer's cost savings in not having to travel to a
8 buyer's or converter's location to affix the assigned license plate, and is necessary to facilitate lawful sales
9 in which the purchased vehicle is not at the dealer's licensed location. A dealer may choose to affix a
10 buyer's license plate to a sold vehicle, or mail or securely transfer a license plate to a buyer or converter
11 and can choose the method that is operationally efficient and cost effective. Industry stakeholders have
12 requested this flexibility in affixing license plates to facilitate these types of vehicle sales.

13 Regarding proposed new §215.163, Ms. Quintero anticipates that while dealer GDN holders will
14 not incur additional costs to comply with the proposed rule, wholesale motor vehicle auction GDN holders
15 may incur costs to comply with this proposed rule. For dealers, proposed new §215.163 does not have
16 any new cost requirements because the same requirements are already in place under other previously
17 adopted rules or existing statutes.

18 However, this proposal may require wholesale motor vehicle auction GDN holders to make an
19 operational change or incur a cost. The department can estimate certain associated costs. Proposed new
20 §215.163 would require a wholesale motor vehicle auction GDN holder to permanently mark the front of
21 license plates with the word "void" or a large "X". Department research suggests that the cost of a
22 permanent marker is \$1.35 per marker. Proposed new §215.163 would also require a wholesale motor
23 vehicle auction GDN holder to destroy a void buyer's license plate, recycle a void plate with a registered

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1 metal recycler, or return the void plate to the department, or to a county tax assessor-collector. Aviation
2 tin snips may be used to destroy a void license plate. Department research suggests that the cost of tin
3 snips, which can cut metal, is approximately \$18.50. A motor vehicle auction GDN holder may choose to
4 recycle void license plates. Department research suggests that the cost of doing so through a metal
5 recycler will vary by locality and the availability of local recycling facilities, with some regions benefitting
6 from free curbside-pickup recycling programs and others requiring license holders to expend
7 transportation costs to take the plates to a recycling facility. Department research also suggests that scrap
8 aluminum, such as voided license plates, is currently worth an average of about \$.65 per pound when sold
9 to a metal recycler. Lastly, a motor vehicle auction GDN holder may return a void buyer's license plate to
10 the department, including one of the regional service centers, or a county tax assessor-collector office, or
11 mail a void plate to the department. Department research suggests that a typical average cost to mail a
12 set of license plates is \$10.10. The proposed rules provide a motor vehicle auction GDN holder with
13 multiple options for responsible disposal of void license plates and each license holder may choose which
14 option is least expensive or most convenient based on the license holder's operation. Ms. Quintero has
15 reviewed the department research regarding the cost of marking and the options for destroying, recycling,
16 or returning void license plates and has determined that these costs are reasonable and necessary to
17 reduce the potential for fraudulent plate use and to protect the public, including law enforcement
18 personnel. Indeed, it is possible that many wholesale motor vehicle auction GDN holders will incur no
19 costs as a result of the proposed rule: the wholesale motor vehicle auction GDN holders who commented
20 or provided informal feedback on the draft rule stated that they already have existing systems in place to
21 collect and dispose of license plates and to report vehicle transfers using the currently available web-
22 based tools.

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.

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As required by Government Code, §2006.002, the department has determined that this proposal may have an adverse economic effect or disproportionate economic impact on small or micro-businesses. More specifically, the department believes that the requirements in proposed new §215.163 for wholesale motor vehicle auction GDN holders may have an adverse impact if any motor vehicle auction GDN holder is a small or micro-business. The department does not believe the costs associated with shipping plates when requested by a buyer under certain circumstances in proposed amended §215.151 will create an adverse economic impact because the department believes the costs will be completely offset by the savings for a dealer from not having to travel to a buyer's or converter's location to affix a license plate to a sold vehicle. The department has determined that the proposed amendments will not have an adverse economic effect on rural communities because rural communities are exempt from the requirement to hold a GDN under Transportation Code, §503.024.

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

Under Government Code, §2006.002, the department must perform a regulatory flexibility analysis. The department considered the alternatives of not adopting amendments, exempting small and

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

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

15 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the
16 first five years the proposed new sections and amendments are in effect, no government program would
17 be created or eliminated. Implementation of the proposed new sections and amendments would not
18 require the creation of new employee positions or elimination of existing employee positions.
19 Implementation would not require an increase or decrease in future legislative appropriations to the
20 department or a decrease of fees paid to the department. The proposed rules create new regulations,
21 specifically proposed new §215.91 and §215.163. It would limit existing regulations by allowing dealers to
22 ship or deliver license plates to be affixed by others in certain situations in proposed amendments to
23 §215.151, and by allowing for lesser license plate allocations in proposed amendments to §215.152. The

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1 proposed rule revisions would not expand or repeal an existing regulation. Lastly, the proposed new
2 sections do not affect the number of individuals subject to the rule's applicability and will not affect this
3 state's economy.

4 REQUEST FOR PUBLIC COMMENT.

5 If you want to comment on the proposal, submit your written comments by 5:00 p.m. CDT on August 25,
6 2025. A request for a public hearing must be sent separately from your written comments. Send written
7 comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office of General Counsel, Texas
8 Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the
9 department will consider written comments and public testimony presented at the hearing.

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SUBCHAPTER B. LICENSES, GENERALLY**43 TAC §215.83 AND §215.91**

STATUTORY AUTHORITY. The department proposes amendments and a new section to Chapter 215 under Occupations Code, §2301.151, which gives the board authority to regulate the distribution, sale, and lease of motor vehicles and the authority to take any action that is necessary or convenient to exercise that authority; Occupations Code, §2301.152, which authorizes the board to establish the qualifications of license holders, ensure that the distribution, sale, and lease of motor vehicles is conducted as required by statute and board rules, to prevent fraud, unfair practices, discrimination, impositions, and other abuses in connection with the distribution and sale of motor vehicles, and to enforce and administer Occupations Code, Chapter 2301 and Transportation Code, Chapter 503; Occupations Code, §2301.155, which authorizes the board to adopt rules as necessary or convenient to administer Occupations Code, Chapter 2301 and to govern practice and procedure before the board; Occupations Code, §2301.651, which gives the board authority to deny an application for a license, revoke or suspend a license, place on probation, or reprimand a licensee if the applicant or license holder is unfit, makes a material misrepresentation, violates any law relating to the sale, distribution, financing, or insuring of motor vehicles, willfully defrauds a purchaser, or fails to fulfill a written agreement with a retail purchaser of a motor vehicle; Government Code, §411.122(d), which authorizes department access to criminal history record information maintained by DPS; Government Code, §411.12511, as amended by Senate Bill (SB) 2587, 89th Legislature (2025), which authorizes the department to obtain criminal history record information from DPS and the FBI for license applicants, license holders, and representatives whose act or omission would be cause for denying, revoking, or suspending a general distinguishing number or license issued under Transportation Code, Chapter 503, or Occupations Code, Chapters 2301 and 2302; Occupations Code, §55.004, as amended by House Bill (HB) 5629, 89th Legislature, which requires the

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1 department to adopt rules for the issuance of a license to military service members, military veterans, or
2 military spouses that allow licensure if the applicant holds a current license issued by another state that
3 is similar in scope to the license in Texas and is in good standing with that state's licensing authority, or
4 has held a license in Texas within the preceding five years; Occupations Code, §2302.051, which authorizes
5 the board to adopt rules as necessary to administer Occupations Code, Chapter 2302; Transportation
6 Code, §503.002, which authorizes the board to adopt rules for the administration of Transportation Code,
7 Chapter 503; Transportation Code, §503.009, which authorizes the board to adopt rules for certain
8 contested cases; Transportation Code, §503.0296, which requires the board to adopt a rule requiring that
9 an applicant for an original or renewal general distinguishing number who proposes to be an independent
10 motor vehicle dealer complete web-based education and training developed or approved by the
11 department; Transportation Code, §503.033, which authorizes the board to adopt rules prescribe the
12 form of the notice of a surety bond and the procedure by which a claimant may recover against the surety
13 bond; Transportation Code, §503.061, which requires the board to adopt rules regulating the issuance of
14 dealer's license plates; and Transportation Code, §§503.0626, 503.0631, and 503.0632, which require the
15 board to adopt rules necessary to implement and manage the department's temporary tag databases;
16 and Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and
17 appropriate to implement the powers and the duties of the department, as well as the statutes referenced
18 throughout this preamble.

19 The department also proposes amendments and a new rule under the authority of Transportation
20 Code, §501.0041 and §502.0021; and Government Code, §§2001.004, and 2001.039, and 2001.054, in
21 addition to the statutory authority referenced throughout this preamble.

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Transportation Code, §501.0041 authorizes the department to adopt rules to administer Transportation Code, Chapter 501. Transportation Code, §502.0021 authorizes the department to adopt rules to administer Transportation Code, Chapter 502.

Government Code, §2001.004 requires state agencies to adopt rules of practice stating the nature and requirements of all available formal and informal procedures. Government Code, §2001.039 requires state agencies to readopt, readopt with amendments, or repeal a rule as the result of reviewing the rule. Government Code, §2001.054 specifies the requirements regarding the grant, denial, renewal, revocation, suspension, annulment, or withdrawal of a license.

CROSS REFERENCE TO STATUTE. This proposed new section would implement Government Code, Chapters 411 and 2001; Occupations Code, Chapters 53, 55, and 2301; and Transportation Code, Chapters 501–503, and 1002.

Text.

§215.83. License Applications, Amendments, or Renewals

(a) An application for a new license, license amendment, or license renewal filed with the department must be:

(1) filed electronically in the department-designated licensing system on a form approved by the department;

(2) completed by the applicant, license holder, or authorized representative who is an employee, a licensed attorney, or a certified public accountant;

(3) accompanied by the required fee, paid by credit card or by electronic funds transfer, drawn from an account held by the applicant or license holder, or drawn from a trust account of the applicant's attorney or certified public accountant; and

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1 (4) accompanied by proof of a surety bond, if required.

2 (b) An authorized representative of the applicant or license holder who files an application with
3 the department on behalf of an applicant or license holder may be required to provide written proof of
4 authority to act on behalf of the applicant or license holder.

5 (c) The department will not provide information regarding the status of an application, application
6 deficiencies, or pending new license numbers to a person other than a person listed in subsection (a)(2)
7 of this section, unless that person files a written request under Government Code, Chapter 552.

8 (d) Prior to the expiration of a license, a license holder or authorized representative must
9 electronically file with the department a sufficient license renewal application. Failure to receive notice
10 of license expiration from the department does not relieve the license holder from the responsibility to
11 timely file a sufficient license renewal application. A license renewal application is timely filed if the
12 department receives a sufficient license renewal application on or before the date the license expires.

13 (e) An application for a new license, license amendment, or license renewal filed with the
14 department must be sufficient. An application is sufficient if the application:

15 (1) includes all information and documentation required by the department; and

16 (2) is filed in accordance with subsection (a) of this section.

17 (f) If an applicant, license holder, or authorized representative does not provide the
18 information or documentation required by the department, the department will issue a written notice of
19 deficiency. The information or documentation requested in the written notice of deficiency must be
20 received by the department within 20 calendar days of the date of the notice of deficiency, unless the
21 department issues a written extension of time. If an applicant, license holder, or authorized representative
22 fails to respond or fully comply with all deficiencies listed in the written notice of deficiency within the

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time prescribed by this subsection, the application will be deemed withdrawn and will be administratively closed.

(g) The department will evaluate a sufficient application for a new license, license amendment, or license renewal in accordance with applicable rules and statutes to determine whether to approve or deny the application. If the department determines that there are grounds for denial of the application, the department may pursue denial of the application in accordance with Subchapter G of this chapter (relating to Administrative Sanctions).

(h) The department will process an application for a new license, license amendment, or license renewal filed by a military service member, military spouse, or military veteran in accordance with Occupations Code, Chapter 55 and §215.91 of this title (relating to License Processing for Military Service Members, Spouses, and Veterans). ~~[A license holder who fails to timely file a sufficient application for a license renewal because that license holder was on active duty is exempt from any increased fee or penalty imposed by the department for failing to renew the license in a timely manner.]~~

~~[(i) A military service member or military spouse may engage in a business or occupation for which a department issued license is required if the military service member or military spouse meets the requirements of Occupations Code, §55.0041 and this section. This section establishes requirements and procedures authorized or required by Occupations Code, Chapter 55, and does not modify or alter rights that may be provided under federal law.]~~

~~[(1) A military service member or military spouse must submit to the department:~~

~~(A) notice of the military service member or military spouse's intent to engage in a business or occupation in Texas for which a department issued license is required;]~~

~~[(B) proof of the military service member or military spouse's being stationed in Texas and a copy of the military service member or military spouse's military identification card; and]~~

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1 ~~[(C) documentation demonstrating that the military service member or military~~
2 ~~spouse is licensed and in good standing in another jurisdiction for the relevant business or occupation.]~~

3 ~~[(2) Upon receipt of the notice and documentation required by paragraphs (1)(B) and~~
4 ~~(1)(C) of this subsection, the department shall:]~~

5 ~~[(A) confirm with the other licensing jurisdiction that the military service member~~
6 ~~or military spouse is currently licensed and in good standing for the relevant business or occupation; and]~~

7 ~~[(B) conduct a comparison of the other jurisdiction's license requirements,~~
8 ~~statutes, and rules with the department's licensing requirements to determine if the requirements are~~
9 ~~substantially equivalent.]~~

10 ~~[(3) If the department confirms that a military service member or military spouse is~~
11 ~~currently licensed in good standing in another jurisdiction with substantially equivalent licensing~~
12 ~~requirements, the department shall issue a license to the military service member or military spouse for~~
13 ~~the relevant business or occupation within 30 days. The license is subject to requirements in Chapter 215~~
14 ~~of this title and Occupations Code, Chapter 2301 in the same manner as a license issued under the~~
15 ~~standard application process, unless modified or exempted under Occupations Code, Chapter 55.]~~

16 (i) ~~[(j)]~~ A license holder who timely files a sufficient license renewal application in accordance with
17 subsection (d) of this section may continue to operate under the expired license until the license renewal
18 application is determined in accordance with Government Code §2001.054.

19 (ii) ~~[(k)]~~ A license holder who fails to timely file a sufficient license renewal application in
20 accordance with subsection (d) of this section is not authorized to continue licensed activities after the
21 date the license expires. A license holder may dispute a decision that a license renewal application was
22 not timely or sufficient by submitting evidence to the department demonstrating that the license renewal
23 application was timely and sufficient. Such evidence must be received by the department within 15 days

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1 of the date the department issues notice that a timely or sufficient license renewal application was not
2 received by the department.

3 (k) ~~(4)~~ The department shall accept a late license renewal application up to 90 days after the date
4 the license expires. In accordance with subsection (k) of this section, the license holder is not authorized
5 to continue licensed activities after the date the license expires until the department approves the late
6 license renewal application. If the department grants a license renewal under this section, the licensing
7 period begins on the date the department issues the renewed license. The license holder may resume
8 licensed activities upon receipt of the department's written verification or upon receipt of the renewed
9 license.

10 (l) ~~(m)~~ If the department has not received a late license renewal application within 90 days after
11 the date the license expires, the department will close the license. A person must apply for and receive a
12 new license before that person is authorized to resume activities requiring a license.

13 (m) ~~(n)~~ A dealer's standard license plate issued in accordance with Transportation Code, Chapter
14 503, Subchapter C expires on the date the associated license expires, is canceled, or when a license
15 renewal application is determined, whichever is later.

16
17
18 §215.91. License Processing for Military Service Members, Spouses, and Veterans

19 (a) The department will process a license, amendment, or renewal application submitted for
20 licensing of a military service member, military spouse, or military veteran in accordance with Occupations
21 Code, Chapter 55. A license holder who fails to timely file a sufficient renewal application because the
22 license holder was on active duty is exempt from any increased fee or penalty imposed by the department.

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(b) A military service member or military spouse may engage in a business or occupation for which a department-issued license is required if the military service member or military spouse meets the requirements of Occupations Code, §55.0041 and this section.

(1) A military service member or military spouse must submit to the department:

(A) a sufficient application as described in §215.83(e) of this title (relating to License Applications, Amendments, or Renewals);

(B) proof of the military service member being stationed in Texas and a copy of the military service member or military spouse's military identification card;

(C) if the applicant is a military spouse, a copy of the military spouse's marriage license; and

(D) a notarized affidavit as required by Occupations Code, § 55.0041(b)(3).

(2) Upon receipt of the application and documentation required by paragraph (1) of this subsection the department shall:

(A) confirm with the other state that the military service member or military spouse is currently licensed and in good standing for the relevant business or occupation; and

(B) conduct a comparison of the other state's license requirements, statutes, and rules with the department's licensing requirements to determine if the requirements are similar in scope of practice.

(3) If the department confirms that a military service member or military spouse is currently licensed in good standing in another state with licensing requirements that are similar in scope and practice, or was licensed in good standing in Texas in the last five years, the department shall issue a license to the military service member or military spouse for the relevant business or occupation, or notify the applicant why the department is currently unable to issue a license pursuant to Occupations Code,

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1 §55.0041(b-1), within 10 days. The license is subject to the requirements of this chapter and Occupations
2 Code, Chapter 2301, and Transportation Code, Chapter 503, in the same manner as a license issued under
3 the standard application process, unless exempted or modified under Occupations Code, Chapter 55.

4 (c) This section establishes requirements and procedures authorized or required by Occupations
5 Code, Chapter 55, and does not modify or alter rights that may be provided under federal law.

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

9 **43 TAC §§215.133, 215.140, 215.141, 215.144, 215.150-152, 215.155, 215.158, AND 215.163**

11 **STATUTORY AUTHORITY.** In addition to the rulemaking authority provided in Section 34 of HB 718, the
12 department adopts amendments and new sections to Chapter 215 under Occupations Code, §2301.151,
13 which gives the board authority to regulate the distribution, sale, and lease of motor vehicles and the
14 authority to take any action that is necessary or convenient to exercise that authority; Occupations Code,
15 §2301.152, which authorizes the board to establish the qualifications of license holders, ensure that the
16 distribution, sale, and lease of motor vehicles is conducted as required by statute and board rules, to
17 prevent fraud, unfair practices, discrimination, impositions, and other abuses in connection with the
18 distribution and sale of motor vehicles, and to enforce and administer Occupations Code, Chapter 2301
19 and Transportation Code, Chapter 503; Occupations Code, §2301.155, which authorizes the board to
20 adopt rules as necessary or convenient to administer Occupations Code, Chapter 2301 and to govern
21 practice and procedure before the board; Occupations Code, §2301.651, which gives the board authority
22 to deny an application for a license, revoke or suspend a license, place on probation, or reprimand a
23 licensee if the applicant or license holder is unfit, makes a material misrepresentation, violates any law

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1 relating to the sale, distribution, financing, or insuring of motor vehicles, willfully defrauds a purchaser, or
2 fails to fulfill a written agreement with a retail purchaser of a motor vehicle; Transportation Code,
3 §503.061, which allows the board to adopt rules regulating the issuance and use of dealer's license plates;
4 Transportation Code, §503.0631, which requires the department to adopt rules to implement and manage
5 the department's database of dealer-issued buyer's license plates; Transportation Code, §503.0633,
6 which allows the department to establish the maximum number of license plates or sets of license plates
7 a dealer may obtain annually under Transportation Code, §503.063 and §503.065; Transportation Code,
8 §504.0011, which allows the board to adopt rules to implement and administer Chapter 504;
9 Transportation Code, §520.0071, which requires the board to adopt rules classifying deputies performing
10 titling and registration duties, the duties and obligations of these deputies, the type and amount of bonds
11 that may be required by a county tax assessor-collector for a deputy performing titling and registration
12 duties, and the fees that may be charged or retained by deputies; Transportation Code, §520.021, which
13 allows the department to adopt rules and policies for the maintenance and use of the department's
14 automated registration and titling system; and Transportation Code, §1002.001, which authorizes the
15 board to adopt rules that are necessary and appropriate to implement the powers and the duties of the
16 department, as well as the statutes referenced throughout this preamble.

17 The department also adopts amendments under the authority of Transportation Code,
18 §§501.0041, 502.0021, 503.002, 504.0011, and 520.003; and Government Code, §2001.004 and
19 §2001.054, in addition to the statutory authority referenced throughout this preamble.

20 Transportation Code, §501.0041 authorizes the department to adopt rules to administer
21 Transportation Code, Chapter 501. Transportation Code, §502.0021 authorizes the department to adopt
22 rules to administer Transportation Code, Chapter 502. Transportation Code, §503.002 authorizes the
23 board to adopt rules for the administration of Transportation Code, Chapter 503. Transportation Code,

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§504.0011 authorizes the board to adopt rules to implement and administer Chapter 504. Transportation Code, §520.003 authorizes the department to adopt rules to administer Chapter 520.

Government Code, §2001.004 requires state agencies to adopt rules of practice stating the nature and requirements of all available formal and informal procedures. Government Code, §2001.054 specifies the requirements regarding the grant, denial, renewal, revocation, suspension, annulment, or withdrawal of a license.

CROSS REFERENCE TO STATUTE. These adopted new sections and amendments implement Government Code, Chapter 2001; Occupations Code, Chapters 2301 and 2305; and Transportation Code, Chapters 501 - 504, 520, and 1002.

TEXT.

§215.133. GDN Application Requirements for a Dealer or a Wholesale Motor Vehicle Auction.

(a) No person may engage in business as a dealer or as a wholesale motor vehicle auction unless that person has a valid GDN assigned by the department for each location from which the person engages in business. A dealer must also hold a GDN for a consignment location, unless the consignment location is a wholesale motor vehicle auction.

(b) Subsection (a) of this section does not apply to a person exempt from the requirement to obtain a GDN under Transportation Code §503.024.

(c) A GDN dealer or wholesale motor vehicle auction application must be on a form prescribed by the department and properly completed by the applicant as required under §215.83 of this title (relating to License Applications, Amendments, or Renewals). A GDN dealer or wholesale motor vehicle auction application must include all required information, required supporting documents, and required fees and must be submitted to the department electronically

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1 in the licensing system designated by the department. A GDN dealer or wholesale motor vehicle
2 auction GDN holder renewing or amending its GDN must verify current license information,
3 provide related information and documents for any new requirements or changes to the GDN, and
4 pay required fees including any outstanding civil penalties owed the department under a final
5 order. An applicant for a new dealer or wholesale motor vehicle auction GDN must provide the
6 following:

7 (1) Required information:

8 (A) type of GDN requested;

9 (B) business information, including the name, physical and mailing
10 addresses, telephone number, Secretary of State file number (as applicable), and website address,
11 as applicable;

12 (C) contact name, email address, and telephone number of the person
13 submitting the application;

14 (D) contact name, email address, and telephone number of a person who
15 can provide information about business operations and the motor vehicle products or services
16 offered;

17 (E) the name, social security number, date of birth, identity document
18 information, and ownership percentage for each owner, partner, member, or principal if the
19 applicant is not a publicly traded company;

20 (F) the name, social security number, date of birth, and identity document
21 information for each officer, director, manager, trustee, or other representative authorized to act
22 on behalf of the applicant if the applicant is owned in full or in part by a legal entity;

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(G) the name, employer identification number, ownership percentage, and non-profit or publicly traded status for each legal entity that owns the applicant in full or in part;

(H) the name, social security number, date of birth, and identity document information of at least one manager or other bona fide employee who will be present at the established and permanent place of business if the owner is out of state or will not be present during business hours at the established and permanent place of business in Texas;

(I) if a dealer, the name, telephone number, and business email address of the account administrator for the temporary tag database prior to July 1, 2025, or for the license plate system on or after July 1, 2025, designated by the applicant who must be an owner or representative listed in the application;

(J) criminal history record information under the laws of Texas, another state in the United States, the United States, and any foreign jurisdiction for each person listed in the application, including offense description, date, and location;

(K) military service status;

(L) licensing history required to evaluate fitness for licensure under §215.89 of this title (relating to Fitness);

(M) information about the business location and business premises, including whether the applicant will operate as a salvage vehicle dealer at the location;

(N) history of insolvency, including outstanding or unpaid debts, judgments, or liens, unless the debt was discharged under 11 U.S.C. §§101 et seq. (Bankruptcy Act) or is pending resolution under a case filed under the Bankruptcy Act;

(O) signed Certification of Responsibility, which is a form provided by the department; and

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(P) if a dealer, whether the applicant repairs a motor vehicle with a catalytic converter in Texas, and if so, the physical address where the repair is performed; and

(Q) any other information required by the department to evaluate the application under current law and board rules.

(2) A legible and accurate electronic image of each applicable required document:

(A) proof of a surety bond if required under §215.137 of this title (relating to Surety Bond);

(B) the certificate of filing, certificate of incorporation, or certificate of registration on file with the Secretary of State, as applicable;

(C) each assumed name certificate on file with the Secretary of State or county clerk;

(D) at least one of the following unexpired identity documents for each natural person listed in the application:

(i) driver license;

(ii) Texas Identification Card issued by the Texas Department of Public Safety under Transportation Code, Chapter 521, Subchapter E;

(iii) license to carry a handgun issued by the Texas Department of Public Safety under Government Code, Chapter 411, Subchapter H;

(iv) passport; or

(v) United States military identification card.

(E) a certificate of occupancy, certificate of compliance, or other official documentation confirming the business location complies with municipal ordinances, including zoning, occupancy, or other requirements for a vehicle business;

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(F) documents proving business premises ownership, or lease or sublease agreement for the license period;

(G) business premises photos and a notarized affidavit certifying that all premises requirements in §215.140 of this title (relating to Established and Permanent Place of Business Premises Requirements) are met and will be maintained during the license period;

(H) evidence of franchise if applying for a franchised motor vehicle dealer GDN;

(I) proof of completion of the dealer education and training required under Transportation Code §503.0296, if applicable; and

(J) any other documents required by the department to evaluate the application under current law and board rules.

(3) Required fees:

(A) the fee for each type of license requested as prescribed by law; and

(B) the fee, including applicable taxes, for each dealer's standard plate, and dealer's temporary license plate on or after July 1, 2025, requested by the applicant as prescribed by law.

(d) An applicant for a dealer or wholesale auction GDN must also comply with fingerprint requirements in §211.6 of this title (relating to Fingerprint Requirements for Designated License Types), as applicable.

(e) An applicant for a GDN operating under a name other than the applicant's business name shall use the assumed name under which the applicant is authorized to do business, as filed with the Secretary of State or county clerk, and the assumed name of such legal entity shall be recorded by the applicant on the application using the letters "DBA." The applicant may not use a

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1 name or assumed name that may be confused with or is similar to that of a governmental entity or
2 that is otherwise deceptive or misleading to the public.

3 (f) A wholesale motor vehicle dealer GDN holder may sell or exchange vehicles with
4 licensed or authorized dealers only. A wholesale motor vehicle dealer GDN holder may not sell or
5 exchange vehicles at retail.

6 (g) An independent mobility motor vehicle dealer shall retain and produce for inspection all
7 records relating to the license requirements under Occupations Code, §2301.002(17-b) and all
8 information and records required under Transportation Code §503.0295.

9 (h) In evaluating a new or renewal GDN application or an application for a new GDN
10 location, the department may require a site visit to determine if the business location meets the
11 requirements in §215.140. The department will require the applicant or GDN holder to provide a
12 notarized affidavit confirming that all premises requirements are met and will be maintained
13 during the license period.

14 (i) A person holding an independent motor vehicle dealer GDN does not have to hold a
15 salvage vehicle dealer's license to:

16 (1) act as a salvage vehicle dealer or rebuilder; or

17 (2) store or display a motor vehicle as an agent or escrow agent of an insurance
18 company.

19 (j) A person holding an independent motor vehicle dealer GDN and performing salvage
20 activities under subsection (i) must apply for a National Motor Vehicle Title Information System
21 (NMVTIS) identification number and provide the number to the department in the GDN
22 application.

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(k) To be eligible for an independent motor vehicle dealer GDN, a person must complete dealer education and training specified by the department, except as provided in this subsection:

(1) once a person has completed the required dealer education and training, the person will not have to retake the dealer education and training for subsequent GDN renewals, but may be required to provide proof of dealer education and training completion as part of the GDN renewal process;

(2) a person holding an independent motor vehicle dealer GDN for at least 10 years as of September 1, 2019, is exempt from the dealer education and training requirement; and.

(3) a military service member, military spouse, or military veteran will receive appropriate credit for prior training, education, and professional experience and may be exempted from the dealer education and training requirement.

§215.140. Established and Permanent Place of Business Premises Requirements.

(a) A dealer must meet the following requirements at each licensed location and maintain the requirements during the term of the license. If multiple dealers are licensed at a location, each dealer must maintain the following requirements during the entire term of the license.

(1) Business hours for retail dealers.

(A) A retail dealer's office must be open at least four days per week for at least four consecutive hours per day and may not be open solely by appointment.

(B) The retail dealer's business hours for each day of the week must be posted at the main entrance of the retail dealer's office in a manner and location that is accessible to the public.

The owner or a bona fide employee of the retail dealer shall be at the retail dealer's licensed location

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1 during the posted business hours for the purposes of buying, selling, exchanging, or leasing vehicles. If
2 the owner or a bona fide employee is not available to conduct business during the retail dealer's posted
3 business hours due to special circumstances or emergencies, a separate sign must be posted indicating
4 the date and time the retail dealer will resume operations. Regardless of the retail dealer's business
5 hours, the retail dealer's telephone must be answered from 8:00 a.m. to 5:00 p.m. weekdays by a bona
6 fide employee, owner, answering service, voicemail service, or answering machine. A caller must be able
7 to speak to a natural person or leave a message during these hours.

8 (2) Business hours for wholesale motor vehicle dealers. A dealer that holds only a
9 wholesale motor vehicle dealer's GDN must post its business hours at the main entrance of the
10 wholesale motor vehicle dealer's office in a manner and location that is accessible to the public. A
11 wholesale motor vehicle dealer or bona fide employee shall be at the wholesale motor vehicle dealer's
12 licensed location at least two weekdays per week for at least two consecutive hours per day. A wholesale
13 motor vehicle dealer may not be open solely by appointment. Regardless of the wholesale motor vehicle
14 dealer's business hours, the wholesale motor vehicle dealer's telephone must be answered from 8:00
15 a.m. to 5:00 p.m. weekdays by a bona fide employee, owner, answering service, voicemail service, or
16 answering machine. A caller must be able to speak to a natural person or leave a message during these
17 hours.

18 (3) Business sign requirements for retail dealers.

19 (A) A retail dealer must display a conspicuous, permanent sign with letters at
20 least six inches in height showing the retail dealer's business name or assumed name substantially
21 similar to the name reflected on the retail dealer's GDN under which the retail dealer conducts business.
22 A business sign is considered conspicuous if it is easily visible to the public within 100 feet of the main

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entrance of the business office. A business sign is considered permanent only if it is made of durable, weather-resistant material.

(B) The sign must be permanently mounted at the physical address listed on the application for the retail dealer's GDN. A business sign is considered permanently mounted if bolted to an exterior building wall or bolted or welded to a dedicated sign pole or sign support permanently installed in the ground.

(C) A retail dealer may use a temporary sign or banner if that retail dealer can show proof that a sign that meets the requirements of this paragraph has been ordered and provides a written statement that the sign will be promptly and permanently mounted upon delivery.

(D) A retail dealer is responsible for ensuring that the business sign complies with municipal ordinances, and that any lease signage requirements are consistent with the signage requirements in this paragraph.

(4) Business sign requirements for wholesale motor vehicle dealers.

(A) Exterior Sign

(i) A wholesale motor vehicle dealer must display a conspicuous, permanent sign with letters at least six inches in height showing the wholesale motor vehicle dealer's business name or assumed name substantially similar to the name reflected on the wholesale motor vehicle dealer's GDN under which the wholesale motor vehicle dealer conducts business. Effective September 1, 2023, the sign must also include the statement that "Purchasers must be Licensed Dealers" in letters at least three inches in height. A business sign is considered conspicuous if it is easily visible to the public within 100 feet of the main entrance of the business office. A business sign is considered permanent only if it is made of durable, weather-resistant material.

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(ii) The sign must be permanently mounted on the business property at the physical address listed on the application. A business sign is considered permanently mounted if bolted to an exterior building wall or bolted or welded to a dedicated sign pole or sign support permanently installed in the ground. A wholesale motor vehicle dealer may use a temporary exterior sign or banner if the wholesale motor vehicle dealer can show proof that a sign that meets the requirements of this paragraph has been ordered and provides a written statement that the sign will be promptly and permanently mounted upon delivery.

(B) Interior Sign

(i) If the wholesale motor vehicle dealer's office is located in an office building with one or more other businesses and an outside sign is not permitted by the property owner, a conspicuous permanent business sign permanently mounted on or beside the main door to the wholesale motor vehicle dealer's office with letters at least two inches in height is acceptable. Effective September 1, 2023, the sign must also include the statement that "Purchasers must be Licensed Dealers" in letters at least one inch in height.

(ii) An interior business sign is considered conspicuous if it is easily visible to the public within 10 feet of the main entrance of the wholesale motor vehicle dealer's office. An interior sign is considered permanent if made from durable material and has lettering that cannot be changed. An interior sign is considered permanently mounted if bolted or otherwise permanently affixed to the main door or nearby wall. A wholesale motor vehicle dealer may use a temporary interior sign or banner if the wholesale motor vehicle dealer can show proof that a sign that meets the requirements of this paragraph has been ordered and provides a written statement that the sign will be promptly and permanently mounted upon delivery.

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(C) A wholesale motor vehicle dealer is responsible for ensuring that the business sign complies with municipal ordinances and that any lease signage requirements are consistent with the signage requirements in this paragraph.

(5) Office requirements for a retail dealer and a wholesale motor vehicle dealer.

(A) A dealer's office must be located in a building with a permanent roof and connecting exterior walls on all sides.

(B) A dealer's office must comply with all applicable municipal ordinances, including municipal zoning ordinances. The dealer is responsible for obtaining a certificate of occupancy, certificate of compliance, or other required document issued by a municipal government to show compliance, including a new certificate or document when the building is altered or remodeled, or when the building use changes.

(C) A dealer's office may not be located in a residence, apartment, hotel, motel, rooming house, or any room or building not open to the public.

(D) A dealer's office may not be located in a restaurant, gas station, or convenience store, unless the office has a separate entrance door that does not require a dealer's customer to pass through the other business.

(E) A dealer's office may not be virtual or provided by a subscription for office space or office services. Access to an office space or office services is not considered an established and permanent location.

(F) The physical address of the dealer's office must be in Texas and recognized by the U.S. Postal Service, be capable of receiving U.S. mail, and have an assigned emergency services

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property address. The department will not mail a dealer's or buyer's license plate to an out-of-state address and will only mail or deliver a license plate to a dealer's physical location.

(G) A portable-type office building may qualify as an office only if the building meets the requirements of this section and is not a readily moveable trailer or other vehicle.

(H) The dealer's office space must:

(i) include at least 100 square feet of interior floor space, exclusive of hallways, closets, or restrooms;

(ii) have a minimum seven-foot-high ceiling;

(iii) accommodate required office equipment; and

(iv) allow a dealer and customer to safely access the office and conduct business in private while seated.

(6) Required office equipment for a retail dealer and a wholesale motor vehicle dealer.

At a minimum, a dealer's office must be equipped with:

(A) a desk;

(B) two chairs;

(C) internet access;

(D) a working telephone number listed in the business name or assumed name under which the dealer conducts business; and

(E) a locked and secured room or closet or at least one securely locked, substantially constructed safe or steel cabinet bolted or affixed to the floor or wall in such a way that the

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1 safe or steel cabinet cannot be readily removed and of sufficient size to store all dealer's and buyer's
2 license plates in a dealer's possession including ~~both assigned plates for vehicles in inventory and~~
3 unissued and unassigned buyer's license plates.

4 (7) Number of retail dealers in one building. Not more than four retail dealers may be
5 located in the same building. Each retail dealer located in the same building must meet the requirements
6 of this section.

7 (8) Number of wholesale motor vehicle dealers in one office building. Not more than
8 eight wholesale motor vehicle dealers may be located in the same office building. Each wholesale motor
9 vehicle dealer located in the same office building must meet the requirements of this section.

10 (9) Office sharing prohibition for retail dealers and wholesale motor vehicle dealers.
11 Unless otherwise authorized by the Transportation Code, a retail dealer and a wholesale motor vehicle
12 dealer licensed after September 1, 1999, may not be located in the same building.

13 (10) Dealer housed with other business.

14 (A) If a person conducts business as a dealer in conjunction with another
15 business owned by the same person and under the same name as the other business, the same
16 telephone number may be used for both businesses. If the name of the dealer differs from the name of
17 the other business, a separate telephone listing and a separate sign for each business are required.

18 (B) A person may conduct business as a dealer in conjunction with another
19 business not owned by that person only if the dealer owns the property on which business is conducted
20 or has a separate lease agreement from the owner of that property that meets the requirements of this
21 section. The same telephone number may not be used by both businesses. The dealer must have
22 separate business signs, telephone listings, and office equipment required under this section.

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(C) A dealer's office must have permanent interior walls on all sides and be separate from any public area used by another business.

(11) Display area and storage lot requirements.

(A) A wholesale motor vehicle dealer is not required to have display space at the wholesale motor vehicle dealer's business premises.

(B) A retail dealer must have an area designated as display space for the retail dealer's inventory. A retail dealer's designated display area must comply with the following requirements.

(i) The display area must be located at the retail dealer's physical business address or contiguous to the retail dealer's physical address. The display area may not be in a storage lot.

(ii) The display area must be of sufficient size to display at least five vehicles of the type for which the GDN is issued. The display area must be reserved exclusively for the retail dealer's inventory and may not be used for customer parking, employee parking, general storage, or shared or intermingled with another business or a public parking area, a driveway to the office, or another dealer's display area.

(iii) The display area may not be on a public easement, right-of-way, or driveway unless the governing body having jurisdiction of the easement, right-of-way, or driveway expressly consents in writing to use as a display area. If the easement, right-of-way, or driveway is a part of the state highway system, use as a display area may only be authorized by a lease agreement.

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(iv) If a retail dealer shares a display or parking area with another business, including another dealer, the dealer's vehicle inventory must be separated from the other business's display or parking area by a material object or barrier that cannot be readily removed. A barrier that cannot be readily removed is one that cannot be easily moved by one person and typically weighs more than 50 pounds. A material object or barrier must be in place on all sides except for the space necessary to allow for entry and exit of vehicle inventory.

(v) If a dealer's business location includes gasoline pumps or a charging station or includes another business that sells gasoline or has a charging station, the dealer's display area may not be part of the parking area for fuel or charging station customers and may not interfere with access to or from the gasoline pumps, fuel tanks, charging station, or fire prevention equipment.

(vi) The display area must be adequately illuminated if the retail dealer is open at night so that a vehicle for sale can be properly inspected by a potential buyer.

(vii) The display area may be located inside a building; however, if multiple dealers are displaying vehicles inside a building, each dealer's display area must be separated by a material object or barrier that cannot be readily removed. A barrier that cannot be readily removed is one that cannot be easily moved by one person and typically weighs more than 50 pounds. A material object or barrier must be in place on all sides except for the space necessary to allow for entry and exit of vehicle inventory.

(C) A GDN holder may maintain a storage lot only if the storage lot is not accessible to the public and no sales activity occurs at the storage lot. A sign stating the license holder's name, contact information, and the fact the property is a storage lot is permissible. A storage lot must be fenced or in an access-controlled location to be considered not accessible to the public. A GDN holder or applicant

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1 must disclose the address of a storage lot or the location of a vehicle in inventory upon request by the
2 department.

3 (12) Dealers authorized to sell salvage motor vehicles. If an independent motor vehicle
4 dealer offers a salvage motor vehicle for sale on the dealer's premises, the vehicle must be clearly and
5 conspicuously marked with a sign informing a potential buyer that the vehicle is a salvage motor vehicle.

6 (13) Lease requirements. If the premises from which a dealer conducts business,
7 including any display area, is not owned by the dealer, the dealer must maintain a lease that is
8 continuous during the period of time for which the dealer's license will be issued. The lease agreement
9 must be on a properly executed form containing at a minimum:

10 (A) the name of the property owner as the lessor of the premises and the name
11 of the dealer as the tenant or lessee of the premises;

12 (B) the period of time for which the lease is valid;

13 (C) the street address or legal description of the property, provided that if only a
14 legal description of the property is included, a dealer must attach a statement verifying that the property
15 description in the lease agreement is the physical street address identified on the application as the
16 physical address for the established and permanent place of business;

17 (D) the signature of the property owner as the lessor and the signature of the
18 dealer as the tenant or lessee; and

19 (E) if the lease agreement is a sublease in which the property owner is not the
20 lessor, the dealer must also obtain a signed and notarized statement from the property owner including
21 the following information:

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(i) property owner's full name, email address, mailing address, and phone number; and

(ii) property owner's statement confirming that the dealer is authorized to sublease the location and may operate a vehicle sales business from the location.

(14) Dealer must display GDN and bond notice. A dealer must display the dealer's GDN issued by the department at all times in a manner that makes the GDN easily readable by the public and in a conspicuous place at each place of business for which the dealer's GDN is issued. A dealer required to obtain a surety bond must post a bond notice adjacent to and in the same manner as the dealer's GDN is displayed. The notice must include the bond company name, bond identification number, and procedure by which a claimant can recover under the bond. The notice must also include the department's website address and notify a consumer that a dealer's surety bond information may be obtained by submitting a request to the department. If the dealer's GDN applies to more than one location, a copy of the GDN and bond notice must be displayed in each supplemental location.

(b) Wholesale motor vehicle auction premises requirements. A wholesale motor vehicle auction must comply with the following premises requirements:

(1) a wholesale motor vehicle auction GDN holder must hold a motor vehicle auction on a regular periodic basis at the licensed location, and an owner or bona fide employee must be available at the business location during each auction and during posted business hours. If the owner or a bona fide employee is not available to conduct business during the posted business hours due to special circumstances or emergencies, a separate sign must be posted indicating the date and time operations will resume.

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(2) the business telephone must be answered from 8:00 a.m. to 5:00 p.m. weekdays by a bona fide employee, owner, answering service, voicemail service, or answering machine. A caller must be able to speak to a natural person or leave a message during these hours.

(3) a wholesale motor vehicle auction GDN holder must display a business sign that meets the following requirements:

(A) The sign must be a conspicuous, permanent sign with letters at least six inches in height showing the business name or assumed name substantially similar to the name reflected on the GDN under which the GDN holder conducts business. A business sign is considered conspicuous if it is easily visible to the public within 100 feet of the main entrance of the business office. A business sign is considered permanent only if it is made of durable, weather-resistant material.

(B) The sign must be permanently mounted at the physical address listed on the application for the wholesale motor vehicle auction GDN. A business sign is considered permanently mounted if bolted to an exterior building wall or bolted or welded to a dedicated sign pole or sign support permanently installed in the ground.

(C) An applicant may use a temporary sign or banner if the applicant can show proof that a sign that meets the requirements of this paragraph has been ordered and provides a written statement that the sign will be promptly and permanently mounted upon delivery.

(D) An applicant or holder is responsible for ensuring that the business sign complies with municipal ordinances, and that any lease signage requirements are consistent with the signage requirements in this paragraph.

(4) The business office of a wholesale motor vehicle auction GDN applicant and holder must meet the following requirements:

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1 (A) The office must be located in a building with a permanent roof and
2 connecting exterior walls on all sides.

3 (B) The office must comply with all applicable municipal ordinances, including
4 municipal zoning ordinances. The wholesale motor vehicle auction is responsible for obtaining a
5 certificate of occupancy, certificate of compliance, or other required document issued by a municipal
6 government to show compliance, including a new certificate or document when the building is altered or
7 remodeled, or when the building use changes.

8 (C) The office may not be located in a residence, apartment, hotel, motel,
9 rooming house, or any room or building not open to the public.

10 (D) The office may not be located in a restaurant, gas station, or convenience
11 store, unless the office has a separate entrance door that does not require a customer to pass through
12 the other business.

13 (E) The office may not be virtual or provided by a subscription for office space or
14 office services. Access to office space or office services is not considered an established and permanent
15 location.

16 (F) The physical address of the office must be in Texas and recognized by the U.S.
17 Postal Service, capable of receiving U.S. mail, and have an assigned emergency services property
18 address.

19 (G) A portable-type office building may qualify as an office only if the building
20 meets the requirements of this section and is not a readily moveable trailer or other vehicle.

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(5) A wholesale motor vehicle auction GDN applicant and holder must have the following office equipment:

(A) a desk;

(B) a chair;

(C) internet access; and

(D) a working telephone number listed in the business name or assumed name under which business is conducted.

(6) A wholesale motor vehicle auction must meet the following display area and storage lot requirements:

(A) The area designated as display space for inventory must be located at the physical business address or contiguous to the physical address. The display area may not be in a storage lot.

(B) The display area must be of sufficient size to display at least five vehicles. Those spaces must be reserved exclusively for inventory and may not be used for customer parking, employee parking, general storage, or shared or intermingled with another business or a public parking area, or a driveway to the office.

(C) The display area may not be on a public easement, right-of-way, or driveway unless the governing body having jurisdiction of the easement, right-of-way, or driveway expressly consents in writing to use as a display area. If the easement, right-of-way, or driveway is a part of the state highway system, use as a display area may only be authorized by a lease agreement.

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1 (D) If the business location includes gasoline pumps or a charging station or
2 includes another business that sells gasoline or has a charging station, the display area may not be part
3 of the parking area for fuel or charging station customers and may not interfere with access to or from
4 the gasoline pumps, fuel tanks, charging station, or fire prevention equipment.

5 (E) The display area must be adequately illuminated if open at night so that a
6 vehicle for sale can be properly inspected by a potential buyer.

7 (F) The display area may be located inside a building.

8 (G) A wholesale motor vehicle auction may maintain a storage lot only if the
9 storage lot is not accessible to the public and no sales activity occurs at the storage lot. A sign stating the
10 business name, contact information, and the fact the property is a storage lot is permissible. A storage
11 lot must be fenced or in an access-controlled location to be considered not accessible to the public. A
12 GDN holder or applicant must disclose the address of a storage lot or the location of a vehicle in
13 inventory upon request by the department.

14 (7) A wholesale motor vehicle auction must meet the following lease requirements if the
15 business premises, including any display area, is not owned by the wholesale motor vehicle auction:

16 (A) the applicant or holder must maintain a lease that is continuous during the
17 period of time for which the GDN will be issued;

18 (B) The lease agreement must be on a properly executed form containing at a
19 minimum:

20 (i) the name of the property owner as the lessor of the premises and the
21 name of the GDN applicant or holder as the tenant or lessee of the premises;

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(ii) the period of time for which the lease is valid;

(iii) the street address or legal description of the property, provided that

if only a legal description of the property is included, a wholesale motor vehicle auction must attach a

statement verifying that the property description in the lease agreement is the physical street address

identified on the application as the physical address for the established and permanent place of

business;

(iv) the signature of the property owner as the lessor and the signature

of the applicant or holder as the tenant or lessee; and

(C) if the lease agreement is a sublease in which the property owner is not the

lessor, the wholesale motor vehicle auction must also obtain a signed and notarized statement from the

property owner including the following information:

(i) property owner's full name, email address, mailing address, and

phone number; and

(ii) property owner's statement confirming that the wholesale motor

vehicle auction is authorized to sublease the location and may operate a wholesale motor vehicle

auction business from the location.

§215.141. Sanctions.

(a) The board or department may take the following actions against a license applicant, a license holder, or a person engaged in business for which a license is required:

(1) deny an application;

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1 (2) revoke a license;

2 (3) suspend a license;

3 (4) assess a civil penalty;

4 (5) issue a cease and desist order; or

5 (6) or take other authorized action.

6 (b) The board or department may take action described in subsection (a) of this section if a
7 license applicant, a license holder, or a person engaged in business for which a license is required:

8 (1) fails to maintain a good and sufficient bond or post the required bond notice if
9 required under Transportation Code §503.033 (relating to Security Requirement);

10 (2) fails to meet or maintain the requirements of §215.140 of this title (relating to
11 Established and Permanent Place of Business Premises Requirements);

12 (3) fails to maintain records required under this chapter;

13 (4) refuses or fails to comply with a request by the department for electronic records or
14 to examine and copy electronic or physical records during the license holder's business hours at the
15 licensed business location:

16 (A) sales records required to be maintained by §215.144 of this title (relating to
17 Vehicle Records);

18 (B) ownership papers for a vehicle owned by that dealer or under that dealer's
19 control;

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(C) evidence of ownership or a current lease agreement for the property on which the business is located; or

(D) the Certificate of Occupancy, Certificate of Compliance, business license or permit, or other official documentation confirming compliance with county and municipal laws or ordinances for a vehicle business at the licensed physical location.

(5) refuses or fails to timely comply with a request for records made by a representative of the department;

(6) holds a wholesale motor vehicle dealer's license and sells or offers to sell a motor vehicle to a person other than a licensed or authorized dealer;

(7) sells or offers to sell a type of vehicle that the person is not licensed to sell;

(8) fails to submit a license amendment application in the electronic licensing system designated by the department to notify the department of a change of the license holder's physical address, mailing address, telephone number, or email address within 10 days of the change;

(9) fails to submit a license amendment application in the electronic licensing system designated by the department to notify the department of a license holder's name change, or management or ownership change within 10 days of the change;

(10) issues more than one buyer's license plate or buyer's temporary license plate for a vehicle sold on or after July 1, 2025, or more than one temporary tag for a vehicle sold before July 1, 2025, for the purpose of extending the purchaser's operating privileges for more than 60 days;

(11) fails to remove a license plate or registration insignia from a vehicle that is displayed for sale;

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- 1 (12) misuses a dealer's license plate, or a temporary tag before July 1, 2025;
- 2 (13) fails to display a dealer's license plate, or temporary tag before July 1, 2025, as
- 3 required by law;
- 4 (14) holds open a title or fails to take assignment of a certificate of title, manufacturer's
- 5 certificate, or other basic evidence of ownership for a vehicle acquired by the dealer, or fails to assign
- 6 the certificate of title, manufacturer's certificate, or other basic evidence of ownership for a vehicle sold;
- 7 (15) fails to remain regularly and actively engaged in the business of buying, selling, or
- 8 exchanging vehicles of the type for which the GDN is issued by the department;
- 9 (16) violates a provision of Occupations Code, Chapter 2301; Transportation Code
- 10 Chapters 503 and 1001–1005; a board order or rule; or a regulation of the department relating to the
- 11 sale, lease, distribution, financing, or insuring of vehicles, including advertising rules under Subchapter F
- 12 of this chapter (relating to Advertising);
- 13 (17) is convicted of an offense that directly relates to the duties or responsibilities of the
- 14 occupation in accordance with §211.3 of this title (relating to Criminal Offense Guidelines);
- 15 (18) is determined by the board or department, in accordance with §215.89 of this title
- 16 (relating to Fitness), to be unfit to hold a license;
- 17 (19) has not assigned at least five vehicles in the prior 12 months, provided the dealer
- 18 has been licensed more than 12 months;
- 19 (20) files or provides a false or forged:
- 20 (A) title document, including an affidavit making application for a certified copy
- 21 of a title; or

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- 1 (B) tax document, including a sales tax statement or affidavit;
- 2 (21) uses or allows use of that dealer's license or location for the purpose of avoiding a
- 3 provision of Occupations Code, Chapter 2301; Transportation Code, Chapters 503 and 1001 - 1005; or
- 4 other laws;
- 5 (22) omits information or makes a material misrepresentation in any application or other
- 6 documentation filed with the department including providing a false or forged identity document or a
- 7 false or forged photograph, electronic image, or other document;
- 8 (23) fails to remit payment as ordered for a civil penalty assessed by the board or
- 9 department;
- 10 (24) sells a new motor vehicle without a franchised dealer's license issued by the
- 11 department;
- 12 (25) fails to comply with a dealer responsibility under §215.150 of this title (relating to
- 13 Dealer Authorization to Issue License Plates);
- 14 (26) on or after July 1, 2025, fails to securely store a license plate or fails to destroy a
- 15 previously issued but currently unassigned license plate within the time prescribed by statute;
- 16 (27) fails to maintain a record of dealer license plates as required under §215.138 of this
- 17 title (relating to Use of Dealer's License Plates);
- 18 (28) on or after July 1, 2025, fails to file or enter a vehicle transfer notice;
- 19 (29) fails to enter a lost, stolen, or damaged license plate in the electronic system
- 20 designated by the department within the time limit prescribed by rule;

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1 (30) violates any state or federal law or regulation relating to the sale of a motor vehicle;

2 (31) knowingly fails to disclose that a motor vehicle has been repaired, rebuilt, or
3 reconstructed and issued a title under Transportation Code, §501.100 (relating to Application for Regular
4 Certificate of Title for Salvage Vehicle);

5 (32) fails to issue a refund as ordered by the board or department; or

6 (33) fails to acquire or maintain a required certificate of occupancy, certificate of
7 compliance, business license or permit, or other official documentation for the licensed location
8 confirming compliance with county or municipal laws or ordinances or other local requirements for a
9 vehicle business;

10 (34) on or after July 1, 2025, fails to remove a license plate from a vehicle as required by
11 statute or rule ~~[sold to an out-of-state buyer or from a vehicle sold for export]~~; or

12 (35) fails to keep or maintain records required under Occupations Code, Chapter 2305,
13 Subchapter D or to allow an inspection of these records by the department.

14

15 §215.144. Vehicle Records.

16 (a) Purchases and sales records. A dealer and wholesale motor vehicle auction shall maintain a
17 complete record of all vehicle purchases and sales for a minimum period of 48 months and make the
18 record available for inspection and copying by the department during business hours.

19 (b) Independent mobility motor vehicle dealers. An independent mobility motor vehicle dealer
20 shall keep a complete written record of each vehicle purchase, vehicle sale, and any adaptive work
21 performed on each vehicle for a minimum period of 36 months after the date the adaptive work is

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performed on the vehicle. An independent mobility motor vehicle dealer shall also retain and produce for inspection all records relating to license requirements under Occupations Code, §2301.002(17-b) and all information and records required under Transportation Code §503.0295.

(c) Location of records. A dealer's record reflecting purchases and sales for the preceding 13 months must be maintained at the dealer's licensed location. Original titles are not required to be kept at the licensed location but must be made available to the agency upon reasonable request. A dealer's record for prior time periods may be kept off-site.

(d) Request for records. Within 15 days of receiving a request from a representative of the department, a dealer shall deliver a copy of the specified records to the address listed in the request. If a dealer has a concern about the origin of a records request, the dealer may verify that request with the department prior to submitting its records.

(e) Content of records. A dealer's complete record for each vehicle purchase or vehicle sale must contain:

- (1) the date of the purchase;
- (2) the date of the sale;
- (3) the VIN;
- (4) the name and address of the person selling the vehicle to the dealer;
- (5) the name and address of the person purchasing the vehicle from the dealer;
- (6) the name and address of the consignor if the vehicle is offered for sale by consignment;

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(7) except for a purchase or sale where the Tax Code does not require payment of motor vehicle sales tax, a county tax assessor-collector receipt marked paid;

(8) a copy of all documents, forms, and agreements applicable to a particular sale, including a copy of:

(A) the title application;

(B) the work-up sheet;

(C) the front and back of the manufacturer's certificate of origin or manufacturer's statement of origin, unless the dealer obtains the title through webDEALER as defined in §217.71 of this title (relating to Automated and Web-Based Vehicle Registration and Title Systems);

(D) the front and back of the title for the purchase and the sale, unless the dealer enters or obtains the title through webDEALER as defined in §217.71 of this title;

(E) the factory invoice, if applicable;

(F) the sales contract;

(G) the retail installment agreement;

(H) the buyer's order;

(I) the bill of sale;

(J) any waiver;

(K) any other agreement between the seller and purchaser;

(L) the purchaser's photo identification;

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1 (M) the odometer disclosure statement signed by the buyer, unless the vehicle is
2 exempt; and

3 (N) the rebuilt salvage disclosure, if applicable.

4 (9) the original manufacturer's certificate of origin, original manufacturer's statement of
5 origin, or original title for a motor vehicle offered for sale by a dealer which must be properly stamped if
6 the title transaction is entered into webDEALER as defined in §217.71 of this title by the dealer;

7 (10) the dealer's monthly Motor Vehicle Seller Financed Sales Returns, if any; and

8 (11) if the vehicle sold is a motor home or a towable recreational vehicle subject to
9 inspection under Transportation Code, Chapter 548, a copy of the written notice provided to the buyer at
10 the time of the sale, notifying the buyer that the vehicle is subject to inspection requirements.

11 (f) Title assignments.

12 (1) For each vehicle a dealer acquires or offers for sale, the dealer must properly take
13 assignment in the dealer's name of any:

14 (A) title;

15 (B) manufacturer's statement of origin;

16 (C) manufacturer's certificate of origin; or

17 (D) other evidence of ownership.

18 (2) Unless not required by Transportation Code, §501.0234(b), a dealer must apply in the
19 name of the purchaser of a vehicle for the title and registration, as applicable, of the vehicle with a
20 county tax assessor-collector.

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(3) To comply with Transportation Code, §501.0234(f), a title or registration is considered filed within a reasonable time if filed within:

(A) 30 days of the vehicle sale date; or

(B) 45 days of the vehicle sale date for a dealer-financed transaction; or

(C) 60 days of the vehicle sale date for a vehicle purchased by a member or reserve member of the United States armed forces, Texas National Guard, or National Guard of another state serving on active duty.

(4) The dealer is required to provide to the purchaser the receipt for the title and registration application.

(5) The dealer is required to maintain a copy of the receipt for the title and registration application in the dealer's sales file.

(g) Out-of-state sales. For a sale involving a vehicle to be transferred out of state, the dealer must:

(1) within 30 days of the date of sale, either file the application for certificate of title on behalf of the purchaser or deliver the properly assigned evidence of ownership to the purchaser; and

(2) maintain in the dealer's record at the dealer's licensed location a photocopy of the completed sales tax exemption form for out of state sales approved by the Texas Comptroller of Public Accounts.

(h) Consignment sales. A dealer offering a vehicle for sale by consignment must have a written consignment agreement or a power of attorney for the vehicle, and shall, after the sale of the vehicle, take assignment of the vehicle in the dealer's name and, pursuant to subsection (f), apply in the name of

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the purchaser for transfer of title and registration, if the vehicle is to be registered, with a county tax assessor-collector. The dealer must, for a minimum of 48 months, maintain a record of each vehicle offered for sale by consignment, including the VIN and the name of the owner of the vehicle offered for sale by consignment.

(i) Public motor vehicle auctions.

(1) A GDN holder that acts as a public motor vehicle auction must comply with subsection (h) of this section.

(2) A GDN holder that acts as a public motor vehicle auction:

(A) is not required to take assignment of title of a vehicle before offering the vehicle ~~[it offers]~~ for sale at auction;

(B) must take assignment of title of a vehicle from a consignor prior to making application for title on behalf of the buyer; and

(C) must make application for title on behalf of the purchaser and remit motor vehicle sales tax within a reasonable time as defined in subsection (f) of this section.

(3) A GDN holder may not sell another GDN holder's vehicle at a public motor vehicle auction.

(j) Wholesale motor vehicle auction records. A wholesale motor vehicle auction license holder shall maintain, for a minimum of 48 months, a complete record of each vehicle purchase and sale occurring through the wholesale motor vehicle auction. The wholesale motor vehicle auction license holder shall make the record available for inspection and copying by the department during business hours.

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(1) A wholesale motor vehicle auction license holder shall maintain at the licensed location a record reflecting each purchase and sale for at least the preceding 24 months. Records for prior time periods may be kept off-site.

(2) Within 15 days of receiving a department request, a wholesale motor vehicle auction license holder shall deliver a copy of the specified records to the address listed in the request.

(3) A wholesale motor vehicle auction license holder's complete record of each vehicle purchase and sale must, at a minimum, contain:

(A) the date of sale;

(B) the VIN;

(C) the name and address of the person selling the vehicle;

(D) the name and address of the person purchasing the vehicle;

(E) the dealer's license number of both the selling dealer and the purchasing dealer, unless either is exempt from holding a license;

(F) all information necessary to comply with the federal odometer disclosure requirements in 49 CFR Part 580;

(G) auction access documents, including the written authorization and revocation of authorization for an agent or employee, in accordance with §215.148 of this title (relating to Dealer Agents);

(H) invoices, bills of sale, checks, drafts, or other documents that identify the vehicle, the parties, or the purchase price;

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(I) any information regarding the prior status of the vehicle such as the
Reacquired Vehicle Disclosure Statement or other lemon law disclosures; and

(J) a copy of any written authorization allowing an agent of a dealer to enter the
auction.

(k) Electronic records. A license holder may maintain a record in an electronic format if the
license holder can print the record at the licensed location upon request by the department, except as
provided by subsection (I) of this section.

(l) Use of department electronic titling and registration systems:

(1) webDEALER. A license holder utilizing the department's web-based title application
known as webDEALER, as defined in §217.71 of this title (relating to Automated and Web-Based Vehicle
Registration and Title Systems), shall comply with §217.74 of this title (relating to Access to and Use of
webDEALER). Original hard copy titles are not required to be kept at the licensed location but must be
made available to the department upon request.

(2) License Plate System. A license holder must comply with §215.151 of this title
(relating to Buyer's License Plates General Use Requirements) regarding requirements to enter
information into the department-designated electronic system for license plates.

§215.150. Dealer Authorization to Issue License Plates.

(a) A dealer that holds a GDN must issue a buyer's license plate for a vehicle type the dealer is
authorized to sell to:

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(1) a buyer of a new vehicle to be titled and registered in Texas, unless the buyer has a general issue license plate or a specialty, personalized, or other qualifying license plate eligible to be assigned to the vehicle with approval of the department; or

(2) a buyer of a used vehicle to be titled and registered in Texas if ~~a buyer's license plate did not come with the vehicle and~~ the buyer does not have a general issue license plate or a specialty, personalized, or other qualifying license plate eligible to be assigned to the vehicle with approval of the department.

(b) Notwithstanding subsection (a), a dealer that holds a GDN is not required to issue a buyer's license plate to a vehicle sold to a commercial fleet buyer authorized as a Dealer Deputy under §217.166 of the title (relating to Dealer Deputies).

(c) A dealer that holds a GDN must issue a buyer's temporary license plate to an out-of-state buyer for a vehicle that is to be registered in accordance with the laws of the buyer's state of residence.

(d) A dealer may issue a license plate under Transportation Code §503.063 until:

(1) the department denies access to the license plate system under Transportation Code §503.0633(f) and §224.58 of this title (relating to Denial of Dealer Access to License Plate System);

(2) the dealer issues the maximum number of license plates authorized under Transportation Code, §503.0633(a) - (d); or

(3) the GDN is closed, canceled, revoked, or suspended.

(e) A governmental agency that is exempt under Transportation Code, §503.024 from the requirement to obtain a dealer general distinguishing number may issue a buyer's license plate or a buyer's temporary license plate to the buyer of a vehicle owned by the governmental agency unless the

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1 buyer has a general issue license plate or a specialty, personalized, or other qualifying license plate that
2 is eligible to be assigned to the vehicle with approval of the department. A governmental agency that
3 issues a buyer's license plate or buyer's temporary license plate under this subsection:

4 (1) is subject to the provisions of Transportation Code §503.0631 and §503.0671
5 applicable to a dealer; and

6 (2) is not required to charge the registration fee authorized under Transportation Code
7 §503.063(g) and specified in §215.155(g) of this title (relating to Buyer's License Plates).

8 (f) A dealer is responsible for all use of and access to all license plates in the dealer's possession
9 and the license plate system under the dealer's account, including access by any user or unauthorized
10 person. Dealer duties include monitoring license plate storage and issuance, managing account access,
11 and taking timely and appropriate actions to maintain license plate and system security, including:

12 (1) establishing and following reasonable password policies, including preventing the
13 sharing of passwords;

14 (2) limiting authorized users to owners and bona fide employees with a business need to
15 access license plates and the license plate system;

16 (3) removing users who no longer have a legitimate business need to access the system;

17 (4) securing all license plates, including ~~[license plates assigned to vehicles in~~
18 ~~inventory]~~dealer's license plates[,], and unissued or unassigned buyer's license plates, by storing license
19 plates in a locked and secured room or closet or one or more securely locked, substantially constructed
20 safes or steel cabinets bolted or affixed to the floor or wall of sufficient size to store all dealer and
21 buyer's license plates in a dealer's possession, and by promptly marking and destroying, recycling, or

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1 returning void license plates as required under §215.158 of this title (relating to General Requirements
2 for Buyer's License Plates; and

3 (5) securing equipment used to access the license plate system.
4

5 §215.151. License Plate General Use Requirements.

6 (a) If a buyer purchases a vehicle to be registered in Texas, a dealer must secure, or a
7 government agency may secure, a license plate to the vehicle in accordance with §217.27 of this title
8 (relating to Vehicle Registration Insignia) and update the license plate system accordingly.

9 (1) A dealer must secure, or a governmental agency may secure, a buyer-provided
10 license plate on the purchased vehicle if a buyer provides a general issue, or specialty, personalized, or
11 other qualifying license plate that is eligible to be assigned to the vehicle with approval of the
12 department and update the license plate system accordingly.

13 (2) A dealer must issue a buyer's license plate to the buyer if a buyer purchases a new
14 vehicle from a dealer and the buyer does not have a general issue, specialty, personalized, or other
15 qualifying license plate to transfer to the vehicle.

16 (3) A dealer must issue, or a governmental agency may issue, a buyer's license plate to a
17 buyer purchasing a used vehicle if ~~the vehicle does not have an assigned license plate in the license~~
18 ~~plate system or the assigned license plate is missing or damaged and~~ the buyer does not have a general
19 issue, specialty, personalized, or other qualifying license plate to transfer to the vehicle.

20 (b) If a non-resident buyer purchases a vehicle to be titled and registered in accordance with the
21 laws of the buyer's state of residence, a dealer must issue, or a governmental agency may issue, a

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1 buyer's temporary license plate and secure the temporary license plate to the rear of a vehicle in
2 accordance with §217.27 of this title and update the license plate system accordingly.

3 (c) If ~~[a vehicle has an assigned license plate and]~~ the buyer provides a general issue, specialty,
4 personalized, or other qualifying license plate to transfer to the vehicle, a dealer must update the license
5 plate status in the license plate system, remove any previously assigned general issue ~~[mark the]~~ license
6 plate and reassign that license plate to a vehicle of the same class within ten days, before marking as
7 void and destroy, recycle, or return the license plate as required in §215.158 of the title (relating to
8 General Requirements for Buyer's License Plates).

9 (d) A dealer, including a wholesale dealer, must remove a buyer's license plate from a purchased
10 vehicle and store the license plate in a secure location in accordance with §215.150(f) of this title
11 (relating to Dealer Authorization to Issue License Plates). ~~[Upon vehicle sale,]~~ The ~~[the]~~ dealer must
12 update the license plate database and may:

13 (1) reassign the ~~[provide the assigned]~~ license plate to a vehicle of the same class within
14 10 days if purchased by a Texas retail buyer ~~[that purchases the vehicle];~~ or

15 (2) ~~[if the vehicle is sold to a Texas dealer, securely transfer the assigned license plate to~~
16 ~~the purchasing dealer; or]~~

17 ~~[(3) if the vehicle is sold to an out-of-state buyer or for export,]~~ mark the license plate as
18 void and destroy, recycle, or return the license plate as required in §215.158 of this.

19 (e) Notwithstanding subsection (a) or subsection (b), a dealer is not required to secure an
20 assigned buyer's license plate to a lawfully purchased vehicle in the following circumstances:

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1 (1) when a retail buyer purchases a vehicle for direct delivery to the buyer and the buyer
2 authorizes the dealer in writing to mail or securely deliver the assigned license plate to the buyer; or

3 (2) when a retail buyer purchases a vehicle to be converted and authorizes the dealer in
4 writing to mail or securely deliver the assigned license plate to a licensed converter who will affix the
5 license plate to the completed vehicle prior to delivery to the buyer.

6
7 §215.152. Obtaining Dealer-Issued Buyer's License Plates.

8 (a) A dealer or governmental agency is required to have internet access to connect to
9 webDEALER and the license plate system maintained by the department and is responsible for verifying
10 receipt of license plates in the license plate system.

11 (b) Except as provided by §215.157 of this title (relating to Issuing Buyer's License Plates and
12 License Plate Receipts When Internet Not Available) before a license plate may be issued or secured on a
13 vehicle, a dealer or governmental agency must enter in the license plate system true and accurate
14 information about:

15 (1) the vehicle;

16 (2) the buyer; and

17 (3) the license plate number issued or assigned to the vehicle.

18 (c) The department will inform each dealer annually of the maximum number of new buyer's
19 license plates the dealer is authorized to obtain during the calendar year under Transportation Code,
20 §503.063, including:

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(1) an allotment of ~~unassigned~~ buyer's license plates to be issued to a buyer of a vehicle that is to be titled and registered in Texas, and

(2) a separate allotment of buyer's temporary license plates to be issued to a non-resident buyer for a vehicle that will be registered and titled in another state.

(d) The department will calculate a dealer's maximum annual allotment of new ~~unassigned~~ buyer's license plates and buyer's temporary license plates based on the following formula:

(1) Vehicle title transfers, sales, or license plate issuance data determined from the department's systems from the previous fiscal year;

(2) the total value of paragraph (1) of this subsection will be increased by a multiplier based on the dealer's time in operation giving a 10 percent increase for each year the dealer has been in operation up to 10 years; and

(3) the total value of paragraph (2) of this subsection will be increased by a multiplier that is the greater of:

(A) the dealer's actual growth rate percentage identified from the preceding two fiscal years, calculated by the growth of the number of in-state or out-of-state sales transactions processed through the department-designated registration and title system or license plate system, except that it may not exceed 200 percent; or

(B) the statewide actual growth rate percentage identified from the preceding two fiscal years, calculated by the growth of the number of relevant transactions processed through the department-designated registration and title system or license plate system, not less than zero, to determine the dealer's annual allotment; and

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(4) the department may increase or decrease the annual allotment for dealers in the state, in a geographic or population area, or in a county, based on:

(A) changes in the market;

(B) temporary conditions that may affect sales; and

(C) any other information the department considers relevant.

(e) A dealer licensed after the commencement of a calendar year shall be allocated the number of buyer's license plates and buyer's temporary plates allocated in this subsection prorated on all or part of the remaining months until the commencement of the calendar year after the dealer's initial license expires. The initial allocations shall be as determined by the department in granting the license, but not more than:

(1) 200 buyer's license plates and 100 buyer's temporary license plates for a franchised dealer unless the dealer provides credible information indicating that a greater number of buyer's license plates is warranted based on anticipated sales, and growth, to include new and used vehicle sales, including information from the manufacturer or distributor, or as otherwise provided in this section.

(2) 100 buyer's license plates and 48 buyer's temporary license plates for a nonfranchised dealer unless the dealer provides credible information indicating that a greater number of license plates is warranted based on anticipated sales as otherwise provided in this section.

(f) An existing dealer that is:

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(1) moving its operations from one location to a different location will continue with its allotment of buyer's license plates and buyer's temporary license plates and not be allocated license plates under subsection (e) of this section;

(2) opening an additional location will receive a maximum allotment of buyer's license plates and buyer's temporary license plates based on the greater of the allotment provided to existing locations, including franchised dealers opening additional locations for different line makes, or the amount under subsection (e) of this section;

(3) purchased as a buy-sell ownership agreement will receive the maximum allotment of buyer's license plates and buyer's temporary license plates provided to the location being purchased and not be allocated license plates under subsection (e) of this section; and

(4) inherited by will or laws of descent will receive the maximum allotment of buyer's license plates and buyer's temporary license plates provided to the location being inherited and not be allocated license plates under subsection (e) of this section.

(g) A new dealer may also provide credible information supporting a request for additional or fewer buyer's license plates and buyer's temporary license plates to the amount allocated under subsection (e) of this section based on:

(1) franchised dealer, manufacturer, or distributor sales expectations;

(2) a change in GDN required by death or retirement, except as provided in subsection (f) of this section;

(3) prior year's sales by a dealer moving into the state; or

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(4) other similar change of location or ownership that indicates some continuity in existing operations.

(h) The annual allotment of buyer's issue license plates and buyer's temporary license plates will each be divided by four and allocated to a dealer on a quarterly basis, unless a dealer sells only antique or special interest vehicles as defined by Transportation Code, §683.077(b), in which case each allocation may be divided by two and allocated on a half-yearly basis. A dealer's remaining unissued license plates at the end of the allocation period will count towards the dealer's next allotment.

(i) A dealer is not eligible to receive a quarterly allocation in the following circumstances:

(1) the dealer's license has been closed, canceled, or revoked in a final order;

(2) the department has issued a notice of department decision under §224.56 of this title (relating to Notice of Department Decision), alleging that the dealer is in violation of §215.140 of this title (relating to Established and Permanent Place of Business Premises Requirements) and appears to have abandoned the licensed location;

(3) the department has denied the dealer access to the temporary tag system or the license plate system in accordance with §224.58 of this title (relating to Denial of Dealer Access to License Plate System) and Transportation Code, §503.0633(f);

(4) a dealer fails a compliance review performed by the department under Transportation Code, §503.063(d);

(5) the dealer license expires during that quarter and the dealer has not submitted a license renewal application to the department;

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1 (6) a dealer does not have an owner or bona fide employee at the licensed location
2 during posted business hours to accept a license plate delivery; or

3 (7) a dealer fails to keep license plates or the license plate system secure.

4 (j) A dealer with an active license and access to the license plate database who is ineligible to
5 receive a quarterly allocation under subsection (i) of this section may request the department conduct a
6 compliance review under Transportation Code, §503.063(d) to determine if the dealer is eligible to
7 receive a future allocation by submitting a request to DealerCompliance@txdmv.gov. The department
8 will conduct the compliance review within 14 days of the dealer's request.

9 (k) A dealer who has an active license but is not eligible to receive a quarterly allocation under
10 subsection (i) of this section may obtain buyer's license plates from a county tax assessor-collector or
11 department regional service center, as directed by the department.

12 (l) [(4)] A dealer may request more buyer's license plates or buyer's temporary license plates:

13 (1) after using 50 percent of the quarterly allocation of general issue plates or buyer
14 temporary plates, a dealer may request an advance on the next quarter's allotment; or

15 (2) after using 50 percent of the allotted annual maximum number of general issue
16 plates or buyer temporary plates a dealer may request an increase in the annual allotted number of
17 license plates.

18 (m) A dealer may request fewer buyer's license plates or buyer's temporary license plates:

19 (1) after using less than 50 percent of the quarterly allocation of general issue license
20 plates or buyer temporary license plates in a quarter; or

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1 (2) after using less than 50 percent of the allotted annual maximum number of general
2 issue license plates or buyer temporary license plates in a year.

3 (n) [(+)] To receive more buyer's license plates or buyer's temporary license plates or to request a
4 decrease in a quarterly or annual allocation [under subsection (i)], a dealer must submit a request in the
5 department's designated license plate system.

6 (o) [(+)] A dealer requesting an increase or decrease in the maximum annual allotment of buyer's
7 license plates or buyer's temporary license plates must provide information demonstrating the need for
8 additional license plates results from business operations, including anticipated needs, as required by
9 Transportation Code, §503.0633(c). Information may include documentation of sales and tax reports
10 filed as required by law, information of anticipated need, or other information of the factors listed in
11 Transportation Code, §503.0633(b).

12 (1) The department shall consider the information presented and may consider
13 information not presented that may weigh for or against granting the request that the department in its
14 sole discretion determines to be relevant in making its determination. Other relevant information may
15 include information of the factors listed in Transportation Code, §503.0633(b), the timing of the request,
16 and the requestor's license plate activity.

17 (2) The department may allocate a lesser or greater number of ~~[additional]~~ license plates
18 than the amount requested. Allocation of a lesser or greater number of ~~[additional]~~ license plates is not
19 a denial of the request. Allocation of ~~[additional]~~ license plates under this paragraph does not limit the
20 dealer's ability to submit additional requests ~~[for more license plates]~~.

21 (3) If a request is denied, the denial will be sent to the dealer by email to the requestor's
22 email address.

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(A) A dealer may appeal the denial to the designated director in the Vehicle Titles and Registration Division.

(B) The appeal must be requested through the designated license plate system within 15 days of the date the department emailed the denial to the dealer.

(C) The appeal may discuss information provided in the request but may not include additional information.

(D) The designated director in the Vehicle Titles and Registration Division will review the appeal and any additional statements concerning the information submitted in the original request and render an opinion within 15 days of receiving the appeal. The designated director in the Vehicle Titles and Registration Division may decide to deny the appeal ~~[and issue no additional license plates]~~ or award an amount of ~~[additional]~~ license plates that is lesser, equal to, or greater than the request.

(E) The requesting dealer will be notified as follows:

(i) If the designated director in the Vehicle Titles and Registration Division decides to deny the appeal, the department will contact the requesting dealer by email regarding the decision and options to submit a new request with additional relevant credible supporting documentation or to pursue a claim in district court; or

(ii) If the designated director in the Vehicle Titles and Registration Division awards an amount of ~~[additional]~~ license plates that is lesser, equal to, or greater than the request, the ~~[additional license plates will be added to the]~~ dealer's allocation will be adjusted and the dealer will be contacted by email regarding the decision, informed that the request has not been denied, and informed about options to submit a new request.

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(4) The designated director in the Vehicle Titles and Registration Division's decision on appeal is final.

(5) Once a denial is final, a dealer may only submit a subsequent request ~~[for additional license plates]~~ during that calendar year if the dealer is able to provide additional information not considered in a prior request.

(p) ~~(h)~~ A change in the allotment under subsection (i) of this section does not create a dealer base for subsequent year calculations.

(g) ~~(m)~~ The department may at any time initiate an enforcement action against a dealer if license plate system activity suggests that misuse or fraud has occurred as described in Transportation Code §503.0633(f) or §503.0671.

§215.155. Buyer's License Plates.

(a) A dealer may issue and secure a buyer's license plate or a buyer's temporary license plate only on a vehicle:

(1) from the selling dealer's inventory; and

(2) that can be legally operated on the public streets and highways; and

(3) for which a sale or lease has been consummated; and

(4) that has a valid inspection in accordance with Transportation Code Chapter 548,

unless:

(A) an inspection is not required under Transportation Code §503.063(i) or (j); or

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1 (B) the vehicle is exempt from inspection under Chapter 548.

2 (b) A dealer may not issue a buyer's general issue or temporary license plate to the buyer of a
3 vehicle that is to be titled but not registered.

4 (c) For a wholesale transaction, [:]

5 [(1)] a dealer may not issue a buyer's license plate; rather the purchasing dealer places
6 on the motor vehicle its own:

7 (A) dealer's temporary license plate; or

8 (B) dealer's standard or personalized prestige license plate.

9 [(2) if a general issue plate is assigned to a vehicle, the selling dealer must provide the
10 license plate to the purchasing dealer for placement on the vehicle at time of retail sale.]

11 (d) A buyer's temporary license plate is valid until the earlier of:

12 (1) the date on which the vehicle is registered; or

13 (2) the 60th day after the date of purchase.

14 (e) A dealer shall charge a buyer a fee of \$10, unless the vehicle is exempt from payment of
15 registration fees under Transportation Code, §502.453 or §502.456. A dealer shall remit the fee to the
16 county with the title transfer application for deposit to the credit of the Texas Department of Motor
17 Vehicles fund. If the vehicle is sold by a dealer to an out-of-state resident:

18 (1) the dealer shall remit the entire fee to the department for deposit to the credit of the
19 Texas Department of Motor Vehicles fund if payment is made through the department's designated
20 electronic system; or

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(2) the dealer shall remit the fee to the county for deposit to the credit of the Texas Department of Motor Vehicles fund.

(f) A governmental agency may charge a buyer a fee of \$10 unless the vehicle is exempt from payment of registration fees under Transportation Code, §502.453 or §502.456. If collected by a governmental agency, the fee must be sent to the county for deposit to the credit of the Texas Department of Motor Vehicles fund.

§215.158. General Requirements for Buyer's License Plates.

(a) A dealer or governmental agency is responsible for the safekeeping of all license plates in the dealer's or governmental agency's possession consistent with the requirements in §215.150 of this title (relating to Dealer Authorization to Issue License Plates). A dealer or governmental agency shall report any loss, theft, or destruction of a buyer's license plate or buyer's temporary license plate to the department in the system designated by the department within 24 hours of discovering the loss, theft, or destruction.

(b) When a dealer is required to ~~[remove and]~~ void a previously assigned buyer's license plate or other type of license plate from a vehicle ~~[sold to an out-of-state buyer or for another reason allowed by rule]~~, the dealer shall render a void plate unusable by permanently marking the front of the plate with the word "VOID" or a large "X"; and within 10 days:

(1) destroy the license plate; or

(2) recycle the license plate using a metal recycler registered under Occupations Code, Chapter 1956; or

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(3) return the license plate to the department or county tax assessor-collector.

(c) A dealer or governmental agency must return all license plates in the dealer's possession to the department within 10 days of closing the associated license or within 10 days of the associated license being revoked, canceled, or closed by the department.

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

(a) Wholesale motor vehicle auctions. A wholesale motor vehicle auction GDN holder who receives a consignment and delivery of a motor vehicle from a person who is not a GDN holder for the purpose of sale at auction shall:

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

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

(b) Public auctions.

(1) Before offering a consigned vehicle for sale at a public auction, a dealer must remove any license plate and return the license plate to the vehicle's owner or destroy, recycle, or return the license plate in accordance with §215.158 of this title.

(2) If the purchaser at a public auction is a Texas retail buyer, a dealer shall issue a buyer's license plate to the purchaser, unless the buyer has a general issue, specialty, personalized, or other qualifying license plate to transfer, and update the license plate database in accordance with §215.151 of this title (relating to License Plate General Use Requirements).

(3) If the purchaser at the public auction is a dealer, export buyer, or out-of-state buyer, the selling dealer shall not issue a buyer's license plate.

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1 (4) Notwithstanding §215.150(c) of this title (relating to Dealer Authorization to Issue
2 License Plates), if the purchaser at a public auction is an out-of-state buyer, the dealer shall issue a buyer's
3 temporary license plate only if the purchaser requires this license plate to transport the vehicle to another
4 state in which the vehicle will be titled and registered in accordance with the laws of that state.

5 (c) Other consignment sales.

6 (1) Before offering for sale a consigned motor vehicle with a license plate owned by a
7 person who is not a GDN holder, the dealer shall remove and return the license plate to the vehicle's
8 owner. The dealer to whom the vehicle is consigned may use its dealer's temporary license plate to
9 demonstrate the consigned motor vehicle to a potential purchaser.

10 (2) Upon the sale of a consigned motor vehicle owned by a person who is not a GDN
11 holder:

12 (A) a dealer shall issue a buyer's license plate to a Texas retail buyer who
13 purchases the consigned vehicle, unless the buyer has a general issue, specialty, personalized, or other
14 qualifying license plate to transfer, and update the license plate database in accordance with §215.151 of
15 this title;

16 (B) a dealer shall not issue a buyer's license plate If the purchaser of the consigned
17 vehicle is a dealer, export buyer, or out-of-state buyer; and

18 (C) notwithstanding §215.150(c) of this title, if the purchaser of a consigned
19 vehicle is an out-of-state buyer, the dealer shall issue a buyer's temporary license plate only if the
20 purchaser requires this license plate to transport the vehicle to another state in which the vehicle will be
21 titled and registered in accordance with the laws of that state.

22 (3) An independent motor vehicle dealer who receives consignment and delivery of a
23 salvage vehicle or total loss vehicle (as defined by the applicable insurance contract) for sale from a person

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- 1 who is not a GDN holder shall remove any license plate and destroy, recycle, or return the license plate as
- 2 required in §215.158 of this title.

3



To: Texas Department of Motor Vehicles Board
From: Monique Johnston, Motor Vehicle Division Director
Agenda Item: 10
Subject: Chapter 221, Salvage Vehicle Dealers
Amendments to §221.17
(Relating to Implementation of HB 5629, 89th Legislative Session)

RECOMMENDATION

Action Item. Approval to publish proposed rule amendments in the *Texas Register* for public comment.

PURPOSE AND EXECUTIVE SUMMARY

The proposed amendments would implement House Bill (HB) 5629, 89th Regular Session (2025) which becomes effective on September 1, 2025.

FINANCIAL IMPACT

No significant financial impact.

BACKGROUND AND DISCUSSION

The proposed amendments would implement HB 5629, 89th Regular Session (2025). HB 5629 amended Occupations Code, §55.004 and §55.0041 to change the standard for how a state agency must compare licensing requirements in other states with Texas requirements when reviewing a license application from a military service member, military veteran, or military spouse licensed in another state, and to change license request submission requirements.

Beginning September 1, 2025, a military service member, military veteran, or military spouse must submit an application for a license. The department must then determine if the licensing requirements in the other state are similar in scope of practice and if the applicant is in good standing. HB 5629 also shortens the time for the department to either issue a license or notify the applicant why a license cannot be issued from 30 days to 10 days. This same timeline also applies to an applicant licensed in Texas within the previous five years.

HB 5629 also added new §55.0042, which describes the standards for when the department may consider an applicant to be in good standing with a licensing authority. Additionally, HB 5629 adds new Section 55.0043 which requires an agency that issues a license or recognizes an out-of-state license to maintain a record of each complaint made against a military service member, military veteran, or military spouse to whom an agency issues a license or who holds an out-of-state license the agency recognizes.

PROPOSAL OF REVISIONS TO**SUBCHAPTER B. LICENSING****43 TAC §221.17**

INTRODUCTION. The Texas Department of Motor Vehicles (department) proposes amendments to 43 Texas Administrative Code (TAC) Subchapter B, Licensing; §221.17, License Processing for Military Service Members, Spouses, and Veterans. These proposed amendments are necessary to implement House Bill (HB) 5629, 89th Legislature (2025), effective September 1, 2025. HB 5629 amended Occupations Code, §55.004 and §55.0041 to change the standard for comparing licensing requirements in other states with Texas requirements and to change license request submission requirements, and added new §55.0042, which describes the standards for when the department may consider an applicant to be in good standing with a licensing authority in another state.

EXPLANATION.

Proposed amendments to §221.17(b)(1)(A) would require a military service member or military spouse to submit to the department a complete application for licensure. This proposed amendment is necessary to implement Occupations Code, §55.0041(b), as amended by HB 5629, which requires a military service member or military spouse to submit an application in a form prescribed by the agency and deletes a requirement to provide a notice. A proposed amendment to §221.17(b)(1)(B) would delete an unnecessary conjunction. To implement Occupations Code, §55.0041(b)(2), as amended by HB 5629, proposed amendments to §221.17(b)(1)(C) would add a requirement for an applicant who is a military spouse to submit a copy of the marriage license to the department and would delete a requirement for a military service member or military spouse to submit documentation demonstrating that the military service member or military spouse is licensed and in good standing in another jurisdiction for the relevant

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1 business or occupation. A proposed amendment would add new §221.17(b)(1)(D) to require a notarized
2 affidavit as required by Occupations Code, §55.0041(b)(3), as amended by HB 5629. Proposed
3 amendments to §221.17(b)(2) would substitute “application” for “notice” and update a reference to
4 paragraph (1) consistent with proposed amendments to §221.17(b)(1) and to implement Occupations
5 Code, §55.0041, as amended by HB 5629. Proposed amendments to §221.17(b)(2) and §221.17(b)(3)
6 would substitute “state” for “jurisdiction” consistent with Occupations Code, §55.0041, as amended by
7 HB 5629. Proposed amendments to §221.17(b)(2)(B) and §221.17(b)(3) would replace the phrase
8 “substantially equivalent” to implement Occupations Code, §55.0041, as amended by HB 5629, by
9 describing the revised standard for comparing the license requirements in another state with Texas
10 requirements. Proposed amendments to §221.17(b)(3) would add a reference to license eligibility if the
11 applicant was previously licensed in good standing in Texas in the last five years, would add language that
12 the department will notify an applicant why the department is currently unable issue a license, and would
13 change the time for the department to act on an application submitted by a military service member or
14 military spouse from 30 days to 10 days to implement with Occupations Code, §55.0041, as amended by
15 HB 5629.

16 **FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Glenna Bowman, Chief Financial Officer,
17 has determined that for each year of the first five years the amendments will be in effect, there will be no
18 significant fiscal impact to state or local governments as a result of the enforcement or administration of
19 the proposal. Monique Johnston, Director of the Motor Vehicle Division (MVD), has determined that there
20 will be no measurable effect on local employment or the local economy as a result of the proposal.

21 **PUBLIC BENEFIT AND COST NOTE.** Ms. Johnston has also determined that, for each year of the first five
22 years the amended section is in effect, the public may benefit because these amendments may encourage

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1 military service members or military spouses to apply for a license and build a business serving Texas
2 citizens.

3 Anticipated Public Benefits. The public benefits anticipated as a result of the proposal include
4 economic benefits resulting from increasing the number of licensed businesses that serve Texas citizens.

5 Anticipated Costs to Comply With The Proposal. Ms. Johnston anticipates that there will be no
6 costs to comply with this rule.

7 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by the
8 Government Code, §2006.002, the department has determined that the proposed amendments will not
9 have an adverse economic effect on small businesses, micro-businesses, and rural communities because
10 rural communities are not subject to licensing requirements and the proposal does not require any
11 additional costs for license holders. The department has an electronic licensing system available to all
12 applicants that allows an applicant to apply online for a license and upload any required documents. This
13 rule proposal does not impact small businesses or micro-businesses. Therefore, the department is not
14 required to prepare a regulatory flexibility analysis under Government Code, §2006.002.

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

19 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the
20 first five years the proposed amendments are in effect, no government program would be created or
21 eliminated. Implementation of the proposed amendments would not require the creation of new
22 employee positions or elimination of existing employee positions. Implementation would not require an
23 increase or decrease in future legislative appropriations to the department or an increase or decrease in

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1 fees paid to the department. The proposed amendments do not create a new regulation, or expand, limit,
2 or repeal an existing regulation. Lastly, the proposed amendments do not affect the number of individuals
3 subject to the rule's applicability and will not affect this state's economy.

4 REQUEST FOR PUBLIC COMMENT.

5 If you want to comment on the proposal, submit your written comments by 5:00 p.m. CDT on August 25,
6 2025. A request for a public hearing must be sent separately from your written comments. Send written
7 comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office of General Counsel, Texas
8 Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the
9 department will consider written comments and public testimony presented at the hearing.

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STATUTORY AUTHORITY. The department proposes amendments to Chapter 221 under Occupations Code, §2302.051, which authorizes the board to adopt rules as necessary to administer Occupations Code, Chapter 2302; Occupations Code, §2302.052, which assigns the board a duty to set reasonable and necessary application fees, license fees, renewal fees, and other fees as required to implement Chapter 2302; Occupations Code, §2302.103, which requires a salvage vehicle dealer to apply for a license on a form prescribed by the department and pay an application fee; Occupations Code, §2302.104, which prescribes content that must be included in an application; Occupations Code, §2302.105, which requires the department to complete an investigation of the applicant's qualifications before issuing a license; Occupations Code, §2302.108, which authorizes the department to deny, suspend, revoke, or reinstate a license issued under Chapter 2302 consistent with the requirements of Government Code, Chapter 2001; and Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement the powers and the duties of the department.

The department also proposes amendments and under the authority of Transportation Code, §§501.0041, 502.0021, and 503.002; and Government Code, §§2001.004, and 2001.039, and 2001.054, in addition to the statutory authority referenced throughout this preamble.

Transportation Code, §501.0041 authorizes the department to adopt rules to administer Transportation Code, Chapter 501. Transportation Code, §502.0021 authorizes the department to adopt rules to administer Transportation Code, Chapter 502. Transportation Code, §503.002 authorizes the department to adopt rules to administer Transportation Code, Chapter 503.

Government Code, §2001.004 requires state agencies to adopt rules of practice stating the nature and requirements of all available formal and informal procedures. Government Code, §2001.039 requires state agencies to readopt, readopt with amendments, or repeal a rule as the result of reviewing the rule.

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Government Code, §2001.054 specifies the requirements regarding the grant, denial, renewal, revocation, suspension, annulment, or withdrawal of a license.

CROSS REFERENCE TO STATUTE. These rule revisions would implement Government Code, Chapter 2001; Occupations Code, Chapters 53, 55, and 2302; and Transportation Code, Chapters 501–503, and 1002. TEXT.

§221.17. License Processing for Military Service Members, Spouses, and Veterans

(a) The department will process a license, amendment, or renewal application submitted for licensing of a military service member, military spouse, or military veteran in accordance with Occupations Code, Chapter 55. A license holder who fails to timely file a sufficient renewal application because the license holder was on active duty is exempt from any increased fee or penalty imposed by the department.

(b) A military service member or military spouse may engage in a business or occupation for which a department issued license is required if the military service member or military spouse meets the requirements of Occupations Code, §55.0041 and this section.

(1) A military service member or military spouse must submit to the department:

(A) a complete application [~~notice of the military service member or military spouse's intent to engage in a business or occupation in Texas for which a department issued license is required~~];

(B) proof of the military service member being stationed in Texas and a copy of the military service member or military spouse's military identification card; ~~and~~

(C) if the applicant is a military spouse, a copy of the military spouse's marriage license; and [~~documentation demonstrating that the military service member or military spouse is licensed and in good standing in another jurisdiction for the relevant business or occupation.~~]

(D) a notarized affidavit as required by Occupations Code, § 55.0041(b)(3).

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(2) Upon receipt of the application ~~[notice]~~ and documentation required by paragraph (1) ~~[paragraphs (1)(B) and (1)(C)]~~ of this subsection, the department shall:

(A) confirm with the other licensing state ~~[jurisdiction]~~ that the military service member or military spouse is currently licensed and in good standing for the relevant business or occupation; and

(B) conduct a comparison of the other state's ~~[jurisdiction's]~~ license requirements, statutes, and rules with the department's licensing requirements to determine if the requirements are similar in scope of practice ~~[substantially equivalent]~~.

(3) If the department confirms that a military service member or military spouse is currently licensed in good standing in another state ~~[jurisdiction]~~ with ~~[substantially equivalent]~~ licensing requirements that are similar in scope and practice, or was licensed in good standing in Texas in the last five years, the department shall issue a license to the military service member or military spouse for the relevant business or occupation, or notify the applicant why the department is currently unable to issue a license pursuant to Occupations Code, §55.0041(b-1), within 10 ~~[30]~~ days. The license is subject to the requirements of this chapter and Occupations Code, Chapter 2302 in the same manner as a license issued under the standard application process, unless exempted or modified under Occupations Code, Chapter 55.

(c) This section establishes requirements and procedures authorized or required by Occupations Code, Chapter 55, and does not modify or alter rights that may be provided under federal law.



To: Texas Department of Motor Vehicles Board
From: Annette Quintero, Vehicle Titles & Registration Division Director
Agenda Item: 11
Subject: Chapter 217, Vehicle Titles and Registration
Amendments: Subchapters B and I
(Relating to Implementation of SB 1902 and SB 1729, 89th Legislative Session, and Cleanup)

RECOMMENDATION

Action Item. Approval to publish the rule amendments in the *Texas Register* for public comment.

PURPOSE AND EXECUTIVE SUMMARY

The proposed amendments would implement Senate Bill (SB) 1729 and SB 1902, 89th Legislature, Regular Session (2025), eliminate an online transaction discount, and clean up the language in Chapter 217.

FINANCIAL IMPACT

The proposed amendment to §217.185 would result in a positive impact. The estimated fiscal impact would be approximately \$6 million in additional revenue to the state per year. There will be no significant fiscal implications due to other proposed amendments.

BACKGROUND AND DISCUSSION

Amendments are proposed to implement SB 1729, which amended Transportation Code §502.044 designating a motor vehicle registration period of 24 consecutive months for certain passenger cars and light trucks sold in this state or purchased by a commercial fleet buyer for use in this state. Amendments are also proposed to delete references to Transportation Code, §548.102 because HB 3297 repealed Transportation Code §548.102, pertaining to the initial two-year inspection period for passenger cars and light trucks.

Additionally, amendments are proposed to implement SB 1902, which amended Transportation Code §504.901 concerning the transfer of license plates upon the sale or transfer of a motor vehicle in dealer and nondealer transactions.

Amendments are proposed to clarify the fee for restyling any specialty license plate to an embossed specialty license plate.

Finally, amendments are proposed to eliminate the \$1 discount for online registration transactions.

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Chapter 217 – Vehicle Titles and Registration

PROPOSAL OF REVISIONS TO**SUBCHAPTER B. MOTOR VEHICLE REGISTRATION****43 TAC §§217.27, 217.52, AND 217.53****SUBCHAPTER I. PROCESSING AND HANDLING FEES****43 TAC §217.185**

INTRODUCTION. The Texas Department of Motor Vehicles (department) proposes amendments to 43 Texas Administrative Code (TAC) Subchapter B, Motor Vehicle Registration, §§217.27, 217.52, and 217.53; and Subchapter I, Processing and Handling Fees, §217.185.

The proposed amendments are necessary to implement legislation, to clarify rule language, and to remove a fee discount that is no longer necessary to incentivize online registration transactions.

EXPLANATION.

Proposed amendments to §217.27(c)(2)(B) would delete references to Transportation Code, §548.102, the language pertaining to an outstanding inspection period, and the language regarding an application for registration in the name of the purchaser. Proposed amendments would also insert reference to Transportation Code, §502.044(a-1) for the authority to register certain motor vehicles for a period of 24 consecutive months. These proposed amendments are necessary to implement Senate Bill (SB) 1729, 89th Legislature, Regular Session (2025), which amended Transportation Code, §502.044 to designate a motor vehicle registration period of 24 consecutive months for new passenger cars and light trucks sold in Texas or purchased by a commercial fleet buyer described by Transportation Code, §501.0234(b)(4) for use in Texas. The proposed amendments to §217.27(c)(2)(B) are also necessary to delete references to Transportation Code, §548.102 because House Bill (HB) 3297, 88th

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Chapter 217 – Vehicle Titles and Registration

1 Legislature, Regular Session (2023) repealed Transportation Code, §548.102, pertaining to the initial two-
2 year inspection period for passenger cars and light trucks.

3 Proposed amendments to §217.52(n)(1)(B) would clarify that the fee for restyling a multi-year
4 vendor specialty license plate to an embossed license plate is \$75, regardless of whether the specialty
5 license plate from which the person is restyling was embossed or non-embossed. This reflects the higher
6 costs of the embossing process on the new plate, which the department's vendor incurs regardless of
7 whether the original plate that the person is seeking to replace was embossed. When current
8 §217.52(n)(1)(B) was originally adopted, embossed plates were new and all restyling to an embossed plate
9 was from a non-embossed plate. As embossed plates become more prevalent, this proposed clarification
10 of the rule is necessary to prevent confusion and accurately reflect the fee for the restyling of an embossed
11 plate to a new style of embossed plate.

12 Proposed amendments to §217.53 are necessary to implement SB 1902, 89th Legislature,
13 Regular Session (2025), which amended Transportation Code, §504.901 to require a motor vehicle
14 dealer who has purchased a vehicle to remove the assigned general-issue license plates from the vehicle
15 and either transfer the license plates within 10 days to another motor vehicle purchased from their
16 inventory, or destroy the plates. Proposed amendments to §217.53(a) would modify the language to
17 require a dealer, upon receiving a motor vehicle in their inventory by sale or transfer, to remove the
18 plates and remove and dispose of the registration insignia from the vehicle. A proposed amendment to
19 §217.53(a) would also clarify that the dealer must either transfer or dispose of the general-issue license
20 plates removed from the motor vehicle in accordance with 43 TAC §215.151(d), relating to License Plate
21 General Use Requirements. In addition, a proposed amendment would add standard language to state
22 that §215.151(d) is contained in Title 43.

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Chapter 217 – Vehicle Titles and Registration

1 SB 1902 amended Transportation Code, §504.901(b) to require a seller in a transaction where
2 neither party holds a general distinguishing number (GDN) to remove the license plates from the
3 vehicle, and to permit the seller to transfer the removed license plates to another vehicle titled in the
4 seller's name. Proposed amendments to §217.53(b) would implement SB 1902 by deleting the
5 requirement for general issue license plates to remain with a motor vehicle following the sale or transfer
6 of the motor vehicle where neither party in the transaction is a dealer, and replacing it with language
7 requiring the seller or transferor to remove license plates from the motor vehicle. The proposed
8 amendments to §217.53(b) would implement SB 1902 by giving sellers the option of transferring the
9 license plates to a motor vehicle titled in their name as long as the motor vehicle is of the same
10 classification as the motor vehicle the license plates were removed from, and upon acceptance of a
11 request made to a county tax assessor-collector through an application filed under Transportation Code,
12 §501.023 or §502.040.

13 Proposed amendments to §217.53(c) would implement SB 1902 by requiring that the seller of
14 the vehicle render unusable and dispose of any license plates that are not transferred to another
15 vehicle. An additional amendment to §217.53(c) would create consistency and clarity across the
16 department's rules by replacing a vague description of acceptable plate destruction with specific
17 allowable methods for destroying or disposing of license plates, paralleling the requirements for dealers
18 under §215.158(b) of this title, relating to General Requirements for Buyer's License Plates.

19 The language in Transportation Code, §504.901(b), as amended by SB 1902, that requires the
20 seller of a motor vehicle, in a transaction where neither party is a dealer, to remove the license plates
21 from the vehicle, is very similar to the language that existed in that statute prior to the amendments of
22 HB 718, 88th Legislative Session (2023). Proposed amendments to §217.53(d) would implement SB 1902
23 by reverting back to a portion of the language that existed in §217.53(c) prior to the amendments that

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1 the department adopted in December 2024 to implement HB 718. The proposed amendments to
2 §217.53(d) would inform a purchaser of a motor vehicle, where neither party is a dealer and the seller
3 has removed the license plates, of the option to secure a vehicle transit permit under Transportation
4 Code, §502.492. This permit would allow the purchaser to operate the motor vehicle legally on the
5 public roadways from the location where they purchased it to their home or to get it titled and
6 registered.

7 A proposed amendment to §217.185(a)(3) would eliminate the \$1 discount on registration
8 transactions processed through Texas by Texas (TxT) or the department's Internet Vehicle Title and
9 Registration Service (IVTRS). The proposed amendment is necessary to address increased costs for
10 processing registration transactions. The current processing and handling fee, and associated online
11 discount, were established in 2016 and implemented in January 2017. The online discount was created to
12 incentivize Texans to use the online system. Subsequently, the department deployed TxT, which is a
13 mobile application through which a registrant may renew their vehicle registration. Since 2017, the fee
14 and online discount amounts have remained the same, while costs for processing registration transactions
15 throughout the state have increased. In accordance with Transportation Code, §502.1911, the processing
16 and handling fee set by rule must be "sufficient to cover the expenses associated with collecting
17 registration fees." The cumulative inflation rate from January 2017 to January 2025 is over 34%, which
18 has translated into increased costs for information technology infrastructure and staffing to support
19 registration transactions statewide. Moreover, the incentive to get Texans to adopt the online system
20 has worked and is no longer needed: around 30% of registration renewal transactions went through TxT
21 and IVTRS in the past three years. Eliminating the discount for transactions processed online will help
22 support the increased costs of collecting registration fees. The established registration fees would remain

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1 the same, and this proposal only seeks to eliminate the online registration discount in the amount of \$1
2 per registered vehicle per year.

3 **FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Annette Quintero, Director of the Vehicle
4 Titles and Registration Division, has determined that there will be no measurable effect on local
5 employment or the local economy as a result of the proposal.

6 Glenna Bowman, Chief Financial Officer, has determined that for each year of the first five years
7 that the proposed amendments to §217.27 and §217.53 will be in effect, there will be no fiscal impact to
8 state or local governments as a result of the enforcement or administration. There will be no foreseeable
9 impact on costs or revenue.

10 Ms. Bowman has determined that for each year of the first five years that the proposed
11 amendments to §217.52 are in effect, there will be no significant fiscal impact on state or local
12 governments. The proposed amendments to §217.52 clarify that the fee for restyling an embossed
13 specialty plate to another embossed specialty plate is \$75 rather than \$50, which is the fee to restyle non-
14 embossed plates. This \$25 difference in the applicable fee will not result in significant revenue for state
15 government because the embossed plate program is new and the numbers of embossed plates in
16 circulation are small: the state has not yet collected any fees for restyling an embossed specialty plate to
17 another embossed specialty plate so the clarification of the fee cannot create a change in revenue, and
18 only 9,262 vehicles statewide currently have embossed specialty plates. Even if every owner of a vehicle
19 with an embossed specialty plate decided to restyle it to another embossed specialty plate in the same
20 year, the proposed amendments to §217.52 would result in a statewide total revenue increase of only
21 \$231,550 per year. The proposed amendments to §217.52 will have no impact on costs to state or local
22 government.

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Ms. Bowman has determined that for each year of the first five years the proposed amendments to §217.185 will be in effect, there will be a fiscal impact to state or local governments as a result of the enforcement or administration of the proposal. Elimination of the \$1.00 online discount will result in additional revenue to the state in the amount of approximately \$6,000,000 per year. The proposed amendments to §217.185 will have no impact to costs to state or local government.

PUBLIC BENEFIT AND COST NOTE. Ms. Quintero and Ms. Bowman have also determined that, for each year of the first five years proposed amendments are in effect, there are several public benefits anticipated and no significant economic costs for persons required to comply with the rules.

Anticipated Public Benefits. The proposed amendments to §217.27 would clarify and prevent confusion about the board's rules regarding two-year registration for new vehicles. The proposed amendments to §217.52 would clarify the fees for restyling a vendor specialty license plate to an embossed plate to prevent confusion for the public. The proposed amendments to §217.53 would clarify and provide easy reference for the public on what to do with the license plates on their vehicle when they sell it, and how to get a temporary permit when they buy a vehicle without plates. The proposed amendments to §217.185 would ensure sufficient funding for the department to continue to provide efficient and accessible vehicle registration services, online, by mail and in-person.

Anticipated Costs to Comply with the Proposal. Ms. Quintero anticipates that only the proposed amendments to §217.185 will create a cost to comply, and that cost would not be significant. The cost to comply with the proposed amendments to §217.185 would only be \$1 per year for persons who register their vehicles online, due to the loss of the \$1 online discount. The proposed amendments to §217.27 and §217.53 do not create any costs. Compliance is not required for the cost to restyle a vendor specialty plate to an embossed plate style under the proposed amendments to §217.52 because a person can avoid the cost by choosing not to restyle their vendor specialty plate.

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ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS. The department does not anticipate an adverse economic impact to small business, micro-businesses or rural communities as a result of the proposed amendments to §§217.27, 217.52 and 217.53. Regarding the proposed amendments in §217.185, the department anticipates an adverse economic effect on small businesses and micro-businesses that own vehicles and renew the registration for those vehicles online. There will be no adverse impact on rural communities from the proposed amendments since rural governments are exempt from vehicle registration fees under Transportation Code, Chapter 502, Subchapter J.

Of the 3.3 million estimated small and micro-businesses in Texas identified in the 2024 U.S. Small Business Administration Report, it is unknown precisely how many own and register vehicles. However, based on the industries represented in the data, it is reasonable to assume that approximately 64% (or 2.1 million) would have dedicated vehicles registered by the business. Online registration transactions make up approximately 30% of total registrations, suggesting that even if every small and micro-business of that estimated 2.1 million with a dedicated vehicle renewed their registrations online, the total would be approximately 739,000, with an expected adverse economic impact of only \$1 per vehicle registered online, per year.

Under Government Code, §2006.002, the department must perform a regulatory flexibility analysis for the proposed amendments to §217.185. The department considered alternatives of not adopting the amendments to §217.185, exempting small and micro-businesses from these amendments, and adopting an online discount of less than \$1 for small and micro-business applicants. The department rejected all three options. Foregoing or reducing the revenue created by removing the \$1 online discount for 739,000 small and micro-businesses would leave the vehicle registration system underfunded and unable to cover costs, which would in turn make vehicle registration less efficient and less reliable, causing negative repercussions for law enforcement's ability to identify and track vehicles and for vehicle safety.

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1 The department, after considering the purpose of the authorizing statutes that require it to “set the fee
2 in an amount that...is sufficient to cover expenses associated with collecting registration fees,” does not
3 believe it is feasible to waive or limit the requirements of the proposed amendments for small or micro-
4 business GDN dealers.

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

9 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the
10 first five years the proposed amendments are in effect, no government program would be created or
11 eliminated. Implementation of the proposed amendments would not require the creation of new
12 employee positions or elimination of existing employee positions. Implementation would not require an
13 increase or decrease in future legislative appropriations to the department or a decrease of fees paid to
14 the department. The proposed amendments to §217.52 may result in an increase of fees paid to the
15 department as embossed plates becomes more prevalent and restyling from an embossed plate to
16 another embossed plate becomes more common. The proposed amendments to §217.185 will create an
17 increase of \$6,000,000 in fees paid to the department. The proposed amendments to §217.185 would not
18 result in an increase or decrease of a fee, however they would remove an optional online transaction
19 discount, resulting in the department retaining a higher percentage of the unchanged fee. The proposed
20 amendments would not create a new regulation or repeal a regulation. The proposed amendments to
21 §217.52 would expand an existing regulation by including restyling from an embossed plate to another
22 embossed plate design. The proposed amendments to §217.185 would limit an existing regulation by

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1 removing the \$1 online discount from registration fees. Lastly, the proposed amendments do not affect
2 the number of individuals subject to the rule's applicability and will not affect this state's economy.

3 **REQUEST FOR PUBLIC COMMENT.**

4 If you want to comment on the proposal, submit your written comments by 5:00 p.m. CDT on August 25,
5 2025. A request for a public hearing must be sent separately from your written comments. Send written
6 comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office of General Counsel, Texas
7 Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the
8 department will consider written comments and public testimony presented at the hearing.

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SUBCHAPTER B. MOTOR VEHICLE REGISTRATION**43 TAC §§217.27, 217.52, AND 217.53**

STATUTORY AUTHORITY. The department proposes amendments to §§217.27, 217.52, and 217.53 under Transportation Code, §502.0021, which gives the department the authority to adopt rules to administer Transportation Code, Chapter 502; Transportation Code, §502.044, as amended by Senate Bill 1729, 89th Regular Session (2025), to designate a registration period of 24 consecutive months for certain passenger cars and light trucks; Transportation Code, §504.0011, which gives the board authority to implement and administer Transportation Code, Chapter 504, License Plates; Transportation Code, §504.010, which authorizes the department to adopt rules governing the issuance and placement of license plates on motor vehicles; Transportation Code, §504.0051, which gives the department authority to issue personalized license plates and forbids the department from issuing replacement personalized license plates unless the vehicle owner pays the statutory fee required under Transportation Code, §504.007; Transportation Code, §504.007, which states that replacement license plates can only be issued if the vehicle owner pays the statutory fee; Transportation Code, §504.6011, which authorizes the sponsor of a specialty license plate to reestablish its specialty license plate under Subchapter J of Transportation Code, Chapter 504, and for the board to establish the fees under Transportation Code, §504.851; Transportation Code, §504.851(a), which allows the department to contract with a private vendor to provide specialty and personalized license plates; Transportation Code, §504.851(b)-(d), which authorize the board to establish fees by rule for the issuance or renewal of personalized license plates that are marketed and sold by the vendor as long as the fees are reasonable and not less than the amounts necessary to allow the department to recover all reasonable costs associated with the procurement, implementation and enforcement of the vendor's contract; Transportation Code, §504.851(i), which requires a contract entered into by the department and a private vendor for the

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1 marketing and sale of specialty license plates to allow the vendor to establish a range of premium
2 embossed specialty license plates to be sourced, marketed, and sold by the private vendor; the
3 rulemaking authority provided under Section 3 of Senate Bill 1902, 89th Legislature (2025); and
4 Transportation Code §1002.001, which authorizes the board to adopt rules that are necessary and
5 appropriate to implement the powers and the duties of the department, as well as the statutes
6 referenced throughout the this preamble.

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

8
9 TEXT.

10 §217.27. Vehicle Registration Insignia.

11 (a) On receipt of a complete initial application for registration with the accompanying
12 documents and fees, the department will issue vehicle registration insignia to be displayed on or
13 kept in the vehicle for which the registration was issued for the current registration period.

14 (1) If the vehicle has a windshield, the vehicle registration insignia shall be attached
15 to the inside lower left corner of the vehicle's front windshield in a manner that will not obstruct
16 the vision of the driver, unless the vehicle is registered under Transportation Code, Chapter 504,
17 Subchapter B-1.

18 (2) If the vehicle has no windshield, the vehicle registration insignia shall be
19 attached to the rear license plate unless the vehicle is registered under Transportation Code,
20 Chapter 504, Subchapter B-1, except that registration receipts, retained inside the vehicle, may
21 provide the record of registration for vehicles with permanent trailer plates.

22 (3) If the vehicle is registered under Transportation Code, Chapter 504, Subchapter
23 B-1, the registration receipt, symbol, tab, or other device prescribed by and issued by the

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department must be retained with the vehicle and may provide the record of registration for vehicles with a digital license plate. The expiration month and year must appear digitally on the electronic visual display of the rear digital license plate.

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

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

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

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

(1) must display two license plates that are clearly visible, readable, and legible, one at the exterior front and one at the exterior rear of the vehicle that are securely fastened at the exterior front and rear of the vehicle in an upright horizontal position of not less than 12 inches from the ground, measuring from the bottom; or

(2) must display one plate that is securely fastened at or as close as practical to the exterior rear of the vehicle in a position not less than 12 inches from the ground, measuring from the bottom if the vehicle is a road tractor, motorcycle, trailer or semitrailer, except that a vehicle described by Transportation Code, §621.2061 may place the rear plate so that it is clearly visible, readable, and legible.

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

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

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(2) validated by a registration insignia issued by the department for a registration period consisting of 12 consecutive months at the time of application for registration, except that:

(A) vehicles described by Transportation Code, §502.0024 may obtain a registration insignia for a period consisting of 12, 24, 36, 48 or 60 consecutive months on payment of all fees for each full year of registration; and

(B) vehicles may be registered for 24 consecutive months in accordance with Transportation Code, ~~§502.044(a-1)[§548.102]~~ on payment of all fees for each year of registration.~~[, regardless of the number of months remaining on the inspection at the time of registration, provided:]~~

~~[(i) the vehicle receives a two-year inspection under Transportation Code, §548.102; and]~~

~~[(ii) the application for registration is made in the name of the purchaser under Transportation Code, §501.0234.]~~

(d) The department may cancel any license plate issued with a personalized license plate number if the department subsequently determines or discovers that the personalized license plate number did not comply with this section when the license plate was issued, or if due to changing language usage, meaning, or interpretation, the personalized license plate number no longer complies with this section. When reviewing a personalized license plate number, the department need not consider the applicant's subjective intent or declared meaning. The department will not issue any license plate containing a personalized license plate number that meets one or more of the following criteria:

(1) The license plate number conflicts with the department's current or proposed general issue license plate numbering system.

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(2) The director or the director's designee finds that the personalized license plate number may be considered objectionable. An objectionable license plate number may include words, phrases, or slang in any language; phonetic, numeric, or reverse spelling; acronyms; patterns viewed in mirror image; or code that only a small segment of the community may be able to readily decipher. An objectionable pattern may be viewed as:

(A) indecent (defined as including a direct reference or connotation to a sexual act, sexual body parts, excreta, or sexual bodily fluids or functions. Additionally, the license plate number "69" is prohibited unless used with the full year (1969) or in combination with a reference to a vehicle;

(B) vulgar, directly or indirectly (defined as profane, swear, or curse words);

(C) derogatory, directly or indirectly (defined as an expression that is demeaning to, belittles, or disparages any person, group, race, ethnicity, nationality, gender, or sexual orientation. "Derogatory" may also include a reference to an organization that advocates the expressions described in this subparagraph);

(D) a direct or indirect negative instruction or command directed at another individual related to the operation of a motor vehicle;

(E) a direct or indirect reference to gangs, illegal activities, implied threats of harm, or expressions that describe, advertise, advocate, promote, encourage, glorify, or condone violence, crime, or unlawful conduct;

(F) a direct or indirect reference to controlled substances or the physiological state produced by such substances, intoxicated states, or a direct or indirect reference that may express, describe, advertise, advocate, promote, encourage, or glorify such substances or states;

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(G) a direct representation of law enforcement or other governmental entities, including any reference to a public office or position exclusive to government; or

(H) a pattern that could be misread by law enforcement.

(3) The license plate number is currently on a license plate issued to another owner.

(e) Notwithstanding the provisions of this section, the department may issue license plates with personalized license plate numbers that refer to:

(1) military branches, military rank, military units, military equipment, or status; or

(2) institutions of higher education, including military academies, whether funded privately, by the state, or by the federal government.

(f) A decision to cancel or not to issue a license plate with a personalized license plate number under subsection (d) of this section may be appealed to the executive director of the department or the executive director's designee within 20 days of notification of the cancellation or non-issuance. All appeals must be in writing, and the requesting party may include any written arguments, but shall not be entitled to a contested case hearing. The executive director or the executive director's designee will issue a decision no later than 30 days after the department receives the appeal, unless additional information is sought from the requestor, in which case the time for decision is tolled until the additional information is provided. The decision of the executive director or the executive director's designee is final and may not be appealed to the board. An appeal to the executive director or the executive director's designee is denied by operation of law 31 days from the receipt of the appeal, or if the requestor does not provide additional requested information within ten days of the request.

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

(h) A person whose initial application has been denied will receive a refund if the denial is not appealed in accordance with subsection (f) of this section. If an existing license plate with a personalized license plate number has been canceled, the person may choose a new personalized license plate number that will be valid for the remainder of the term, or the remaining term of the canceled license plate will be forfeited.

§217.52. Marketing of Specialty License Plates through a Private Vendor.

(a) Purpose and scope. The department will enter into a contract with a private vendor to market department-approved specialty license plates in accordance with Transportation Code, Chapter 504, Subchapter J. This section sets out the procedure for approval of the design, purchase, and replacement of vendor specialty license plates. In this section, the license plates marketed by the vendor are referred to as vendor specialty license plates.

(b) Application for approval of vendor specialty license plate designs.

(1) Approval required. The vendor shall obtain the approval of the board for each license plate design the vendor proposes to market in accordance with this section and the contract entered into between the vendor and the department.

(2) Application. The vendor must submit a written application on a form approved by the executive director to the department for approval of each license plate design the vendor proposes to market. The application must include:

(A) a draft design of the specialty license plate;

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(B) projected sales of the license plate, including an explanation of how the projected figure was determined;

(C) a marketing plan for the license plate including a description of the target market;

(D) a licensing agreement from the appropriate third party for any design or design element that is intellectual property; and

(E) other information necessary for the board to reach a decision regarding approval of the requested vendor specialty license plate.

(c) Review and approval process. The board will review vendor specialty license plate applications. The board:

(1) will not consider incomplete applications; and

(2) may request additional information from the vendor to reach a decision.

(d) Board decision.

(1) Decision. The decision of the board will be based on:

(A) compliance with Transportation Code, Chapter 504, Subchapter J;

(B) the proposed license plate design, including:

(i) whether the design meets the legibility and reflectivity standards established by the department;

(ii) whether the design meets the standards established by the department for uniqueness to ensure that the proposed license plate complies with Transportation Code, §504.852(c);

(iii) whether the license plate design can accommodate the International Symbol of Access (ISA) as required by Transportation Code, §504.201(f);

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(iv) the criteria designated in §217.27 of this title (relating to Vehicle Registration Insignia) as applied to the design;

(v) whether a design is similar enough to an existing license plate design that it may compete with the existing license plate sales; and

(vi) other information provided during the application process.

(2) Public comment on proposed design. All proposed license plate designs will be considered by the board as an agenda item at a regularly or specially called open meeting. Notice of consideration of proposed license plate designs will be posted in accordance with Office of the Secretary of State meeting notice requirements. Notice of each license plate design will be posted on the department's Internet web site to receive public comment at least 25 days in advance of the meeting at which it will be considered. The department will notify all specialty license plate organizations and the sponsoring agencies who administer specialty license plates issued in accordance with Transportation Code, Chapter 504, Subchapter G, of the posting. A comment on the proposed design can be submitted in writing through the mechanism provided on the department's Internet web site for submission of comments. Written comments are welcome and must be received by the department at least 10 days in advance of the meeting. Public comment will be received at the board's meeting.

(e) Final approval and specialty license plate issuance.

(1) Approval. The board will approve or disapprove the specialty license plate application based on all of the information provided pursuant to this subchapter in an open meeting.

(2) Application not approved. If the application is not approved, the applicant may submit a new application and supporting documentation for the design to be considered again by the board if:

(A) the applicant has additional, required documentation; or

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1 (B) the design has been altered to an acceptable degree.

2 (3) Issuance of approved specialty license plates.

3 (A) If the vendor's specialty license plate is approved, the vendor must
4 submit the non-refundable start-up fee before any further design and processing of the specialty license
5 plate.

6 (B) Approval of the specialty license plate does not guarantee that the
7 submitted draft specialty license plate design will be used. The board has final approval of all specialty
8 license plate designs and will provide guidance on the submitted draft design to ensure compliance with
9 the format and specialty license plate specifications.

10 (f) Redesign of vendor specialty license plates.

11 (1) On receipt of a written request from the vendor, the department will allow a
12 redesign of a vendor specialty license plate.

13 (2) The vendor must pay the redesign administrative costs as provided in the
14 contract between the vendor and the department.

15 (g) Multi-year vendor specialty license plates. Purchasers will have the option of
16 purchasing vendor specialty license plates for a one-year, a three-year, or a five-year period.

17 (h) License plate categories and associated fees. The categories and the associated fees
18 for vendor specialty license plates are set out in this subsection.

19 (1) Custom license plates. Custom license plates include license plates with a
20 variety of pre-approved background and character color combinations that may be personalized with
21 either three alpha and two or three numeric characters or two or three numeric and three alpha
22 characters. Generic license plates on standard white sheeting with the word "Texas" that may be
23 personalized with up to six alphanumeric characters are considered custom license plates before

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December 2, 2010. The fees for issuance of Custom and Generic license plates are \$150 for one year, \$400 for three years, and \$450 for five years.

(2) T-Plates (Premium) license plates. T-Plates (Premium) license plates may be personalized with up to seven alphanumeric characters, including the "T," on colored backgrounds or designs approved by the department. The fees for issuance of T-Plates (Premium) license plates are \$150 for one year, \$400 for three years, and \$450 for five years.

(3) Luxury license plates. Luxury license plates may be personalized with up to six alphanumeric characters on colored backgrounds or designs approved by the department. The fees for issuance of luxury license plates are \$150 for one year, \$400 for three years, and \$450 for five years.

(4) Freedom license plates. Freedom license plates include license plates with a variety of pre-approved background and character color combinations that may be personalized with up to seven alphanumeric characters. The fees for issuance of freedom license plates are \$195 for one year, \$445 for three years, and \$495 for five years.

(5) Background-only license plates. Background-only license plates include non-personalized license plates with a variety of pre-approved background and character color combinations and may be embossed or non-embossed.

(A) The fees for issuance of non-embossed, background-only license plates are \$50 for one year, \$130 for three years, and \$175 for five years.

(B) Except as stated in subsection (h)(9)(C), the fees for embossed, background-only license plates are \$125 for one year, \$205 for three years, and \$250 for five years.

(6) Vendor souvenir license plates. Vendor souvenir license plates are replicas of vendor specialty license plate designs that may be personalized with up to 24 alphanumeric characters.

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1 Vendor souvenir license plates are not street legal or legitimate insignias of vehicle registration. The fee
2 for issuance of souvenir license plates is \$40.

3 (7) Auction. The vendor may auction department-approved license plate
4 numbers for one, three, or five year terms with options to renew indefinitely at the current
5 price established for a one, three, or five year luxury category license plate. The purchaser of
6 the auction license plate number may select from the vendor background designs, including any
7 embossed license plate designs, at no additional charge at the time of initial issuance. The
8 auction license plate number may be moved from one vendor design plate to another vendor
9 design license plate as provided in subsection (n)(1) of this section. The auction license plate
10 number may be transferred from owner to owner as provided in subsection (l)(2) of this
11 section.

12 (8) Embossed, personalized specialty license plates. The vendor may sell
13 embossed, personalized specialty license plates with a variety of pre-approved background and
14 character color combinations that may be personalized with up to seven alphanumeric characters.
15 Except as stated in subsection (h)(7) of this section, the fees for issuance of embossed, personalized
16 specialty license plates are \$270 for one year, \$520 for three years, and \$570 for five years. Except as
17 stated in subsection (h)(9)(C) of this section, the fees under subsection (h)(9) of this section do not apply
18 to an embossed, personalized specialty license plate.

19 (9) Personalization and specialty license plate fees.

20 (A) The fee for the personalization of license plates applied for prior to
21 November 19, 2009 is \$40 if the license plates are renewed annually.

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(B) The personalization fee for license plates applied for after November 19, 2009 is \$40 if the license plates are issued pursuant to Transportation Code, Chapter 504, Subchapters G and I.

(C) If the license plates are renewed annually, the personalization and specialty license plate fees remain the same fee as at the time of issuance if a sponsor of a specialty license plate authorized under Transportation Code, Chapter 504, Subchapters G and I signs a contract with the vendor in accordance with Transportation Code, Chapter 504, Subchapter J, even if the board approves the specialty license plate to be an embossed specialty license plate design.

(i) Payment of fees.

(1) Payment of specialty license plate fees. The fees for issuance of vendor specialty license plates will be paid directly to the state through vendor and state systems for the license plate category and period selected by the purchaser. A person who purchases a multi-year vendor specialty license plate must pay upon purchase the full fee which includes the renewal fees.

(2) Payment of statutory registration fees. To be valid for use on a motor vehicle, the license plate owner is required to pay, in addition to the vendor specialty license plate fees, any statutorily required registration fees in the amount as provided by Transportation Code, Chapter 502, and this subchapter.

(j) Refunds. Fees for vendor specialty license plate fees will not be refunded after an application is submitted to the vendor and the department has approved issuance of the license plate.

(k) Replacement.

(1) Application. An owner must apply directly to the county tax assessor-collector for the issuance of replacement vendor specialty license plates and must pay the fee described in paragraphs (2) or (3) of this subsection, whichever applies.

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(2) Lost or mutilated vendor specialty license plates. To replace vendor specialty license plates that are lost or mutilated, the owner must pay the statutory replacement fee provided in Transportation Code, §504.007.

(3) Optional replacements. An owner of a vendor specialty license plate may replace vendor specialty license plates by submitting a request to the county tax assessor-collector accompanied by the payment of a \$6 fee.

(4) Interim replacement tags. If the vendor specialty license plates are lost or mutilated to such an extent that they are unusable, replacement specialty license plates may be remanufactured. The county tax assessor-collector will issue interim replacement tags for use until the replacements are available. The owner's vendor specialty license plate number will be shown on the interim replacement tags.

(5) Stolen vendor specialty license plates. The county tax assessor-collector will not approve the issuance of replacement vendor specialty license plates with the same license plate number if the department's records indicate that the vehicle displaying that license plate number was reported stolen or the license plates themselves were reported stolen to law enforcement.

(I) Transfer of vendor specialty license plates.

(1) Transfer between vehicles. The owner of a vehicle with vendor specialty license plates may transfer the specialty license plates between vehicles by filing an application through the county tax assessor-collector if the vehicle to which the specialty license plates are transferred:

(A) is titled or leased in the owner's name; and

(B) meets the vehicle classification requirements for that specialty license plate.

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(2) Transfer between owners. Vendor specialty license plates may not be transferred between persons unless the specialty license plate number was initially purchased through auction as provided in subsection (h)(7) of this section. An auctioned license plate number may be transferred as a specialty license plate or as a virtual pattern to be manufactured on a new background as provided under the restyle option in subsection (n)(1) of this section. In addition to the fee paid at auction, the new owner of an auctioned license plate number or plate will pay the department a fee of \$25 to cover the cost of the transfer, and complete the department's prescribed application at the time of transfer.

(m) Gift license plates.

(1) A person may purchase license plates as a gift for another person if the purchaser submits a statement that provides:

(A) the purchaser's name and address;

(B) the name and address of the person who will receive the license plates; and

(C) the vehicle identification number of the vehicle on which the license plates will be displayed or a statement that the license plates will not be displayed on a vehicle.

(2) To be valid for use on a motor vehicle, the recipient of the license plates must file an application with the county tax assessor-collector and pay the statutorily required registration fees in the amount as provided by Transportation Code, Chapter 502, and this subchapter.

(n) Restyled vendor specialty license plates. A person who has purchased a multi-year vendor specialty license plate may request a restyled license plate at any time during the term of the plate.

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(1) For the purposes of this subsection, "restyled license plate" is a vendor specialty license plate that has a different style from the originally purchased vendor specialty license plate but:

(A) is within the same price category, except if the license plate number was purchased through auction and has the same alpha-numeric characters and expiration date as the previously issued multi-year license plates; or

(B) is restyling ~~[from a non-embossed specialty license plate style]~~ to an embossed specialty license plate style and has the same alpha-numeric characters and expiration date as the previously issued multi-year license plates.

(2) The fee for each restyled license plate is:

(A) \$50 for restyling under subsection (n)(1)(A) of this section; or

(B) \$75 for restyling under subsection (n)(1)(B) of this section.

§217.53. Disposition of License Plates and Registration Insignia upon Sale or Transfer of Motor Vehicle.

(a) Upon the sale or transfer of a motor vehicle to a dealer, the dealer shall remove the license plates and remove and dispose of the registration insignia from the motor vehicle. The dealer shall transfer or dispose of the removed ~~[and retain the assigned]~~ general issue license plates ~~[for disposition at the time of a subsequent purchase]~~ in accordance with §215.151(d) of this title (relating to License Plate General Use Requirements) ~~], and the dealer shall remove and dispose of the registration insignia as provided in Transportation Code, §502.491].~~

(b) Upon the sale or transfer of a motor vehicle in which neither party is a dealer, the ~~[general issue]~~ license plates shall be removed from ~~[remain with]~~ the motor vehicle by the seller or transferor

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~~[as provided in Transportation Code, §504.901].~~ The removed license plates may be transferred to another motor vehicle if the following requirements are met:

(1) the motor vehicle is titled in the seller's or transferor's name;

(2) the motor vehicle is of the same vehicle classification as the motor vehicle from which the license plates were removed; and

(3) the county tax assessor-collector with which the application is filed accepts a request to transfer the license plates by as provided by Transportation Code, §501.023 or §502.040, whichever applies.

(c) License plates that are not transferred to another motor vehicle as described in subsection (b) of this section within 10 days after the date the license plate is removed from the motor vehicle [A license plate other than a general issue license plate shall be removed by the owner of a motor vehicle that is sold or transferred. Removed license plates may be transferred if eligible; otherwise,] must be rendered unusable by permanently marking the front of the plate with the word "VOID" or a large "X" and:

(1) destroying the license plate;

(2) recycling the license plate using a metal recycler registered under Occupations Code Chapter 1956; or

(3) returning the license plate to the department or county tax assessor-collector.

~~[disposed of in a manner that renders the license plates unusable or that ensures the license plates will not be available for fraudulent use on a motor vehicle].~~

(d) A person who obtains a motor vehicle in a transaction described by subsection (b) of this section may obtain one vehicle transit permit (temporary single-trip permit), as provided by Transportation Code, §502.492, through the department's website at www.txdmv.gov.~~[If the purchaser~~

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~~at a retail sale chooses to obtain replacement general issue license plates, the replaced license plates must be disposed of in a manner that renders the license plates unusable or that ensures the license plates will not be available for fraudulent use on a motor vehicle.]~~

SUBCHAPTER I. PROCESSING AND HANDLING FEES**43 TAC§ 217.185**

The department proposes amendments to §217.185 under Transportation Code, §502.0021, which gives the department the authority to adopt rules to administer Transportation Code , Chapter 502; Transportation Code §502.1911, which authorizes the board to adopt rules to set registration processing and handling fees, and Transportation Code §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement the powers and the duties of the department.

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

TEXT.

§217.185. Allocation of Processing and Handling Fees.

(a) For registration transactions, except as provided in subsection (b) of this section, the fee amounts established in §217.183 of this title (relating to Fee Amount) shall be allocated as follows:

(1) If the registration transaction was processed in person at the office of the county tax assessor-collector or mailed to an office of the county tax assessor-collector:

(A) the county tax assessor-collector may retain \$2.30; and

(B) the remaining amount shall be remitted to the department.

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(2) If the registration transaction was processed through the department or the TxFLEET system or is a registration processed under Transportation Code, §§502.0023, 502.091, or 502.255; or §217.46(b)(5) of this title (relating to Commercial Vehicle Registration):

(A) \$2.30 will be remitted to the county tax assessor-collector; and

(B) the remaining amount shall be retained by the department.

(3) If the registration transaction was processed through Texas by Texas (TxT) or the department's Internet Vehicle Title and Registration Service (IVTRS), ~~[the fee established in §217.183 of this title is discounted by \$1]:~~

(A) Texas Online receives the amount set pursuant to Government Code, §2054.2591, Fees;

(B) the county tax assessor-collector may retain \$.25; and

(C) the remaining amount shall be remitted to the department.

(4) If the registration transaction was processed by a limited service deputy or full service deputy appointed by the county tax assessor-collector in accordance with Subchapter H of this chapter (relating to Deputies):

(A) the deputy may retain:

(i) the amount specified in §217.168(c) of this title (relating to Deputy Fee Amounts). The deputy must remit the remainder of the processing and handling fee to the county tax assessor-collector; and

(ii) the convenience fee established in §217.168, if the registration transaction is processed by a full service deputy;

(B) the county tax assessor-collector may retain \$1.30; and

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(C) the county tax assessor-collector must remit the remaining amount to the department.

(5) If the registration transaction was processed by a dealer deputy appointed by the county tax assessor-collector in accordance with Subchapter H of this chapter (relating to Deputies):

(A) the deputy must remit the processing and handling fee to the county tax assessor-collector;

(B) the county tax assessor-collector may retain \$2.30; and

(C) the county tax assessor-collector must remit the remaining amount to the department.

(b) For transactions under Transportation Code, §§502.093 – 502.095, the entity receiving the application and processing the transaction collects the \$4.75 processing and handling fee established in §217.183:

(1) the entity may retain \$4.25;

(2) the entity must remit the remaining amount to the department; and

(3) a full service deputy processing a special registration permit or special registration license plate transaction may not charge a convenience fee for that transaction.



To: Texas Department of Motor Vehicles Board
From: Jimmy Archer, Motor Carrier Division Director
Agenda Item: 12
Subject: New Chapter 220, Automated Motor Vehicles
New: Subchapters A, B, and C
(Relating to Implementation of SB 2807, 89th Legislative Session)

RECOMMENDATION

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

PURPOSE AND EXECUTIVE SUMMARY

The proposed new Chapter 220 would implement Senate Bill (SB) 2807, 89th Legislature, Regular Session (2025).

FINANCIAL IMPACT

No significant fiscal impact.

BACKGROUND AND DISCUSSION

The proposed rules are necessary to implement SB 2807, regarding an authorization for a person to operate one or more automated motor vehicles to transport property or passengers in furtherance of a commercial enterprise on highways and streets in Texas without a human driver.

The proposed rules would prescribe the form and manner for a person to apply for authorization to operate one or more automated motor vehicles, and the requirements to update certain documents that the applicant must provide to the department, under Transportation Code, §545.456.

SB 2807 becomes effective on September 1, 2025. A portion of SB 2807 amends Subchapter J (Operation of Automated Motor Vehicles) of Chapter 545 of the Transportation Code. SB 2807 requires the board and the Public Safety Commission to adopt rules to implement certain provisions in SB 2807 regarding automated motor vehicles by December 1, 2025. However, a person is not required to comply with Subchapter J of Chapter 545 of the Transportation Code, as amended by SB 2807, until the 90th day after the effective date of rules adopted by the board and the Public Safety Commission. The department anticipates that the computer programming to implement SB 2807 will be completed in April of 2026. At a future board meeting, the department will request the board to adopt the proposed rules, and will recommend the effective date for the rules based on the programming that has been completed at that time.

Staff anticipates publication in the July 25, 2025, issue of the *Texas Register*.

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Chapter 220 – Automated Motor Vehicles

PROPOSAL OF NEW CHAPTER**CHAPTER 220. AUTOMATED MOTOR VEHICLES****SUBCHAPTER A. GENERAL PROVISIONS****43 TAC §220.1 AND §220.3****SUBCHAPTER B. AUTHORIZATION TO OPERATE AN AUTOMATED MOTOR VEHICLE****43 TAC §§220.20, 220.23, 220.26, 220.28, AND 220.30****SUBCHAPTER C. ADMINISTRATIVE SANCTIONS****43 TAC §220.50**

INTRODUCTION. The Texas Department of Motor Vehicles (department) proposes new 43 Texas Administrative Code (TAC) Chapter 220, Automated Motor Vehicles; Subchapter A, General Provisions, §220.1 and §220.3; Subchapter B, Authorization to Operate an Automated Motor Vehicle, §§220.20, 220.23, 220.26, 220.28, and 220.30; and Subchapter C, Administrative Sanctions, §220.50, concerning automated motor vehicles.

The proposed new Chapter 220 is necessary to implement Senate Bill 2807, 89th Legislature, Regular Session (2025), which requires a person to hold an automated motor vehicle authorization to operate one or more automated motor vehicles to transport property or passengers in furtherance of a commercial enterprise on highways and streets in Texas without a human driver.

EXPLANATION.**Subchapter A. General Provisions**

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Proposed new §220.1 would provide the purpose and scope of proposed new Chapter 220.

Proposed new §220.3 would specify that the definitions for proposed new Chapter 220 are the definitions contained in Transportation Code, Chapter 545, Subchapter J.

Subchapter B. Authorization to Operate an Automated Motor Vehicle

Proposed new §220.20 would provide the purpose and scope of proposed new Subchapter B regarding the form and manner of an application for authorization to operate one or more automated motor vehicles, as well as the requirements to update certain documents, under Transportation Code, §545.456.

Proposed new §220.23 would prescribe the form and manner by which a person may apply to the department for authorization to operate one or more automated motor vehicles, as required by Transportation Code, §545.456(a). The application requirements are similar to the application requirements in the department's rules for other programs, such as operating authority for a motor carrier under 43 TAC Chapter 218. However, the application requirements under §220.23 were customized to comply with Transportation Code, §545.456 and to obtain information that the department needs to comply with new Chapter 220 and Transportation Code, §545.456 and §545.459. The requirement for the applicant to provide the business entity type and Texas Secretary of State file number, as applicable, will assist the department in identifying the applicant and verifying certain application information as necessary.

The vehicle descriptive information specified in proposed new §220.23(b)(1)(B) is consistent with certain data fields that are included on Form 130-U, which is the department's Application for Texas Title and/or Registration. The information required under proposed new §220.23 may also help law enforcement determine whether an automated motor vehicle is operating under an authorization issued by the department under Transportation Code, §545.456, so the law enforcement officer can determine

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1 whether to issue a citation to the owner of the vehicle or the authorization holder under Transportation
2 Code, §545.454(b).

3 Proposed new §220.26 would prescribe the requirements and process regarding an authorized
4 holder's obligation to provide the department with updated documents under Transportation Code,
5 §545.456(e) and §545.456(f)(2). Proposed new §220.26(b)(3) would impose a five-day deadline for an
6 authorization holder to electronically submit an updated or current document when the department
7 requests the authorization holder for an updated or current document under Transportation Code,
8 §545.456(f)(2). The five-day deadline under §545.456(f)(2) is different than the deadline under
9 §545.456(e) to address situations in which the department needs an updated or current document more
10 quickly than 30 days, such as when the operation of an automated motor vehicle endangers the public as
11 stated in Transportation Code, §545.459(a) and (b), or when a law enforcement officer needs updated or
12 current documents to determine whether an automated motor vehicle is operating under an
13 authorization issued by the department under Transportation Code, §545.456. However, proposed new
14 §220.26(b)(3) would also authorize the department to grant an extension on the five-day deadline in
15 response to a written request from the authorization holder.

16 Proposed new §220.26(b)(4) would require the authorization holder to submit any requests for
17 an extension prior to the department's deadline for the updated or current document. A request for an
18 extension after the deadline has passed is not a reasonable request. Proposed new §220.26(b)(4) would
19 also require an extension request to be sent to the designated address listed in the department's request
20 to the authorization holder for an updated or current document. This will allow the department flexibility
21 in determining how best to staff and monitor communications with authorization holders. Proposed new
22 §220.26(b)(5) would require the authorization holder's request for an extension to contain an explanation
23 on why five days is not reasonable, why the authorization holder needs more time (including the specific

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1 deadline the authorization holder is requesting), and whether the authorization holder's requested
2 deadline is likely to result in harm to the public health, safety, or welfare. Automated motor vehicles are
3 a new and evolving technology. The authorization holder is in the best position to know about the
4 automated motor vehicles that it operates and the automated motor vehicle industry in general. The
5 authorization holder is in the best position to articulate its reasons for an extension on the five-day
6 deadline.

7 Proposed new §220.28 would provide clarity to the automated motor vehicle industry regarding
8 the computation of time under proposed new Chapter 220, as well as under Transportation Code,
9 §545.456 and §545.459, by aligning the computation with Government Code, §311.014 and specifying
10 calendar days rather than business days.

11 Proposed new §220.30 would require a written statement and certification required by
12 Transportation Code, §545.456 to contain an authorized signature to ensure that the statement and
13 certification are accurate and enforceable. An electronic signature is legally acceptable under Business
14 and Commerce Code, §322.007.

15 Subchapter C. Administrative Sanctions

16 Proposed new §220.50 would state that the department's rules regarding administrative
17 sanctions for authorization holders are located in Chapter 224 of the department's rules. This proposed
18 new section is consistent with other department rules, which state where to find the department's rules
19 relating to adjudicative practice and procedure as a courtesy to the regulated industries and others.

20 **FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Glenna Bowman, Chief Financial Officer,
21 has determined that for each year of the first five years the new sections will be in effect, there will be no
22 significant fiscal impact to state or local governments as a result of the enforcement or administration of

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1 the proposal. Jimmy Archer, Director of the Motor Carrier Division (MCD), has determined that there will
2 be no significant impact on local employment or the local economy as a result of the proposal.

3 **PUBLIC BENEFIT AND COST NOTE.** Mr. Archer has also determined that, for each year of the first five
4 years the new sections are in effect, there are several anticipated public benefits and no costs of
5 compliance.

6 Anticipated Public Benefits. The public benefits anticipated as a result of the proposal include the
7 safety of the traveling public, and consistent requirements for the automated motor vehicle industry
8 operating in Texas. The application requirements for an authorization under proposed new §220.23, as
9 well as updates to the documents under proposed new §220.26, would provide information to the
10 department that the department needs to impose administrative sanctions against an authorization
11 holder under Chapter 224 of this title, including the suspension, revocation, or cancellation of the
12 authorization, if the department determines that the operation of the automated motor vehicle on a
13 highway or street in this state endangers the public. The information that an applicant must provide to
14 the department under proposed new §220.23, as well as updates to the documents under proposed new
15 §220.26, would provide information for law enforcement to determine whether to issue a citation to the
16 owner or the authorization holder for a violation of traffic or motor vehicle laws related to the vehicle
17 under Transportation Code, §545.454(b).

18 The proposed new rules in Chapter 220 would provide consistency for the automated motor
19 vehicle industry operating in Texas because the language in proposed new §220.23 would prescribe
20 certain information that an applicant for authorization under Transportation Code, §545.456 must provide
21 to the department, as well as the form by which a person may apply for such authorization, and the form
22 by which an authorization holder shall update a document described by Transportation Code,
23 §545.456(b)(1), (2), or (3).

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1 Anticipated Costs To Comply With The Proposal. Mr. Archer anticipates that there will be no costs
2 to comply with these proposed rules. The proposed rules do not impose a fee on an applicant for
3 authorization under Transportation Code, §545.456. Also, most of the application requirements are
4 specified by Transportation Code, §545.456.

5 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by Government
6 Code, §2006.002, the department has determined that the proposed new sections will not have an
7 adverse economic effect on small businesses, micro-businesses, and rural communities because the rules
8 do not create costs beyond those required by statute. In addition, the requirements under proposed new
9 Chapter 220 are created to ensure the safety of the traveling public in this state, which falls under the
10 exception in Government Code, §2006.002(c-1). Therefore, the department is not required to prepare a
11 regulatory flexibility analysis under Government Code, §2006.002.

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

16 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the
17 first five years the proposed new sections are in effect, a new government program would be created.
18 Implementation of the proposed new sections would not require the creation of new employee positions
19 or elimination of existing employee positions. Implementation would not require an increase or decrease
20 in future legislative appropriations to the department or an increase or decrease of fees paid to the
21 department. The proposed new sections create new regulations, and do not expand, limit or repeal
22 existing regulations. Lastly, the proposed new sections do not affect the number of individuals subject to
23 the rule's applicability and will not affect this state's economy.

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1 REQUEST FOR PUBLIC COMMENT.

2 If you want to comment on the proposal, submit your written comments by 5:00 p.m. CDT on August 25,
3 2025. A request for a public hearing must be sent separately from your written comments. Send written
4 comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office of General Counsel, Texas
5 Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the
6 department will consider written comments and public testimony presented at the hearing.

CHAPTER 220. AUTOMATED MOTOR VEHICLES**SUBCHAPTER A. GENERAL PROVISIONS**

STATUTORY AUTHORITY. The department proposes new sections under Transportation Code, §545.456, which requires the board by rule to prescribe the form and manner by which a person may apply to the department for authorization to operate automated motor vehicles to transport property or passengers in furtherance of a commercial enterprise on highways and streets in this state without a human driver; Transportation Code, §545.453, which authorizes the board to adopt rules that are necessary to administer Subchapter J of Chapter 545 of the Transportation Code; Government Code, §2001.004, which requires state agencies to adopt rules of practice stating the nature and requirements of all available formal and informal procedures; Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement the powers and duties of the department; and the statutory authority referenced throughout this preamble and in the rule text, which is incorporated herein by reference.

CROSS REFERENCE TO STATUTE. The proposed new sections would implement Transportation Code, Chapter 545, Subchapter J, and §1002.001; and Government Code, Chapter 2001.

Text.

CHAPTER 220. AUTOMATED MOTOR VEHICLES**SUBCHAPTER A. GENERAL PROVISIONS**

§220.1. Purpose and Scope.

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This chapter prescribes the form and manner by which a person may apply to the department for authorization to operate one or more automated motor vehicles to transport property or passengers in furtherance of a commercial enterprise on highways and streets in this state without a human driver, as well as the requirements for an authorization holder to provide the department with certain updated documents, under Transportation Code, §545.456. This chapter also references the department’s authority to impose administrative sanctions against an authorization holder under Transportation Code, §545.456 and §545.459.

§220.3. Definitions.

The definitions contained in Transportation Code, Chapter 545, Subchapter J govern this chapter. In the event of a conflict, the definitions referenced in Transportation Code, Chapter 545, Subchapter J control.

SUBCHAPTER B. AUTHORIZATION TO OPERATE AN AUTOMATED MOTOR VEHICLE

STATUTORY AUTHORITY. The department proposes new sections under Transportation Code, §545.456, which requires the board by rule to prescribe the form and manner by which a person may apply to the department for authorization to operate automated motor vehicles to transport property or passengers in furtherance of a commercial enterprise on highways and streets in this state without a human driver; Transportation Code, §545.453, which authorizes the board to adopt rules that are necessary to administer Subchapter J of Chapter 545 of the Transportation Code; Government Code, §2001.004, which requires state agencies to adopt rules of practice stating the nature and requirements of all available formal and informal procedures; Transportation Code, §1002.001, which authorizes the board to adopt rules that are

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necessary and appropriate to implement the powers and duties of the department; and the statutory authority referenced throughout this preamble and in the rule text, which is incorporated herein by reference.

CROSS REFERENCE TO STATUTE. The proposed new sections would implement Transportation Code, Chapter 545, Subchapter J, and §1002.001; and Government Code, Chapter 2001.

Text.

§220.20. Purpose and Scope.

This subchapter prescribes the form and manner by which an applicant may apply for authorization to operate one or more automated motor vehicles, and the requirements to update certain documents provided to the department, under Transportation Code, §545.456.

§220.23. Application Requirements.

(a) An application for authorization to operate one or more automated motor vehicles under Transportation Code, §545.456 must be:

(1) submitted electronically in the department's designated system; and

(2) completed by the applicant or an authorized representative of the applicant.

(b) An application for authorization to operate one or more automated motor vehicles under Transportation Code, §545.456 must contain the following:

(1) a written statement by the person that includes the following information:

(A) the applicant's name, business entity type (such as sole proprietor, corporation, or limited liability company), telephone number, email address, mailing address, and Texas Secretary of State file number, as applicable; and

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1 (B) the following information for each automated motor vehicle the applicant
2 intends to operate under its authorization:

3 (i) the vehicle identification number;

4 (ii) year;

5 (iii) make; and

6 (iv) model; and

7 (2) the written statement and certification required by Transportation Code,
8 §545.456(b)(2) and (3).

9 (c) An authorized representative of the applicant who submits an application with the department
10 on behalf of an applicant may be required to provide written proof to the department of authority to act on
11 behalf of the applicant.

12
13 §220.26. Updates under Transportation Code, §545.456(e) and §545.456(f)(2).

14 (a) Under Transportation Code, §545.456(e), an authorization holder shall provide the
15 department with an update to a document described by §220.23(b)(1) or (2) of this title (relating to
16 Application Requirements) not later than the 30th day after the date material information changes.
17 The authorization holder shall electronically submit the update in the form and manner, and subject to
18 the requirements specified in §220.23 of this title.

19 (b) Under Transportation Code, §545.456(f)(2), the department may request the authorization
20 holder to provide the department with an updated or current document described by §220.23(b)(1) or
21 (2) of this title. Such requests are subject to the following requirements:

22 (1) The department shall make such request by email, using the authorization holder's
23 email address on file in the department's electronic system referenced in §220.23 of this title;

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1 (2) The authorization holder shall electronically submit the updated or current
2 document in the form and manner, and subject to the requirements specified in §220.23 of this title;
3 and

4 (3) The deadline for the authorization holder to electronically submit the updated or
5 current document is five days from the date of the department's request, unless the department
6 grants an extension on the five-day deadline in response to a written request from the authorization
7 holder for an extension that the department determines is reasonable and unlikely to result in harm to
8 the public health, safety, or welfare.

9 (4) Any request for an extension must be submitted:
10 (i) prior to the department's deadline for the updated or current document;
11 and

12 (ii) to the designated address listed in the department's request to the
13 authorization holder for an updated or current document.

14 (5) Any request for an extension must contain an explanation regarding the following:
15 (i) why five days is not reasonable;
16 (ii) why the authorization holder needs more time and the specific deadline
17 the authorization holder is requesting; and

18 (iii) whether the authorization holder's requested deadline is likely to result in
19 harm to the public health, safety, or welfare.

20
21 §220.28. Computation of Time.

22 (a) Any time period prescribed or allowed by this chapter or Transportation Code, §545.456 and
23 §545.459 shall be computed in accordance with Government Code, §311.014.

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Chapter 220 – Automated Motor Vehicles

1 **(b) Time shall be computed using calendar days rather than business days, unless otherwise**
2 **specified in statute.**

3
4 **§220.30. Signature Requirement on Written Statement and Certification.**

5 **A written statement and certification required by Transportation Code, §545.456 must be signed by**
6 **the authorization holder or its authorized representative.**

7
8 **SUBCHAPTER C. ADMINISTRATIVE SANCTIONS**

9
10 **STATUTORY AUTHORITY.** The department proposes this new section under Transportation Code, §545.456,
11 which requires the department to prescribe the form and manner by which an authorization holder must
12 update a document described by Transportation Code, §545.456(b)(1) through (3); Transportation Code,
13 §545.453, which authorizes the board to adopt rules that are necessary to administer Subchapter J of
14 Chapter 545 of the Transportation Code; Government Code, §2001.004, which requires state agencies to
15 adopt rules of practice stating the nature and requirements of all available formal and informal procedures;
16 Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and
17 appropriate to implement the powers and duties of the department; and the statutory authority referenced
18 throughout this preamble and in the rule text, which is incorporated herein by reference.

19 **CROSS REFERENCE TO STATUTE.** The proposed new section would implement Transportation Code,
20 Chapter 545, Subchapter J, and §1002.001; and Government Code, Chapter 2001.

21
22 Text.

23 **§220.50. Administrative Sanctions.**

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Chapter 220 – Automated Motor Vehicles

- 1 The department may take action against the authorization holder in accordance with Chapter 224 of
- 2 this title (relating to Adjudicative Practice and Procedure) and Transportation Code, §545.456 and
- 3 §545.459.



To: Texas Department of Motor Vehicles Board
From: Corrie Thompson, Enforcement Division Director
Agenda Item: 13
Subject: Chapter 224, Adjudicative Practice and Procedure
Amendments: Subchapters A, D, E, and F
New: Subchapters H and I
(Relating to Implementation of SB 2807, 89th Legislative Session, and Cleanup)

RECOMMENDATION

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

PURPOSE AND EXECUTIVE SUMMARY

The proposed revisions would implement Senate Bill (SB) 2807, 89th Legislature, Regular Session (2025); provide procedures regarding a special public meeting at which the director of the department's Motor Carrier Division is authorized to review a contested case; and clean up the rule text, primarily to address the process and requirements when the director of the department's Motor Carrier Division is the final order authority for certain contested cases.

FINANCIAL IMPACT

No significant financial impact.

BACKGROUND AND DISCUSSION

SB 2807 amends Subchapter J of Chapter 545 of the Transportation Code regarding the operation of automated motor vehicles. The SB 2807 amendments include a requirement for a person to receive and maintain authorization from the department to operate an automated motor vehicle to transport property or passengers in furtherance of a commercial enterprise on a highway or street in Texas without a human driver.

The proposed rules are necessary to implement SB 2807, including the processes and requirements regarding administrative sanctions against an automated motor vehicle authorization holder. The proposed rules would include the following processes and requirements under the following sections in Subchapter J of Chapter 545 of the Transportation Code:

1. Transportation Code, Section 545.456(f) and (g) - the process and requirements for the following due to the authorization holder's failure to update a document that the authorization holder submitted to the department:
 - a. the suspension, revocation, or cancellation of the authorization; and
 - b. the rescission of the suspension, revocation, or cancellation.
2. Transportation Code, Section 545.459 - the process and requirements for the following when the department determines that an automated motor vehicle is not in safe operational condition and the operation of the vehicle on a highway or street in this state endangers the public:

- a. the suspension, revocation, or cancellation of the authorization, as well as the rescission of the suspension, revocation, or cancellation;
- b. the imposition of a restriction on the operation of the automated motor vehicle, as well as the removal of the restriction on the operation of the automated motor vehicle; and
- c. the steps the authorization holder may take if the department suspends, revokes, or cancels the authorization holder's authorization; or if the department imposes a restriction on the operation of the automated motor vehicle:
 - i. request the department to review the decision and issue a final determination; and
 - ii. request a hearing at the State Office of Administrative Hearings if the authorization holder is aggrieved by an action of the department regarding the final determination.

SB 2807 becomes effective on September 1, 2025. A portion of SB 2807 amends Subchapter J of Chapter 545 of the Transportation Code. SB 2807 requires the board and the Public Safety Commission to adopt rules to implement certain provisions in SB 2807 regarding automated motor vehicles by December 1, 2025. However, a person is not required to comply with Subchapter J of Chapter 545 of the Transportation Code, as amended by SB 2807, until the 90th day after the effective date of rules adopted by the board and the Public Safety Commission. The department anticipates that the computer programming to implement SB 2807 will be completed in April of 2026. At a future board meeting, the department will request the board to adopt the proposed rules, and will recommend the effective date for the rules based on the programming that has been completed at that time.

Proposed amendments also provide procedures regarding a special public meeting at which the director of the department's Motor Carrier Division is authorized to review a contested case. These procedures are based on the board's procedures at board meetings. Proposed amendments also clean up the rule text, primarily to address the process and requirements when the director of the department's Motor Carrier Division is the final order authority for certain contested cases.

Staff anticipates publication in the July 25, 2025, issue of the *Texas Register*.

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Chapter 224 – Adjudicative Practice and Procedure

PROPOSAL OF REVISIONS TO**SUBCHAPTER A. GENERAL PROVISIONS****43 TAC §§224.1, 224.5, 224.27, AND 224.29****SUBCHAPTER D. MOTOR CARRIER AND OVERSIZE OR OVERWEIGHT VEHICLE OR LOAD ENFORCEMENT****§224.110****SUBCHAPTER E. CONTESTED CASES REFERRED TO SOAH****43 TAC §§224.150, 224.152, 224.164, AND 224.166****SUBCHAPTER F. BOARD PROCEDURES IN CONTESTED CASES****43 TAC §§224.190, 224.194, 224.198, 224.200, AND 224.204****PROPOSAL OF NEW****SUBCHAPTER H. AUTOMATED MOTOR VEHICLE AUTHORIZATIONS****43 TAC §§224.230, 224.234, AND 224.237****SUBCHAPTER I. MOTOR CARRIER DIVISION DIRECTOR PROCEDURES IN CONTESTED CASES****43 TAC §§224.260, 224.263, 224.265, 224.268, 224.270, 224.272, 224.274, 224.276, AND 224.278**

INTRODUCTION. The Texas Department of Motor Vehicles (department) proposes amendments to 43 Texas Administrative Code (TAC) Chapter 224, Adjudicative Practice and Procedure; Subchapter A, General Provisions, §§224.1, 224.5, 224.27, and 224.29; proposes amendments to Subchapter D, Motor Carrier and Oversize or Overweight Vehicle or Load Enforcement, §224.110; proposes amendments to Subchapter E, Contested Cases Referred to SOAH, §§224.150, 224.152, 224.164, and 224.166; proposes amendments to Subchapter F, Board Procedures in Contested Cases, §§224.190, 224.194, 224.198, 224.200, and 224.204; proposes new Subchapter H, Automated Motor Vehicle Authorizations, §§224.230,

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Chapter 224 – Adjudicative Practice and Procedure

224.234, and 224.237; and proposes new Subchapter I, Motor Carrier Division Director Procedures in Contested Cases, §§224.260, 224.263, 224.265, 224.268, 224.270, 224.272, 224.274, 224.276, and 224.278, concerning adjudicative practice and procedure. The amendments and new sections are necessary to implement Senate Bill (SB) 2807, 89th Legislature, Regular Session (2025) regarding administrative sanctions against an automated motor vehicle authorization holder; to provide the requirements when the director of the department's Motor Carrier Division is the final order authority; to provide procedures regarding a special public meeting at which the director of the department's Motor Carrier Division is authorized to review a contested case; and to clean up the rule text.

SB 2807 amends Subchapter J of Chapter 545 of the Transportation Code regarding the operation of automated motor vehicles. The SB 2807 amendments include a requirement for a person to receive and maintain authorization from the department to operate an automated motor vehicle to transport property or passengers in furtherance of a commercial enterprise on a highway or street in Texas without a human driver.

EXPLANATION.**Subchapter A. General Provisions**

Proposed amendments to §224.1 would implement SB 2807 by expanding the scope of the subchapter to include the adjudication of a contested case arising under Transportation Code, §545.459(k) regarding the suspension, revocation, or cancellation of an authorization under Transportation Code, §545.456; the imposition of a restriction on the operation of the automated motor vehicle under Transportation Code, §545.459(k); and the rescission of a suspension, revocation, or cancellation of an authorization, or the removal of a restriction on the operation of the automated motor vehicle under

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Chapter 224 – Adjudicative Practice and Procedure

1 Transportation Code, §545.459(k). Proposed amendments to §224.1 would also modify punctuation and
2 language to address the added reference to Transportation Code, §545.459(k).

3 Proposed amendments to §224.5 would add references to the department’s final order authority
4 in subsections (a) and (b) to clean up the rule text to clarify that it applies to the department’s Motor
5 Carrier Division Director in contested cases arising under Transportation Code, Chapter 643. The term
6 “final order authority” is defined in §224.3 as the person with authority under statute or a board rule to
7 issue a final order. Although §224.5 currently refers to a board delegate in subsections (a) and (b), the
8 authority of the department’s Motor Carrier Division Director to issue final orders under Transportation
9 Code, Chapter 643 was provided by the department’s executive director under Transportation Code,
10 §643.001(2), rather than by delegation of the board. These proposed amendments would clarify that
11 Government Code, §2001.061, regarding the prohibition against ex parte communications concerning a
12 contested case, apply to a contested case under Transportation Code, Chapter 643 for which the
13 department’s Motor Carrier Division Director has final order authority.

14 Under proposed amendments to §224.27 and §224.29, and under proposed new §224.237(j), the
15 final order authority for contested cases under Transportation Code, §545.459(k) would be the
16 department’s Motor Carrier Division Director or the board, depending on whether the administrative law
17 judge from the State Office of Administrative Hearings (SOAH) issued a proposal for decision and whether
18 the proposal for decision is for a default proceeding under 1 TAC §155.501. If the SOAH administrative
19 law judge issued a proposal for decision that is not based on a default proceeding at SOAH, the board is
20 the final order authority for the contested case. If the proposal for decision is based on a default
21 proceeding at SOAH or if there is not a proposal for decision, the department’s Motor Carrier Division
22 Director is the final order authority for the contested case, including contested cases resolved under 1
23 TAC §155.503 (Dismissal) or Government Code, §2001.056 (Informal Disposition of Contested Cases).

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Chapter 224 – Adjudicative Practice and Procedure

1 A proposed amendment to §224.27(b) would implement SB 2807 by stating that the board has
2 final order authority under a contested case filed under Transportation Code, §545.459(k), except as
3 provided by §224.29. Proposed amendments to §224.27 would also modify language and punctuation due
4 to the proposed reference to Transportation Code, §545.459(k).

5 A proposed amendment to §224.29(c) would delete a reference to “any power relating to a
6 contested case” because §224.29 is specifically about final order authority. Other sections in Chapter 224
7 govern other authority regarding a contested case, such as §224.13, which sets out the authority for
8 certain department staff to issue a subpoena or commission to take a deposition in a contested case. A
9 proposed amendment to §224.29(c) would also delete a comma due to the proposed deletion of language
10 from this subsection. In addition, a proposed amendment to §224.29(c) would clarify that Transportation
11 Code, §643.001(2) is the other statutory authority under which final order authority may be delegated to
12 the director of the department’s Motor Carrier Division.

13 Proposed amendments to §224.29 would add new subsection (d) to delegate authority to the
14 department’s Motor Carrier Division Director to issue a final order under Transportation Code,
15 §545.459(k) in a contested case in which the administrative law judge at SOAH has not submitted a
16 proposal for decision to the department for consideration by the final order authority, and a contested
17 case in which the administrative law judge at SOAH submitted a proposal for decision regarding a default
18 proceeding to the department for consideration by the final order authority, as explained above. This
19 delegation is authorized by Transportation Code, §1003.005. In addition, proposed amendments to
20 §224.29 would re-letter current subsection (d) to subsection (e), and update references in that subsection
21 due to the proposed addition of new subsection (d).

22 Subchapter D. Motor Carrier and Oversize or Overweight Vehicle or Load Enforcement

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Chapter 224 – Adjudicative Practice and Procedure

1 A proposed amendment to §224.110 regarding the purpose and scope of Subchapter D would
2 replace the reference to Subchapter F with a reference to proposed new Subchapter I regarding the
3 procedures in contested cases in which the director of the department's Motor Carrier Division, rather
4 than the board, is the final order authority.

5 Subchapter E. Contested Cases Referred to SOAH

6 A proposed amendment to §224.150(a) would add a reference to proposed new §224.237,
7 relating to suspension, revocation, or cancellation of authorization under Transportation Code, §545.459
8 to operate one or more automated motor vehicles. The proposed amendments to §224.150(a) would
9 modify the scope of Subchapter E of Chapter 224 to include contested cases involving authorizations to
10 operate autonomous vehicles. This change is necessary to implement SB 2807 because Transportation
11 Code, §545.459(k) states that an authorization holder who is aggrieved by an action of the department
12 under Transportation Code, §545.459(h) may submit a written request for a hearing at SOAH. Also,
13 Transportation Code, §545.459(l) states that the contested case provisions of Government Code, Chapter
14 2001 apply to a proceeding under Transportation Code, §545.459(k).

15 A proposed amendment to §224.150(c) would add a reference to new Subchapter I of Chapter
16 224, regarding procedures in contested cases when the board is not the final order authority. The
17 language in current Subchapter F regarding board procedures in contested cases includes certain terms,
18 such as "board chair," as well as certain references, such as a reference to a board meeting under 43 TAC
19 §206.22, that do not apply to the final order authority of the department's Motor Carrier Division Director
20 under this chapter or Transportation Code, Chapter 643. Proposed new Subchapter I would include
21 modified language from current Subchapter F to address the procedures in contested cases when the
22 board is not the final order authority, so it is necessary to propose amendments to §224.150(c) to
23 reference proposed new Subchapter I of Chapter 224.

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1 A proposed amendment to §224.152(a) would implement SB 2807 by adding a reference to
2 Transportation Code, §545.459(k) regarding the department's requirement to refer contested cases to
3 SOAH when an authorization holder timely submits a written request for a hearing.

4 Proposed amendments to §224.164(d) would authorize a party to a contested case to raise an
5 issue regarding a final proposal for decision before the department's Motor Carrier Division Director
6 during oral presentation at a special public meeting, if any, under proposed new Subchapter I of Chapter
7 224. This would allow parties in contested cases that are decided by the department's Motor Carrier
8 Division Director the same right to raise issues with a final proposal for decision as parties in a case decided
9 by the board if a special public meeting is held.

10 Proposed amendments to §224.166(b) and (d) would refer to the department's Motor Carrier
11 Division Director under Chapter 224, and a proposed amendment to §224.166(d) would refer to proposed
12 new Subchapter I of Chapter 224 regarding the transfer of jurisdiction from SOAH to the person with final
13 order authority. These changes are necessary to create similar processes for contested cases decided by
14 a final order authority as already exist for cases decided by the board.

15 **Subchapter F. Board Procedures in Contested Cases**

16 A proposed amendment to §224.190 would clarify that Subchapter F does not apply to a
17 contested case in which a SOAH administrative law judge has submitted a final proposal for decision for
18 consideration by the department in a case in which the department's Motor Carrier Division Director is
19 the final order authority as provided in proposed new §224.260. Although the department's Motor Carrier
20 Division Director is a board delegate under Chapter 224 for certain contested cases, Subchapter I of this
21 title (relating to Motor Carrier Division Director Procedures in Contested Cases) governs the procedures
22 for certain contested cases in which the department's Motor Carrier Division Director is the final order
23 authority.

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1 A proposed amendment to §224.194 would remove subsection (b) because the executive
2 director, rather than the board, delegated final order authority to the department's Motor Carrier Division
3 Director for contested cases under Transportation Code, Chapter 643. Also, proposed new Subchapter I
4 would include language regarding a special public meeting during which the department's Motor Carrier
5 Division Director may review a contested case for which that director is the final order authority. A
6 proposed amendment to §224.194 would also remove the subsection letter for current subsection (a) due
7 to the proposed deletion of subsection (b).

8 Proposed amendments to §§224.198, 224.200, and 224.204 would implement SB 2807 by adding
9 a reference to the scope of the board's authority to act under Transportation Code, §545.459(k). Proposed
10 amendments to §§224.198, 224.200, and 224.204 would also modify language and punctuation due to
11 the proposed reference to Transportation Code, §545.459(k). In addition, a proposed amendment to
12 §224.200(a) would correct a grammatical error by changing the word "Chapter" to "Chapters."

13 Subchapter H. Automated Motor Vehicle Authorizations

14 Proposed amendments would implement SB 2807 by adding new Subchapter H regarding
15 automated motor vehicle authorization under Transportation Code, §545.456 and §545.459. Proposed
16 new §224.230 would provide the purpose and scope of proposed new Subchapter H for clarity.

17 Proposed new §224.234 would provide the procedures, authority, and requirements regarding
18 the suspension, revocation, or cancellation of an authorization under Transportation Code, §545.456(f),
19 as well as the rescission of a suspension, revocation, or cancellation under Transportation Code,
20 §545.456(g). A determination under Transportation Code, §545.456(f) is not a contested case under
21 Government Code, Chapter 2001, according to Transportation Code, §545.456(h), so proposed new
22 §224.234(a) would state that no other section in Chapter 224 applies to this section, other than §224.230
23 regarding the purpose and scope of Subchapter H. Proposed new §224.234(b) and (c) would require the

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1 department to notify the authorization holder of certain actions by email because the word “immediately”
2 in Transportation Code, §545.456(f) and the word “promptly” in Transportation Code, §545.456(g) require
3 these processes to be done quickly. Proposed new §224.234(b) and (c) would also state that the action or
4 the rescission, respectively, is effective when the notice is emailed by the department to avoid any delay
5 to the process that mail might cause. Proposed new §224.234(d) would require the department to also
6 mail the notification to the authorization holder by first-class mail to ensure that the authorization holder
7 received notice. Proposed new §224.234(e) grants the department’s Motor Carrier Division Director the
8 authority to decide suspensions, revocations and cancellations under Transportation Code, §545.456(f)
9 and the rescissions of those same decisions under Transportation Code, §545.456(g). Proposed new
10 §224.234(f) and (g) clarify requirements for computation of time, aligning them with the requirements of
11 Government Code, §311.014 and defining the unit of measurement as calendar days rather than business
12 days.

13 Proposed new §224.234(h) and §224.237(l) would clarify that a reference in rule or in a
14 department communication to an “authorization holder” whose authorization is currently suspended,
15 revoked, or cancelled does not rescind or invalidate the suspension, revocation, or cancellation of the
16 authorization. Transportation Code, §545.456(d) states that an authorization does not expire, and it
17 remains active unless suspended, revoked, or canceled by the department. Also, Transportation Code,
18 §545.459(k) refers to an “authorization holder,” even though the authorization has been suspended,
19 revoked, or cancelled under subsection (h). In addition, the suspension, revocation, or cancellation of an
20 authorization may be rescinded under Transportation Code, §545.456(g) and §545.459(j).

21 Proposed new §224.237 would implement SB 2807 by providing the procedures, authority, and
22 requirements regarding the suspension, revocation, or cancellation of an authorization under
23 Transportation Code, §545.459, as well as the imposition of one or more restrictions on the operation of

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1 the automated motor vehicle under Transportation Code, §545.459. Proposed new §224.237(a) would
2 state which subchapters in Chapter 224 apply to contested cases before SOAH and the board or the
3 department's Motor Carrier Division Director brought under Transportation Code, §545.459.

4 Proposed new §224.237(b) would specify that the notice of intent to sanction, required by
5 Transportation Code, §545.459(a) and (c) shall be sent by certified mail, return receipt requested so that
6 it can also serve as the notice to a licensee of an intended suspension, revocation, or cancellation required
7 by Government Code, §2001.054. Proposed new §224.237(b) would also require the department to send
8 the notice of intent by email to the authorization holder's email address on file in the department's
9 designated system, so the authorization holder receives notice as quickly as possible due to public safety
10 concerns as described in Transportation Code, §545.459(a) and (b).

11 Proposed new §224.237(c) would require the authorization holder to submit any request for an
12 extension on the department's deadline for corrective action and certification under Transportation Code,
13 §545.459(c)(2) and (e) to be submitted prior to the department's deadline listed in the department's
14 notice of intent. Proposed new §224.237(c) would also require the authorization holder's request for an
15 extension to include an explanation regarding why the department's deadline is not reasonable, why the
16 authorization holder needs more time (including the specific deadline the authorization holder is
17 requesting), and whether the authorization holder's requested deadline is likely to result in harm to the
18 public health, safety, or welfare. Automated motor vehicles are a new and evolving technology. The
19 authorization holder is in the best position to know about the automated motor vehicles that it operates
20 and the automated motor vehicle industry in general. The authorization holder is in the best position to
21 articulate its reasons for an extension on the department's deadline. A request for an extension after the
22 deadline has passed is not a reasonable request under Transportation Code, §545.459(e). The department
23 will only send a notice of intent if the department determines that an authorization holder's automated

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1 motor vehicle is not in safe operational condition and the operation of the vehicle on a highway or street
2 in Texas endangers the public. When determining whether an authorization holder's request for an
3 extension is reasonable, the department must consider the public health, safety, and welfare. Although
4 the department will consider the nature of the issues the authorization holder must correct, it is
5 incumbent on the authorization holder to timely request an extension.

6 Proposed new §224.237(d) would require the department to send notice to the authorization
7 holder of a decision that suspended, revoked, or cancelled the authorization or imposed a restriction on
8 the operation of the automated motor vehicle by both email and first-class mail, to ensure that the
9 authorization holder is as likely as possible to actually receive the notice. The date of the decision issuance
10 would be the date the department sends the email, to avoid any delay or uncertainty that might arise
11 from waiting for the arrival of the regular mail. Proposed new §224.237(e) would specify that the
12 department will designate the address for the authorization holder to submit requests under
13 Transportation Code, §545.459 to extend the compliance period, for review of the decision, for removal
14 or rescission of a sanction, or for a hearing. This will allow the department flexibility in determining how
15 best to staff and monitor communications with authorization holders.

16 Proposed new §224.237(f) would allow the department to request proof that a representative
17 has authority to represent the authorization holder, to prevent confusion, miscommunication, or fraud.
18 Proposed new §224.237(g) would require authorization holders to electronically file certifications under
19 Transportation Code, §545.459(d) by following the requirements of §224.11, relating to Filing and Service
20 of Documents, to ensure uniform evidence of when and what was filed, as well as service to all parties
21 involved.

22 Proposed new §224.237(h) would make the department's Motor Carrier Division Director the
23 decision authority for determinations under Transportation Code, §545.459(g). Proposed new §224.237(i)

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1 would also make the Motor Carrier Division Director the decision authority for final determinations under
2 Transportation Code, §545.459(h) following a timely request to review the decision, similar to the
3 exceptions process under Government Code, §2001.062 and SOAH rules. Proposed new §224.237(j)
4 would make the department's board the final order authority for contested cases under Transportation
5 Code, §545.459(k) when the SOAH administrative law judge issued a proposal for decision, but would
6 empower the Motor Carrier Division Director to make decisions regarding the rescission of a sanction or
7 the removal of a restriction under Transportation Code, §545.459(j) to allow for faster decision-making in
8 those situations without the need to call a public meeting of the board.

9 Proposed new §224.237(k) would set the process the department will follow to dismiss the case
10 and notify the authorization holder if the SOAH hearing is not held within 60 days of the Motor Carrier
11 Division Director's final determination under Transportation Code, §545.459(h). Notice would be sent by
12 email for expediency in that situation. Proposed new §224.237(m) would exempt certifications or
13 communications regarding a rescission or removal of a sanction under Transportation Code, §545.459(j)
14 from the filing requirements of §224.11(a) through (g), relating to Filing and Service of Documents, so that
15 the authorization holder could simply send the documents and request to the designated email address,
16 as prescribed by proposed new §224.237(e), to make the process as efficient and expedited as possible.

17 Subchapter I. Motor Carrier Division Director Procedures in Contested Cases

18 Proposed amendments would add new Subchapter I regarding contested cases for which the
19 department's director of the Motor Carrier Division is the final order authority, rather than the board.
20 Proposed new Subchapter I would include modified language from current Subchapter F, which addresses
21 board procedures in contested cases. Proposed new §224.260 would provide the purpose and scope of
22 proposed new Subchapter I.

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1 Proposed new §224.263 would provide an overview of the process for the contested case review
2 by the department's final order authority, including the final order authority's discretion to schedule a
3 special public meeting to review the contested case. Public meetings may be appropriate in matters of
4 great public interest that do not require expedited decisions, but they will be inappropriate when a
5 decision is routine or must be made quickly to protect public health or safety.

6 Proposed sections throughout proposed new Subchapter I regarding a special public meeting
7 would only apply if the department's final order authority schedules a special public meeting. Proposed
8 new §224.265 would provide the procedure and deadlines regarding a request for oral presentation, if
9 there is a special public meeting. Proposed new §224.265(a) would require the department to provide
10 notice by email to the parties 20 days before a special public meeting, to allow the parties time to prepare
11 any oral presentations and written materials for the special public meeting. Proposed new §224.265(b)
12 would require a party to notify the department and all other parties of its intent to make an oral
13 presentation at least seven days in advance of the meeting, to allow both the parties and the department
14 time to prepare accordingly. Proposed new §224.265(c) would allow parties that are not affected by the
15 proposal for decision to have flexibility to agree to the order of their presentations, but would set the
16 order of presentations in proposed new §224.272, relating to Order of Oral Presentations to the Final
17 Order Authority, as the default order if the parties do not file their agreed order of presentations at the
18 same time they file their intent to make oral presentation under proposed new §224.265(b). Proposed
19 new §224.265(d) would clarify that a party that fails to make a timely written request for oral presentation
20 under proposed new §224.265(b) will not be allowed to present at the special public meeting, to ensure
21 predictability in procedure during the meeting and an opportunity for all parties to prepare in advance of
22 the meeting. Proposed new §224.265(e) would specify that there would be no public comment at special
23 public meetings and that non-parties would not be allowed to give oral presentations. This would prevent

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extraneous information that is not in the SOAH record from influencing the final order authority in violation of Government Code, Chapter 2001, and would allow for more efficient meetings.

Proposed new §224.268 would provide the procedure and deadline for the provision of written materials for a special public meeting. Proposed new §224.268(a) would require a party that wants to provide written materials to the final order authority at a special public meeting to file them with the department at least 14 days prior to the meeting and provide copies to the other parties. This would allow both the parties and the department adequate time to prepare in advance of the special meeting. Proposed new §224.268(b) would specify that written materials can only contain information from the SOAH record, so as to avoid exposing the final order authority to information that is not in the SOAH record from influencing the final order authority in violation of Government Code, Chapter 2001. Similarly, proposed new §224.268(e) would specify that non-parties are not authorized to provide written materials, to prevent extraneous information that is outside the SOAH record from influencing the final order authority. Proposed new §224.268(c) would require the parties to provide citations to the SOAH record for all written materials, so that the parties and the department can verify that the written materials are all within the SOAH record. Proposed new §224.268(d) would set size, font, and page count limitations for the written materials, to require parties to streamline their documentary presentations so that the presentations during the special public meeting are both efficient and effective.

Proposed new §224.270 would provide the requirements for an oral presentation at a special public meeting. Proposed new §224.270(a) would limit oral presentations to information within the SOAH record and to the scope of the final order authority's powers under Government Code, §2001.058(e), so as to prevent the final order authority from violating Government Code, Chapter 2001 by relying on evidence that is not in the record or taking action that is not within the department's jurisdiction. Proposed new §224.270(b) would allow a party during oral presentation to recommend that the final

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1 order authority remand the case to SOAH, to the extent allowed under the SOAH rules in 1 TAC Chapter
2 155 and Government Code, Chapter 2001. Remand to SOAH can be necessary when the administrative
3 law judge failed to make findings regarding specific allegations. Proposed new §224.270(c) would require
4 the parties to object when another party goes outside the SOAH record, so that the final order authority
5 will be able to identify and disregard information that is outside the record. Proposed new §224.270(d)
6 would set a 15-minute time limit for each party's oral presentation, clarify that additional rebuttal
7 statements or a closing statement are not allowed, and clarify that time spent responding to questions or
8 making objections does not count against the 15 minutes. These guidelines would ensure that oral
9 presentations in special public meetings proceed efficiently but fairly.

10 Proposed new §224.272 would provide the order of presentation for an oral presentation at a
11 special public meeting. Proposed new §224.272(a) would require the department to provide a
12 presentation of the procedural history and summary of the contested case. Proposed new §224.272(b)
13 would require that the adversely affected party present first, but allows the final order authority to
14 determine the order of presentations if it is not clear which party is adversely affected or if it appears that
15 there is more than one adversely affected party. This would parallel the current order of presentation for
16 parties making an oral presentation at board meetings under §224.202, regarding Order of Oral
17 Presentations to the Board. Proposed new §224.272(c) would require the parties that are not adversely
18 affected to present in alphabetical order, assuming they had not previously agreed to an order under
19 proposed new §224.265.

20 Proposed new §224.274 would describe the final order authority's conduct and the limits on any
21 discussions when reviewing a contested case. Proposed new §224.274(a) would specify the legal
22 limitations of the final order authority's review. Proposed new §224.274(b) would allow the final order
23 authority to ask the parties questions, but only within the relevant legal limitations. Proposed new

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§224.274(c) would allow the final order authority to use personal expertise in the industry in deciding a contested case, but only within the relevant legal limitations. Proposed new §224.274 would provide clarity and ease of reference for parties and the final order authority alike regarding the laws that apply to and limit the final order authority's review of the proposal for decision.

Proposed new §224.276 would provide the requirements regarding a final order issued by the department's director of the Motor Carrier Division under proposed new Subchapter I. Proposed new §224.276(a) would require that the final decision from the final order authority be in writing and signed, in keeping with the requirements of Government Code, §2001.141(a). Proposed new §224.276(b) would require the department to email and send by certified mail the final order to the parties in the contested case, to maximize the opportunities for the parties to receive notice of the decision and allow the department to ascertain whether and on what date an impacted party received the decision for purposes of Government Code, §2001.142(c). Proposed new §224.276(c) and (d) would clarify that the Government Code governs the issuance of a final order by the final order authority, the parties' motions for rehearing, and when the decision becomes final.

Proposed new §224.278 would address public access to a special public meeting. Proposed new §224.278 would contain modified versions of portions of 43 TAC §206.22, regarding Public Access to Board Meetings, which only applies to board meetings. Proposed new §224.278(a) would require persons in need of special accommodations who plan to attend the special public meeting to send a request to the department two days in advance, to allow the department time to arrange the accommodation. Proposed new §224.278(b) would specify that members of the public may not question parties or the final order authority in a contested case, to maintain decorum in the meeting and to avoid exposing the final order authority to information that is outside the SOAH record. Proposed new §224.278(c) would require

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1 a person who disrupts a special public meeting to leave the premises, to maintain decorum and safety in
2 the meeting.

3 **FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Glenna Bowman, Chief Financial Officer,
4 has determined that for each year of the first five years the amendments and new sections will be in
5 effect, there will be no significant fiscal impact to state or local governments as a result of the enforcement
6 or administration of the proposal. Corrie Thompson, Director of the Enforcement Division (ENF), has
7 determined that there will be no significant impact on local employment or the local economy as a result
8 of the proposal.

9 **PUBLIC BENEFIT AND COST NOTE.** Ms. Thompson has also determined that, for each year of the first five
10 years that the amended and new sections are in effect, there is an anticipated public benefit because the
11 proposal provides clarity for the regulated industries that are governed by these provisions, and negligible
12 associated costs to comply.

13 Anticipated Public Benefits. The public benefit anticipated as a result of the proposal includes
14 clarity for the regulated industries regarding the procedures, requirements, and restrictions regarding the
15 matters governed by this proposal.

16 Anticipated Costs to Comply with the Proposal. Ms. Thompson anticipates that there will be no
17 significant costs to comply with this proposal. The department has drafted the rules so as to eliminate
18 cost by allowing authorization holders to use online document filing and email as service for requests
19 rather than mail.

20 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by Government
21 Code, §2006.002, the department has determined that the proposed new sections and amendments will
22 not have an adverse economic effect on small businesses, micro-businesses, and rural communities

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1 because the requirements are minimal. Therefore, the department is not required to prepare a regulatory
2 flexibility analysis under Government Code, §2006.002.

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

7 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the
8 first five years the proposed amendments and new sections are in effect, a government program would
9 be created to implement Senate Bill 2807. Implementation of the proposed amendments and new
10 sections would not require the creation of new employee positions or elimination of existing employee
11 positions. Implementation would not require an increase or decrease in future legislative appropriations
12 to the department or an increase or decrease of fees paid to the department. The proposed amendments
13 and new sections create new regulations to implement Senate Bill 2807, and expand an existing regulation
14 to provide the procedures in certain contested cases for which the director of the department's Motor
15 Carrier Division is the final order authority, rather than the board. The proposed rules would not limit or
16 repeal regulations. Lastly, the proposed amendments and new sections do not affect the number of
17 individuals subject to the rule's applicability and will not affect this state's economy.

18 **REQUEST FOR PUBLIC COMMENT.**

19 If you want to comment on the proposal, submit your written comments by 5:00 p.m. CDT on August 25,
20 2025. A request for a public hearing must be sent separately from your written comments. Send written
21 comments or hearing requests by email to rules@txdmv.gov or by mail to Office of General Counsel, Texas
22 Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the
23 department will consider written comments and public testimony presented at the hearing.

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SUBCHAPTER A. GENERAL PROVISIONS.

STATUTORY AUTHORITY. The department proposes amendments under Transportation Code, §545.453, which authorizes the board to adopt rules that are necessary to administer Subchapter J of Chapter 545 of the Transportation Code; Government Code, §2001.004, which requires state agencies to adopt rules of practice stating the nature and requirements of all available formal and informal procedures; Transportation Code, §643.003, which authorizes the department to adopt rules to administer Transportation Code, Chapter 643; Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement the powers and duties of the department; Transportation Code, §1003.005, which authorizes the board by rule to delegate any power relating to a contested case, including the power to issue a final order, to certain department staff; and the statutory authority referenced throughout this preamble and in the rule text, which is incorporated herein by reference.

CROSS REFERENCE TO STATUTE. The proposed amendments would implement Transportation Code, Chapter 545, Subchapter J; §1002.001, and §1003.005; and Government Code, Chapter 2001.

Text.

§224.1. Purpose and Scope.

This subchapter describes the procedures by which the department will adjudicate a contested case arising under Occupations Code, Chapters 2301 or 2302; ~~[-or]~~ Transportation Code, Chapters 502, 503, 621-623, 643, 645, or 1001-1005; or Transportation Code, §545.459(k), consistent

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1 with the requirements of Government Code, Chapter 2001. Unless expressly excluded or limited, this
2 subchapter applies to every contested case in which the department has jurisdiction.

3
4 §224.5. Prohibited Communication.

5 (a) No person, party, attorney of record, or authorized representative in any contested case
6 shall violate Government Code, §2001.061 by directly or indirectly engaging in ex parte
7 communication concerning a contested case with an ALJ, board member, board delegate, final order
8 authority, or a hearings examiner assigned to render a decision or make findings of fact and
9 conclusions of law in a contested case.

10 (b) Unless prohibited by Government Code, §2001.061, department staff who did not
11 participate in the hearing may advise a board member, a board delegate, a final order authority, or a
12 hearings examiner, regarding a contested case and any procedural matters.

13 (c) Department staff shall not recommend a final decision to the board unless the department
14 is a party to the contested case.

15 (d) A violation of this section shall be promptly reported to the board chair or chief hearings
16 examiner, as applicable, and the general counsel of the department.

17 (e) The general counsel shall ensure that a copy or summary of the ex parte communication is
18 included with the record of the contested case and that a copy is forwarded to all parties or their
19 authorized representatives.

20 (f) The general counsel may take any other appropriate action otherwise provided by law.
21

22 §224.27. Final Order; Motion for Rehearing.

23 (a) The provisions of Government Code, Chapter 2001, Subchapter F, govern the issuance of a

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1 final order issued under this subchapter and a motion for rehearing filed in response to a final order.

2 (b) Except as provided by subsection (c) of this section and §224.29 of this title (relating to
3 Delegation of Final Order Authority), the board has final order authority in a contested case filed
4 under Occupations Code, Chapters 2301 or 2302; ~~[-or under]~~ Transportation Code, Chapters 502, 503,
5 621-623, 643, 645, and 1001-1005; or Transportation Code, §545.459(k).

6 (c) The hearings examiner has final order authority in a contested case filed under
7 Occupations Code, §2301.204 or Occupations Code Chapter 2301, Subchapter M.

8 (d) A department determination and action denying access to the license plate system
9 becomes final within 26 days of the date of the notice denying access to a database, unless the dealer:

10 (1) requests a hearing regarding the denial of access, or

11 (2) enters into a settlement agreement with the department.

12 (e) Unless a timely motion for rehearing is filed with the appropriate final order authority as
13 provided by law, an order shall be deemed final and binding on all parties. All administrative remedies
14 are deemed to be exhausted as of the effective date of the final order.

15 (f) If a timely motion for rehearing is not filed, the final order shall be deemed final and
16 binding in accordance with the provisions of Government Code, §2001.144.

17 (g) If a final and binding order includes an action on a license, the department may act on the
18 license on the date the final order is deemed final and binding, unless the action is stayed by a court
19 order.

20
21 §224.29. Delegation of Final Order Authority.

22 (a) In accordance with Occupations Code, §2301.154(c) and Transportation Code,
23 §1003.005(b), except as provided by subsection (b) of this section, the director of the division that

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regulates the distribution and sale of motor vehicles is authorized to issue, where there has not been a decision on the merits, a final order in a contested case under Subchapters B and C, including, but not limited to a contested case resolved:

(1) by settlement;

(2) by agreed order;

(3) by withdrawal of the complaint;

(4) by withdrawal of a protest;

(5) by dismissal for want of prosecution including:

(A) failure of a complaining or protesting party to participate in scheduling mediation or to appear at mediation as required under Subchapter C of this chapter (relating to Contested Cases Between Motor Vehicle Industry License Holders or Applicants);

(B) failure of a complaining or protesting party to respond to department requests for information or scheduling matters;

(C) failure of a complaining or protesting party to dismiss a contested case that has been resolved by the parties;

(6) by dismissal for want of jurisdiction;

(7) by summary judgment or summary disposition;

(8) by default judgment; or

(9) when a party waives opportunity for a contested case hearing.

(b) In accordance with Occupations Code, §2301.704 and §2301.711, a hearings examiner is authorized to issue a final order in a contested case brought under Occupations Code, §2301.204 or §§2301.601-2301.613.

(c) In accordance with Transportation Code, §1003.005, the director of the department's

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Motor Carrier Division is delegated ~~[any power relating to a contested case, including]~~ the authority to issue a final order[;] in contested cases under Subchapter D of this chapter to the extent that delegation of such authority is not already provided under Transportation Code, §643.001(2). ~~[by statute.]~~

(d) In accordance with Transportation Code, §1003.005, the director of the department's Motor Carrier Division is authorized to issue a final order in a contested case under §224.237 of this title (relating to Suspension, Revocation, or Cancellation of Automated Motor Vehicle Authorization under Transportation Code, §545.459) when:

(1) a SOAH ALJ has not submitted a proposal for decision to the department for consideration by the final order authority; or

(2) a SOAH ALJ submits a proposal for decision regarding a default proceeding to the department for consideration by the final order authority.

(e) ~~[(d)]~~ In a contested case in which the board has delegated final order authority under subsection (a), (c) or (d) ~~[or (e)]~~ of this section, a motion for rehearing shall be filed with and decided by the final order authority delegate.

SUBCHAPTER D. MOTOR CARRIER AND OVERSIZE OR OVERWEIGHT VEHICLE OR LOAD**ENFORCEMENT**

STATUTORY AUTHORITY. The department proposes amendments under Government Code, §2001.004, which requires state agencies to adopt rules of practice stating the nature and requirements of all available formal and informal procedures; Transportation Code, §502.0021, which authorizes the department to adopt rules to administer Transportation Code, Chapter 502; Transportation Code,

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§502.091(b), which authorizes the department to adopt and enforce rules to carry out IRP; Transportation Code, §621.008, which authorizes the board to adopt rules that are necessary to implement and enforce Transportation Code, Chapter 621; Transportation Code, §622.002, which authorizes the board to adopt rules that are necessary to implement and enforce Transportation Code, Chapter 622; Transportation Code, §623.002, which authorizes the board to adopt rules that are necessary to implement and enforce Transportation Code, Chapter 623; Transportation Code, §643.003, which authorizes the department to adopt rules to administer Transportation Code, Chapter 643; Transportation Code, §643.2526, which authorizes an applicant to appeal the denial of an application for registration, renewal of registration, or reregistration under Transportation Code, Chapter 643, and which authorizes a motor carrier to appeal the revocation or suspension of a registration or placement on probation of the motor carrier as requested by the Texas Department of Public Safety under Transportation Code, §643.252(b); Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement the powers and duties of the department; Transportation Code, §1003.001, which states that the department is subject to Government Code, Chapter 2001, except as specifically provided by law; Transportation Code, §1003.005, which authorizes the board by rule to delegate any power relating to a contested case, including the power to issue a final order, to certain department staff; and the statutory authority referenced throughout this preamble and in the rule text, which is incorporated herein by reference.

CROSS REFERENCE TO STATUTE. The proposed amendments would implement Government Code, Chapter 2001; and Transportation Code, Chapters 502, 621, 622, 623, 643, and 645; Transportation Code, §§1002.001, 1003.001, and 1003.005.

Text.

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1 §224.110. Purpose and Scope.

2 This subchapter and Subchapters A, E, and ~~I~~ [F] of this chapter describe the procedures by
3 which the department will adjudicate alleged violations and claims under Transportation Code,
4 Chapters 502, 621-623, 643, and 645. These contested cases involve registrants under the
5 International Registration Plan, motor carriers, motor carrier leasing businesses, motor transportation
6 brokers, and household goods carriers. Contested cases involving persons operating oversize or
7 overweight vehicles or moving oversize or overweight loads are also included.

8
9 **SUBCHAPTER E. CONTESTED CASES REFERRED TO SOAH**

10
11 **STATUTORY AUTHORITY.** The department proposes amendments under Transportation Code,
12 §545.453, which authorizes the board to adopt rules that are necessary to administer Subchapter J of
13 Chapter 545 of the Transportation Code; Government Code, §2001.004, which requires state agencies
14 to adopt rules of practice stating the nature and requirements of all available formal and informal
15 procedures; Transportation Code, §502.0021, which authorizes the department to adopt rules to
16 administer Transportation Code, Chapter 502; Transportation Code, §502.091(b), which authorizes the
17 department to adopt and enforce rules to carry out IRP; Transportation Code, §621.008, which
18 authorizes the board to adopt rules that are necessary to implement and enforce Transportation Code,
19 Chapter 621; Transportation Code, §622.002, which authorizes the board to adopt rules that are
20 necessary to implement and enforce Transportation Code, Chapter 622; Transportation Code, §623.002,
21 which authorizes the board to adopt rules that are necessary to implement and enforce Transportation
22 Code, Chapter 623; Transportation Code, §623.271, which states that the notice and hearing
23 requirements under Transportation Code, §643.2525 apply to the imposition of an administrative

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1 penalty or the revocation of a permit under §623.271; Transportation Code, §623.272, which states that
2 the notice and hearing requirements under Transportation Code, §643.2525 apply to the imposition of
3 an administrative penalty under §623.272; Transportation Code, §643.003, which authorizes the
4 department to adopt rules to administer Transportation Code, Chapter 643; Transportation Code,
5 §643.2525, which provides the process for an administrative hearing under Transportation Code,
6 Chapter 643; Transportation Code, §643.2526, which authorizes an applicant to appeal the denial of an
7 application for registration, renewal of registration, or reregistration under Transportation Code,
8 Chapter 643, and which authorizes a motor carrier to appeal the revocation or suspension of a
9 registration or placement on probation of the motor carrier as requested by the Texas Department of
10 Public Safety under Transportation Code, §643.252(b); Transportation Code, §1002.001, which
11 authorizes the board to adopt rules that are necessary and appropriate to implement the powers and
12 duties of the department; Transportation Code, §1003.001, which states that the department is subject
13 to Government Code, Chapter 2001, except as specifically provided by law; Transportation Code,
14 §1003.005, which authorizes the board by rule to delegate any power relating to a contested case,
15 including the power to issue a final order, to certain department staff; and the statutory authority
16 referenced throughout this preamble and in the rule text, which is incorporated herein by reference.

17 **CROSS REFERENCE TO STATUTE.** The proposed amendments would implement Transportation Code,
18 Chapter 545, Subchapter J; Transportation Code, Chapters 621, 622, 623, 643, and 645; Transportation
19 Code, §§502.091(b), 1002.001, 1003.001, and 1003.005; and Government Code, Chapter 2001.

20
21 Text.

22 §224.150. Purpose and Scope.

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(a) This subchapter describes department practice and procedures for referring a contested case to SOAH for a hearing, including a contested case under Subchapter B (relating to Motor Vehicle, Salvage Vehicle, and Trailer Industry Enforcement), Subchapter C (relating to Contested Cases Between Motor Vehicle Industry License Holders or Applicants), and Subchapter D (Motor Carrier and Oversize or Overweight Vehicle or Load Enforcement) of this chapter, as well as §224.237 of this title (relating to Suspension, Revocation, or Cancellation of Automated Motor Vehicle Authorization under Transportation Code, §545.459).

(b) When SOAH accepts a referral from the department, jurisdiction of the contested case transfers to SOAH, and practice and procedure in contested cases heard by SOAH are addressed in:

(1) 1 TAC Chapter 155, and

(2) subchapter A and this subchapter, where not in conflict with SOAH rules.

(c) When SOAH disposes of a contested case, jurisdiction transfers from SOAH back to the department. The department will issue a final order under §224.29 of this title (relating to Delegation of Final Order Authority), ~~under Subchapter F of this chapter (relating to Board Procedures in Contested Cases), or under Subchapter I of this chapter (relating to Motor Carrier Division Director Procedures in Contested Cases).~~

§224.152. Referral to SOAH.

(a) The department shall refer contested cases to SOAH upon determination that a hearing is appropriate under Occupations Code, Chapter 2301 or 2302; ~~Transportation Code, Chapters 502,~~

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503, 621-623, 643, 645, or 1001-1005; or Transportation Code, §545.459(k), including contested cases

relating to:

(1) an enforcement complaint on the department's own initiative;

(2) a notice of protest that has been timely filed in accordance with §215.106 of this

title (relating to Time for Filing Protest);

(3) a protest filed under Occupations Code, §2301.360 or a protest or complaint filed

under Occupations Code, Chapter 2301, Subchapters I or J;

(4) a department-issued cease and desist order; or

(5) any other contested matter that meets the requirements for a hearing at SOAH.

(b) The department will follow SOAH procedures to file a Request to Docket Case and related documents and request a setting of a hearing.

(c) SOAH will provide the department with the date, time, and place of the initial hearing.

§224.164. Issuance of a Proposal for Decision.

(a) After a hearing on the merits, the ALJ shall submit a proposal for decision in a contested case to the department and all parties.

(b) The parties may submit to the ALJ exceptions to the proposal for decision and replies to exceptions to the proposal for decision in accordance with the SOAH rules.

(c) The ALJ will review all exceptions and replies and notify the department and parties whether the ALJ recommends any changes to the proposal for decision.

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(d) The parties are not entitled to file exceptions or briefs in response to a final ~~(an amended)~~ proposal for decision but may raise an issue regarding the final proposal for decision before the following:

(1) the board as allowed at the time of oral presentation under Subchapter F of this chapter; or

(2) the final order authority as allowed at the time of an oral presentation at a special public meeting, if any, under Subchapter I of this chapter (relating to Motor Carrier Division Director Procedures in Contested Cases).

§224.166. Transfer of Jurisdiction for Final Decision.

(a) A party may appeal an interlocutory order issued under Occupations Code, Chapter 2301 to the board under §224.192 of this title (relating to Appeal of an Interlocutory Order). SOAH retains jurisdiction on all other pending matters in the contested case, except as provided otherwise in this chapter.

(b) If a contested case includes a hearing on the merits, SOAH's jurisdiction transfers to the board or other final order authority when the ALJ confirms that the proposal for decision is final.

(c) Once jurisdiction transfers, no new testimony, witnesses, or information may be considered by the board or board delegate with final order authority.

(d) After SOAH transfers the SOAH administrative record to the department, the board or the department's director of the Motor Carrier Division ~~[or board delegate with final order authority]~~ will consider the contested case under the provisions of Subchapter F of this chapter (relating to Board

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Procedures in Contested Cases) or Subchapter I of this chapter (relating to Motor Carrier Division
Director Procedures in Contested Cases).

SUBCHAPTER F. BOARD PROCEDURES IN CONTESTED CASES

STATUTORY AUTHORITY. The department proposes amendments under Transportation Code, §545.453, which authorizes the board to adopt rules that are necessary to administer Subchapter J of Chapter 545 of the Transportation Code; Government Code, §2001.004, which requires state agencies to adopt rules of practice stating the nature and requirements of all available formal and informal procedures; Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement the powers and duties of the department; Transportation Code, §1003.001, which states that the department is subject to Government Code, Chapter 2001, except as specifically provided by law; Transportation Code, §1003.005, which authorizes the board by rule to delegate any power relating to a contested case, including the power to issue a final order, to certain department staff; and the statutory authority referenced throughout this preamble and in the rule text, which is incorporated herein by reference.

CROSS REFERENCE TO STATUTE. The proposed amendments would implement Transportation Code, Chapter 545, Subchapter J; Transportation Code, §§1002.001, 1003.001, and 1003.005; and Government Code, Chapter 2001.

Text.

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§224.190. Purpose and Scope.

This subchapter describes procedures for the board to review and issue a final order in a contested case in which:

(1) a SOAH ALJ has submitted a final proposal for decision for consideration by the board or board delegate with final order authority, except as stated otherwise in §224.260 of this title (relating to Purpose and Scope),

(2) a party has appealed an interlocutory cease-and-desist order issued by an ALJ, or

(3) a party affected by a statutory stay order issued by an ALJ requested a hearing to modify, vacate, or clarify the extent and application of the statutory stay order.

§224.194. Contested Case Review.

~~[(a)]~~ After SOAH submits a final proposal for decision and transfers SOAH's administrative record to the department, the board has jurisdiction and the record required to issue a final order and will review the contested case during the public session of a board meeting, in accordance with the APA.

~~[(b) For a contested case in which the board has delegated final order authority to the Director of the Motor Carrier Division, a special public meeting may be scheduled.]~~

§224.198. Written Materials and Evidence.

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(a) If a party wants to provide written materials at the board meeting, the party must provide the written materials to the department and all other parties in accordance with §224.11 of this title (relating to Filing and Service of Documents) at least 21 days prior to the date of the board meeting. If a party fails to timely provide written materials to the department or any other party, the department shall not provide the written materials to the board and the party shall not provide the written materials to the board at the board meeting. Non-parties are not authorized to provide written materials to the board.

(b) For the purposes of this section, written materials are defined as language or images including photographs or diagrams, that are contained in the SOAH administrative record and recorded in paper form except as stated otherwise in this subsection. The language or images in the written materials must be taken without changes from the SOAH administrative record; however, proposed final orders and draft motions for possible board action are allowed to be included in a party's written materials even if they contain arguments or requests that are not contained in the SOAH administrative record. Written materials shall be limited to evidence contained in the SOAH administrative record and consistent with the scope of the board's authority to act under Government Code, §2001.058(e); ~~and~~ Occupations Code, Chapters 2301 and 2302; ~~and~~ Transportation Code, Chapters 502, 503, 621-623, 643, 645, or 1001-1005; and Transportation Code, §545.459(k), as applicable.

(c) All information in the written materials shall include a citation to the SOAH administrative record on all points to specifically identify where the information is located. The citations may be provided in an addendum to the written materials that is not counted against the 15-page limit under subsection (d) of this section; however, the addendum must not include any information other than a

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1 heading that lists the name of the party, the caption for the contested case, and text that lists the
2 citations and page numbers.

3 (d) Written materials shall be 8.5 inches by 11 inches and single-sided. Written materials must
4 be double-spaced and at least 12-point type if in text form. Written materials are limited to 15 pages
5 per party. If a party provides the department with written materials that contain more pages than the
6 maximum allowed, the department shall not provide the written materials to the board and a party
7 shall not provide the written materials to the board at the board meeting.

8
9 §224.200. Oral Presentation Limitations and Responsibilities.

10 (a) A party to a contested case under review by the board shall limit oral presentation and
11 discussion to evidence in the SOAH administrative record. Also, oral presentation and discussion shall
12 be consistent with the scope of the board's authority to act under Government Code, §2001.058(e);
13 Occupations Code, Chapters 2301 and 2302; ~~[and]~~ Transportation Code Chapters ~~[Chapter]~~ 502, 503,
14 621-623, 643, 645, or 1001-1005; and Transportation Code, §545.459(k), as applicable.

15 (b) A party may argue that the board should remand the contested case to SOAH.

16 (c) Each party is responsible for objecting when another party attempts to make arguments or
17 engage in discussion regarding evidence that is not contained in the SOAH administrative record.

18 (d) A party's presentation to the board is subject to the following limitations and conditions:

19 (1) Each party shall be allowed a maximum of 15 minutes for their oral presentation.
20 The board chair may increase this time.

21 (2) No party is allowed to provide a rebuttal or a closing statement.

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(3) An intervenor of record from the SOAH proceeding supporting another party shall share that party's time.

(4) Time spent by a party responding to a board question is not counted against their presentation time.

(5) During an oral presentation, a party to the contested case before the board may object that a party presented material or argument that is not in the SOAH administrative record. Time spent discussing such objections is not counted against the objecting party's time.

§224.204. Board Conduct and Discussion When Reviewing a Contested Case or Interlocutory Order.

(a) The board shall conduct its contested case review in compliance with Government Code, Chapter 2001; Occupations Code, Chapters 2301 and 2302; ~~and~~ Transportation Code Chapters 502, 503, 621, 623, 643, 645, or 1001-1005; and Transportation Code, §545.459(k), as applicable, including the limitations on changing a finding of fact or conclusion of law made by a SOAH ALJ, and the prohibition on considering evidence outside of the SOAH administrative record.

(b) A board member may question a party or the department on any matter that is relevant to the proposal for decision; however, a question shall be consistent with the scope of the board's authority to take action under Government Code, §2001.058(e); Occupations Code, Chapters 2301 and 2302; ~~and~~ Transportation Code, Chapters 502, 503, 621-623, 643, 645, or 1001-1005; and Transportation Code, §545.459(k), as applicable; a question must be limited to evidence contained in the SOAH administrative record; and the communication must comply with §224.5 of this title (relating to Prohibited Communication). In considering a contested case, a board member is authorized to ask a

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1 question regarding a request to remand the case to SOAH, including a remand to SOAH for further
2 consideration of the evidence.

3 (c) A board member may use personal expertise in the industry to understand a contested case
4 and make effective decisions, consistent with the scope of the board's authority to act under
5 Government Code, §2001.058(e); Occupations Code, Chapters 2301 and 2302; ~~and~~ Transportation
6 Code Chapters 502, 503, 621-623, 643, 645, or 1001-1005; and Transportation Code, §545.459(k), as
7 applicable. However, a board member is not an advocate for a particular industry. A board member is
8 an impartial public servant who takes an oath to preserve, protect, and defend the Constitution and
9 laws of the United States and Texas.

10
11 **SUBCHAPTER H. AUTOMATED MOTOR VEHICLE AUTHORIZATIONS**

12
13 **STATUTORY AUTHORITY.** The department proposes new sections under Transportation Code,
14 §545.453, which authorizes the board to adopt rules that are necessary to administer Subchapter J of
15 Chapter 545 of the Transportation Code; Government Code, §2001.004, which requires state agencies
16 to adopt rules of practice stating the nature and requirements of all available formal and informal
17 procedures; Government Code, §2001.054, which specifies the requirements regarding the grant,
18 denial, renewal, revocation, suspension, annulment, or withdrawal of a license; Transportation Code,
19 §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement
20 the powers and duties of the department; Transportation Code, §1003.001, which states that the
21 department is subject to Government Code, Chapter 2001, except as specifically provided by law;
22 Transportation Code, §1003.005, which authorizes the board by rule to delegate any power relating to

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1 a contested case, including the power to issue a final order, to certain department staff; and the
2 statutory authority referenced throughout this preamble and in the rule text, which is incorporated
3 herein by reference.

4 **CROSS REFERENCE TO STATUTE.** The proposed new sections would implement Transportation Code,
5 Chapter 545, Subchapter J; Transportation Code, §§1002.001, 1003.001, and 1003.005; and
6 Government Code, Chapter 2001.

7
8 Text.

9 §224.230. Purpose and Scope.

10 This subchapter prescribes the procedures for:

11 (1) the suspension, revocation, or cancellation of an automated motor vehicle
12 authorization issued under Transportation Code, §545.456;

13 (2) the imposition of a restriction on the operation of the automated motor vehicle
14 under Transportation Code, §545.459;

15 (3) the rescission of a suspension, revocation, or cancellation of an automated motor
16 vehicle authorization under Transportation Code, §545.456 or §545.459; and

17 (4) the removal of a restriction on the operation of the automated motor vehicle
18 under Transportation Code, §545.459.

19
20 §224.234. Immediate Suspension, Revocation, or Cancellation of an Automated Motor Vehicle

21 Authorization under Transportation Code, §545.456(f).

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1 (a) No other section in this chapter applies to a suspension, revocation, or cancellation of an
2 automated motor vehicle authorization under Transportation Code, §545.456(f), except for §224.230
3 of this title (relating to Purpose and Scope).

4 (b) The department may immediately suspend, revoke, or cancel an automated motor vehicle
5 authorization under Transportation Code, §545.456(f) by sending notice to the authorization holder's
6 email address on file in the department's designated system referenced in §220.23 of this title
7 (relating to Application Requirements). The action described in the notice is effective when the notice
8 is emailed by the department.

9 (c) The department shall promptly notify the authorization holder of a rescission of a
10 suspension, revocation, or cancellation of an automated motor vehicle authorization under
11 Transportation Code, §545.456(g) by sending notice to the authorization holder's email address on file
12 in the department's designated system referenced in §220.23 of this title. The rescission described in
13 the notice is effective when the notice is emailed by the department.

14 (d) In addition to emailing a notice to the authorization holder under this section, the department
15 shall also mail a notice to an authorization holder by first-class mail using the authorization holder's
16 mailing address on file in the department's designated system referenced in §220.23 of this title.

17 (e) The director of the department's Motor Carrier Division is authorized to make the decisions
18 under this section regarding a suspension, revocation, cancellation, or rescission.

19 (f) Any time period prescribed or allowed by this section or by any applicable statute regarding this
20 section shall be computed in accordance with Government Code, §311.014.

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1 (g) Time under this section shall be computed using calendar days rather than business days,
2 unless otherwise specified in statute.

3 (h) A reference in rule or a department communication to an “authorization holder” whose
4 authorization is currently suspended, revoked, or cancelled does not rescind or invalidate the suspension,
5 revocation or cancellation of the authorization.

6
7 §224.237. Suspension, Revocation, or Cancellation of Automated Motor Vehicle Authorization under
8 Transportation Code, §545.459.

9 (a) Subchapters A, E, F, and I of this chapter apply to a suspension, revocation, or cancellation
10 of an authorization under Transportation Code, §545.459, and the imposition of one or more
11 restrictions on the operation of the automated motor vehicle under Transportation Code, §545.459.

12 (b) The department shall send the notice of intent required under Transportation Code,
13 §545.459(a) and (c) to the authorization holder by certified mail, return receipt requested consistent
14 with Government Code, §2001.054. The department shall also send the notice of intent to the
15 authorization holder’s email address on file in the department’s designated system referenced in
16 §220.23 of this title (relating to Application Requirements).

17 (c) Any request for an extension on the department’s deadline for corrective action and
18 certification under Transportation Code, §545.459(c)(2) and (e) must be submitted prior to the
19 department’s deadline listed in the department’s notice of intent and must contain an explanation
20 regarding the following:

21 (1) why the department’s deadline is not reasonable;

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1 (2) why the authorization holder needs more time, and the specific deadline the
2 authorization holder is requesting; and

3 (3) whether the authorization holder's requested deadline is likely to result in harm to
4 the public health, safety, or welfare.

5 (d) The department shall promptly provide notice to the authorization holder of the
6 department's action under this section and Transportation Code, §545.459, using the authorization
7 holder's email address on file in the department's designated system referenced in §220.23 of this
8 title, except as otherwise provided by statute or rule, including §224.154 of this title (relating to
9 Notice of Hearing) and §224.206 of this title (relating to Final Orders). The department shall also
10 promptly mail such notice by first-class mail to an authorization holder using the authorization
11 holder's mailing address on file in the department's designated system referenced in §220.23. The
12 date the department emails a decision or final determination is the date the department issues a
13 decision or final determination for the purposes of Transportation Code, §545.459(g), (h), and (i), as
14 applicable.

15 (e) The authorization holder shall submit any requests to the department under
16 Transportation Code, §545.459 to the designated address listed in the department's notice to the
17 authorization holder.

18 (f) A representative of an authorization holder may be required to provide written proof to the
19 department of authority to act on behalf of the authorization holder.

20 (g) An authorization holder shall electronically file any certification under Transportation Code,
21 §545.459(d) in the department's designated system and include an authorized signature on the
22 certification, in accordance with §224.11 of this title (relating to Filing and Service of Documents).

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1 (h) The director of the department’s Motor Carrier Division is authorized to issue a decision
2 under Transportation Code, §545.459(g).

3 (i) The director of the department’s Motor Carrier Division shall review the decision and issue
4 a final determination under Transportation Code, §545.459(h) if the authorization holder timely
5 submits a written request to the department for review.

6 (j) Except as otherwise provided under §224.29 of this title (relating to Delegation of Final
7 Order Authority), the board has final order authority in a contested case under Transportation Code,
8 §545.459(k). However, the director of the department’s Motor Carrier Division shall take the actions
9 required under Transportation Code, §545.459(j) regarding the rescission of a suspension, revocation,
10 or cancellation, or the removal of a restriction, regardless of whether the board issued the final order.

11 (k) If a hearing is not timely held as required by Transportation Code, §545.459(k), the
12 department shall take the following actions:

13 (1) request the State Office of Administrative Hearings to dismiss the contested case;
14 and

15 (2) promptly notify the authorization holder that the authorization is automatically
16 reinstated and that any restriction is automatically removed, using the authorization holder’s email
17 address on file in the department’s designated system referenced in §220.23 of this title.

18 (l) A reference to an “authorization holder” in rule or department communication whose
19 authorization is currently suspended, revoked, or cancelled does not rescind or invalidate the suspension,
20 revocation, or cancellation of the authorization.

21 (m) Unless otherwise requested by the department in writing, §224.11(a) through (g) of this title
22 do not apply to a certification or communication from the authorization holder to the department
23 regarding the following under Transportation Code, §545.459(j):

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1 (1) a potential rescission of a suspension, revocation, or cancellation; or

2 (2) a potential removal of a restriction.

3

4 **SUBCHAPTER I. MOTOR CARRIER DIVISION DIRECTOR PROCEDURES IN CONTESTED CASES**

5

6 **STATUTORY AUTHORITY.** The department proposes new sections under Government Code, §2001.004,

7 which requires state agencies to adopt rules of practice stating the nature and requirements of all

8 available formal and informal procedures; Transportation Code, §502.0021, which authorizes the

9 department to adopt rules to administer Transportation Code, Chapter 502; Transportation Code,

10 §502.091(b), which authorizes the department to adopt and enforce rules to carry out IRP;

11 Transportation Code, §621.008, which authorizes the board to adopt rules that are necessary to

12 implement and enforce Transportation Code, Chapter 621; Transportation Code, §622.002, which

13 authorizes the board to adopt rules that are necessary to implement and enforce Transportation Code,

14 Chapter 622; Transportation Code, §623.002, which authorizes the board to adopt rules that are

15 necessary to implement and enforce Transportation Code, Chapter 623; Transportation Code, §643.003,

16 which authorizes the department to adopt rules to administer Transportation Code, Chapter 643;

17 Transportation Code, §643.2525, which addresses the final order issued by the department for a

18 contested case under Transportation Code, Chapter 643; Transportation Code, §1002.001, which

19 authorizes the board to adopt rules that are necessary and appropriate to implement the powers and

20 duties of the department; Transportation Code, §1003.001, which states that the department is subject

21 to Government Code, Chapter 2001, except as specifically provided by law; Transportation Code,

22 §1003.005, which authorizes the board by rule to delegate any power relating to a contested case,

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1 including the power to issue a final order, to certain department staff; and the statutory authority
2 referenced throughout this preamble and in the rule text, which is incorporated herein by reference.

3 **CROSS REFERENCE TO STATUTE.** The proposed new sections would implement Transportation Code,
4 Chapters 621, 622, 623, 643, and 645; Transportation Code, §§502.091(b), 1002.001, 1003.001, and
5 1003.005; and Government Code, Chapter 2001.

6
7 Text.

8 §224.260. Purpose and Scope.

9 This subchapter describes the procedures for the department's director of the Motor Carrier Division
10 to review and issue a final order in a contested case in which the following conditions are met:

11 (1) the department's director of the Motor Carrier Division is the final order authority pursuant
12 to a delegation under this chapter or as designated under Transportation Code, §643.001(2); and

13 (2) a SOAH ALJ has submitted a final proposal for decision for consideration by a person with
14 such final order authority.

15
16 §224.263. Contested Case Review.

17 (a) After SOAH submits a final proposal for decision and transfers SOAH's administrative record
18 to the department, the final order authority has jurisdiction and the record required to issue a final
19 order and will review the contested case in accordance with the APA.

20 (b) The final order authority may schedule a special public meeting to review the contested
21 case, as specified under this subchapter; however, the final order authority may also review SOAH's

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1 administrative record in a contested case and issue a final order without holding a special public
2 meeting. The provisions in this subchapter regarding a special public meeting only apply if the final
3 order authority schedules a special public meeting.

4
5 §224.265. Request for Oral Presentation.

6 (a) At least 20 days prior to the scheduled date of a special public meeting, the department
7 shall notify the parties regarding the opportunity to attend and provide an oral presentation
8 concerning a proposal for decision before the final order authority. The department will deliver notice
9 electronically to the last known email address provided to the department by the party or party's
10 authorized representative in accordance with §224.11 of this title (relating to Filing and Service of
11 Documents).

12 (b) If a party intends to make an oral presentation at the special public meeting, a party must
13 submit a written request for an oral presentation to the department's contact listed in the notice
14 provided under subsection (a) of this section and copy all other parties in accordance with §224.11 of
15 this title at least seven days prior to the date of the special public meeting at which the party's
16 contested case will be reviewed.

17 (c) If more than one party was not adversely affected by the proposal for decision, such parties
18 may agree on the order of their presentations in lieu of the order prescribed under §224.272 of this
19 title (relating to Order of Oral Presentations to the Final Order Authority). These parties must submit
20 the agreed order of their presentations along with their requests to make an oral presentation under
21 subsection (b) of this section. The order of presentations will be determined under §224.272 of this

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title if the parties who were not adversely affected by the proposal for decision do not timely provide the department and the other parties with notice regarding their agreed order of presentation.

(d) If a party timely submits a written request for an oral presentation, that party may make an oral presentation before the final order authority at the special public meeting. If a party fails to submit a written request for an oral presentation timely, that party shall not make an oral presentation at the special public meeting.

(e) Non-parties are not authorized to provide an oral presentation or public comment to the final order authority at a special public meeting.

§224.268. Written Materials and Evidence.

(a) If a party wants to provide written materials at the special public meeting, the party must provide the written materials to the department and all other parties in accordance with §224.11 of this title (relating to Filing and Service of Documents) at least 14 days prior to the date of the special public meeting. If a party fails to timely provide written materials to the department or any other party, the department shall not provide the written materials to the final order authority and the party shall not provide the written materials to the final order authority at the special public meeting. Non-parties are not authorized to provide written materials to the final order authority.

(b) For the purposes of this section, written materials are defined as language or images including photographs or diagrams, that are contained in the SOAH administrative record and recorded in paper form except as stated otherwise in this subsection. The language or images in the written materials must be taken without changes from the SOAH administrative record; however, proposed

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final orders are allowed to be included in a party's written materials even if they contain arguments or requests that are not contained in the SOAH administrative record. Written materials shall be limited to evidence contained in the SOAH administrative record and consistent with the scope of the final order authority's authority to act under Government Code, §2001.058(e) and the applicable law that governs the subject matter of the contested case, such as Transportation Code, Chapters 621-623, 643, or 645.

(c) All information in the written materials shall include a citation to the SOAH administrative record on all points to specifically identify where the information is located. The citations may be provided in an addendum to the written materials that is not counted against the 15-page limit under subsection (d) of this section; however, the addendum must not include any information other than a heading that lists the name of the party, the caption for the contested case, and text that lists the citations and page numbers.

(d) Written materials shall be 8.5 inches by 11 inches and single-sided. Written materials must be double-spaced and at least 12-point type if in text form. Written materials are limited to 15 pages per party. If a party provides the department with written materials that contain more pages than the maximum allowed, the department shall not provide the written materials to the final order authority and a party shall not provide the written materials to the final order authority at the special public meeting.

(e) Non-parties are not authorized to provide written materials to the final order authority at a special public meeting.

§224.270. Oral Presentation Limitations and Responsibilities.

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1 (a) A party to a contested case under review by the final order authority shall limit oral
2 presentation and discussion to evidence in the SOAH administrative record. Also, oral presentation and
3 discussion shall be consistent with the scope of the final order authority's authority to act under
4 Government Code, §2001.058(e) and the applicable law that governs the subject matter of the
5 contested case, such as Transportation Code, Chapters 621-623, 643, or 645.

6 (b) A party may argue that the final order authority should remand the contested case to
7 SOAH.

8 (c) Each party is responsible for objecting when another party attempts to make arguments or
9 engage in discussion regarding evidence that is not contained in the SOAH administrative record.

10 (d) A party's presentation to the final order authority is subject to the following limitations and
11 conditions:

12 (1) Each party shall be allowed a maximum of 15 minutes for their oral presentation.
13 The final order authority may increase this time.

14 (2) No party is allowed to provide a rebuttal or a closing statement.

15 (3) An intervenor of record from the SOAH proceeding supporting another party shall
16 share that party's time.

17 (4) Time spent by a party responding to a question from the final order authority is not
18 counted against such party's presentation time.

19 (5) During an oral presentation, a party to the contested case before the final order
20 authority may object that a party presented material or argument that is not in the SOAH

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administrative record. Time spent discussing such objections is not counted against the objecting party's time.

§224.272. Order of Oral Presentation to the Final Order Authority.

(a) The department will present the procedural history and summary of the contested case.

(b) The party that is adversely affected may present first. However, the final order authority is authorized to determine the order of each party's presentation if:

(1) it is not clear which party is adversely affected;

(2) it appears that more than one party is adversely affected; or

(3) different parties are adversely affected by different portions of the contested case under review.

(c) The other party or parties not adversely affected will then have an opportunity to make a presentation. If more than one party is not adversely affected, each party will have an opportunity to respond in alphabetical order based on the name of the party in the pleadings in the SOAH administrative record, except as stated otherwise in §224.265 of this title (relating to Request for Oral Presentation).

§224.274. Final Order Authority Conduct and Discussion When Reviewing a Contested Case.

(a) The final order authority shall conduct its contested case review in compliance with Government Code, Chapter 2001; and the applicable law that governs the subject matter of the

1 contested case, such as Transportation Code, Chapters 621-623, 643, or 645, including the limitations
2 on changing a finding of fact or conclusion of law made by a SOAH ALJ, and the prohibition on
3 considering evidence outside of the SOAH administrative record.

4 (b) The final order authority may question a party or the department on any matter that is
5 relevant to the proposal for decision; however, a question shall be consistent with the scope of the
6 board's authority to take action under Government Code, §2001.058(e) and the applicable law that
7 governs the subject matter of the contested case, such as Transportation Code, Chapters 621-623, 643,
8 or 645; a question must be limited to evidence contained in the SOAH administrative record; and the
9 communication must comply with §224.5 of this title (relating to Prohibited Communication). In
10 considering a contested case, the final order authority is authorized to ask a question regarding a
11 request to remand the case to SOAH, including a remand to SOAH for further consideration of the
12 evidence.

13 (c) The final order authority may use personal expertise in the industry to understand a
14 contested case and make effective decisions, consistent with the scope of the final order authority's
15 authority to act under Government Code, §2001.058(e) and the applicable law that governs the
16 subject matter of the contested case, such as Transportation Code, Chapters 621-623, 643, or 645.

17
18 §224.276. Final Orders.

19 (a) A final decision or order in a contested case reviewed by the final order authority shall be in
20 writing and shall be signed by the final order authority.

1 (b) The department shall email a copy of the final order to the parties in the contested case
2 and send a copy of the final order by certified mail, return receipt requested.

3 (c) The provisions of Government Code, Chapter 2001, Subchapter F govern:

4 (1) the issuance of a final order issued under this subchapter; and

5 (2) motions for rehearing filed in response to a final order.

6 (d) A decision or order in a contested case is final in accordance with Government Code,
7 §2001.144.

8
9 §224.278. Public Access to Special Public Meetings.

10 (a) Persons who have special communication or accommodation needs and who plan to
11 attend a special public meeting may contact the department's contact listed in the posted meeting
12 agenda for the purpose of requesting auxiliary aids or services. Requests shall be made at least two
13 days before a special public meeting. The department shall make every reasonable effort to
14 accommodate these needs.

15 (b) Members of the public are not authorized to question the parties to the contested case or
16 the final order authority regarding the contested case.

17 (c) A person who disrupts a special public meeting shall leave the meeting room and the premises
18 if ordered to do so by the final order authority.

Board Meeting Date: 7/10/2025
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Corrie Thompson, Enforcement Division Director
Agenda Item: 14
Subject: Chapter 224, Adjudicative Practice and Procedure
Amendments: §224.116 and §224.124
New: §224.121
(Relating to Implementation of HB 1672, 89th Legislative Session, and Cleanup)

RECOMMENDATION

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

PURPOSE AND EXECUTIVE SUMMARY

The proposed revisions would implement House Bill (HB) 1672, 89th Legislature, Regular Session (2025). HB 1672 became effective on May 24, 2025. The emergency version of this rule package is included under another agenda item for this meeting. Because emergency rules can only last for up to 180 days, the department is also proposing this regular version of the rules. The proposed revisions would also clean up the rule text.

FINANCIAL IMPACT

For each year of the first five years the amendments and new section will be in effect, there will be no significant fiscal impact to state or local governments as a result of the enforcement or administration of the proposal.

BACKGROUND AND DISCUSSION

The proposed revisions are necessary to implement HB 1672, which became effective on May 24, 2025. HB 1672 amended Transportation Code, §643.2526 to require the department to adopt rules to create the requirements and procedures for the following under Transportation Code, §643.2526: 1) the revocation or suspension of a motor carrier's registration; 2) the placement of a motor carrier on probation whose registration is suspended; and 3) the motor carrier's appeal of the revocation, suspension, or probation. If Transportation Code, Chapter 643 applies to the motor carrier, it must be registered with the department to transport persons or cargo over a road or highway in Texas. The term "registered" means authority to operate as a motor carrier, rather than vehicle registration under Transportation Code, Chapter 502.

The revisions state that upon request by the Texas Department of Public Safety (DPS), the department will revoke a motor carrier's registration if the Federal Motor Carrier Safety Administration (FMCSA) or DPS issued an order stating the motor carrier has an unsatisfactory safety rating under the applicable laws cited in Transportation Code, §643.252(b). FMCSA's order is called an out-of-service order, which prohibits the motor carrier from engaging in interstate transportation. The DPS order is called an order to cease, which prohibits the motor carrier from operating a commercial motor vehicle in intrastate transportation. If DPS requests the department to revoke the motor carrier's registration, Transportation Code, §643.2526 authorizes the department to revoke the motor carrier's registration prior

to providing the motor carrier with notice and an opportunity for hearing because the motor carrier should have received full due process from either FMCSA or DPS under the laws that govern those governmental entities.

The revisions also state that if the motor carrier resolves its unsatisfactory safety rating and is no longer subject to the order to cease or out-of-service order after the department revokes the motor carrier's registration, the department will not rescind the revocation of the motor carrier's registration on appeal to the department because this scenario does not show any error regarding the department's revocation. However, an appeal of a revocation to the department may result in a rescission of the revocation if the underlying order from DPS or FMCSA, as applicable, was issued in violation of the motor carrier's due process rights or was issued to the motor carrier in error.

When determining whether to request the department to revoke the motor carrier's registration under Transportation Code, §643.252(b), it is within DPS's discretion to consider whether the motor carrier's safety rating might change from unsatisfactory to satisfactory or conditional after the department revokes the motor carrier's registration. Once the department receives the request from DPS to revoke the motor carrier's registration under Transportation Code, §643.252(b), the department will immediately revoke the registration.

If the motor carrier takes corrective action to change its unsatisfactory safety rating and is no longer subject to an out-of-service order or an order to cease after the department revoked the motor carrier's registration under Transportation Code, §643.252(b), the department will consider this fact when reviewing the motor carrier's application for reregistration or registration.

Staff anticipates publication in the July 25, 2025, issue of the *Texas Register*.

REVISIONS TO

SUBCHAPTER D. MOTOR CARRIER AND OVERSIZE OR OVERWEIGHT VEHICLE OR LOAD ENFORCEMENT

43 TAC §224.116 AND §224.124

AND

NEW §224.121

INTRODUCTION. The Texas Department of Motor Vehicles (department) proposes amendments to 43 Texas Administrative Code (TAC) Chapter 224, Subchapter D, Motor Carrier and Oversize or Overweight Vehicle or Load Enforcement, §224.116 and §224.124, and proposes new §224.121, regarding the requirements and procedures under Transportation Code, §643.2526. The proposed amendments and new section are necessary to implement House Bill (HB) 1672, 89th Legislature, Regular Session (2025), which requires that the department adopt rules to create the requirements and procedures for revocation, suspension, or probation of a motor carrier's registration, and the motor carrier's appeal of the revocation, suspension, or probation. Proposed amendments are also necessary to clean up the rule text.

EXPLANATION.

HB 1672 became effective on May 24, 2025, and requires the department to adopt rules to create the requirements and procedures for the following under Transportation Code, §643.2526: 1) the revocation or suspension of a motor carrier's registration; 2) the placement of a motor carrier on probation whose registration is suspended; and 3) the motor carrier's appeal of the revocation, suspension or probation.

1 Proposed amendments to §224.116 would implement HB 1672 by modifying the title of the
2 section and adding new subsection (h) to clarify that these administrative procedures do not apply to a
3 proceeding under Transportation Code, §643.2526. Section 224.116 provides the administrative
4 procedures for a proceeding under laws that require the department to provide written notice to the
5 person and an opportunity for the person to request a hearing before the department takes an
6 administrative action against the person. Because Transportation Code, §643.2526 states that a
7 department action under §643.2526 is not required to be preceded by notice and an opportunity for
8 hearing, the department proposes amendments to §224.116 that would clarify that this section does not
9 apply to a proceeding under §643.2526. Proposed amendments to §224.116(a) would also clean up the
10 rule text by adding a hyphen to the term “first class mail” to read “first-class mail.”

11 Proposed new §224.121 and proposed amendments to §224.124 are necessary to implement
12 amendments made by HB 1672 to Transportation Code, §643.2526. These proposed revisions would
13 govern the requirements and procedures under Transportation Code, §643.2526, which authorizes the
14 department to deny an application for registration, renewal of registration, or reregistration under
15 Transportation Code, Chapter 643 (Motor Carrier Registration) prior to providing the person with notice
16 and an opportunity for hearing. Upon request by the Texas Department of Public Safety (DPS) under
17 Transportation Code, §643.252(b) and prior to providing the person with notice and an opportunity for
18 hearing, the department is also authorized under Transportation Code, §643.2526 to revoke or suspend
19 the registration of a motor carrier or to place a motor carrier on probation whose registration is
20 suspended, if the motor carrier has an unsatisfactory safety rating under 49 C.F.R. Part 385 (Safety Fitness
21 Procedures), which is determined by the Federal Motor Carrier Safety Administration (FMCSA); or multiple
22 violations of Transportation Code, Chapter 644 (Commercial Motor Vehicle Safety Standards), a rule
23 adopted under Chapter 644, or Subtitle C (Rules of the Road) of Transportation Code, Title 7 (Vehicles and

Traffic), which is determined by DPS. The references to registration under Transportation Code, Chapter 643 are references to operating authority to operate as a motor carrier, rather than vehicle registration under Transportation Code, Chapter 502.

Proposed new §224.121 would provide the requirements and procedures regarding the department's action under Transportation Code, §643.2526. Proposed new §224.121(a) would state that the department will only revoke a motor carrier's registration under Transportation Code, §643.2526 pursuant to a request from DPS under Transportation Code, §643.252(b). Although Transportation Code, §643.252(b) authorizes DPS to request the department to suspend or revoke a registration issued to a motor carrier under Transportation Code, Chapter 643, or to place on probation a motor carrier whose registration is suspended, the department will only revoke the registration of a motor carrier under Transportation Code, §643.252(b). The department's current system is not programmed to suspend a motor carrier's registration, so revocation is the only option.

Also, the DPS rule regarding DPS's request to the department under Transportation Code, §643.252(b) only refers to a revocation of the motor carrier's registration. See 37 TAC §4.19(a). Transportation Code, §644.051(b) states that a DPS rule adopted under Transportation Code, Chapter 644 must be consistent with federal regulations. Section 4.19(a), which was adopted under the DPS rulemaking authority in Transportation Code, §644.051, is consistent with 49 C.F.R. §385.13(e), which states that if an interstate motor carrier has a final unsatisfactory safety rating, FMCSA will provide notice to the motor carrier and issue an order revoking the motor carrier's interstate registration, which is also known as operating authority to operate as a motor carrier in interstate transportation. Because DPS does not administer Transportation Code, Chapter 643, DPS must request the department to revoke a motor carrier's registration for intrastate transportation.

1 Proposed new §224.121(a) would also state that the department will not take action under
2 Transportation Code, §643.252(b) until FMCSA or DPS, as applicable, issues an order regarding the laws
3 referenced in §643.252(b). This requirement is necessary to help protect the person's due process rights
4 because Transportation Code, §643.2526 authorizes the department to take action against the person
5 prior to providing notice and an opportunity for a hearing. FMCSA and DPS are required to comply with
6 the due process requirements under the laws that govern their actions when issuing an order under the
7 laws referenced in Transportation Code, §643.252(b). The process set out in proposed new §224.121(a)
8 would ensure that while a motor carrier may not receive notice and an opportunity for a hearing from the
9 department before the department revokes the motor carrier's registration, the motor carrier should
10 have received full due process on the same factual and legal allegations from either FMCSA or DPS.

11 The FMCSA order under 49 C.F.R. §385.13(d)(1) is called an out-of-service order, which prohibits
12 the motor carrier from engaging in interstate transportation. *See* 49 U.S.C. §31144(c) and 49 C.F.R.
13 §385.1(a) and §385.13(d)(1). The FMCSA procedures and proceedings regarding an out-of-service order
14 are governed by 49 U.S.C. §31144, 49 C.F.R. Part 385 (Safety Fitness Procedures), and 49 C.F.R. Part 386
15 (Rules of Practice for FMCSA Proceedings).

16 The DPS order under Transportation Code, §644.155 and 37 TAC §4.15 is called an order to cease,
17 which prohibits the motor carrier from operating a commercial motor vehicle in intrastate transportation.
18 The DPS proceedings regarding an order to cease are governed by 37 TAC §4.15 and §4.18. The DPS order
19 to cease tells the motor carrier that it must immediately cease all intrastate transportation until such time
20 as DPS determines the motor carrier's safety rating is no longer unsatisfactory.

21 Proposed new §224.121(b) would state that the department will issue notice of the department's
22 action under Transportation Code, §643.2526 to the person by email and first class mail using the person's
23 last known address in the department's records. The notice requirements under Government Code,

§2001.054(c) do not apply to the department's notice regarding the department's action under Transportation Code, §643.2526 because Transportation Code, §643.2526(a) says that the department's action under Transportation Code, §643.252(b) is not required to be preceded by notice and an opportunity for hearing, notwithstanding other law. Also, the motor carrier should have already received due process under the DPS or FMCSA proceeding that resulted in an order to cease or out-of-service order, respectively.

Proposed amendments to §224.124 would implement HB 1672 by modifying the title of the section to refer to an appeal of a department action. Proposed amendments to §224.124 would delete subsection (a), and amend current subsections (b) and (c) to expand the scope of the rule to be consistent with the expanded scope of Transportation Code, §643.2526 as amended by HB 1672. A proposed amendment to current subsection (b) would clarify that Subchapter E of Chapter 224 of this title is not the only subchapter in Chapter 224 that would apply to an appeal to the department under Transportation Code, §643.2526. Proposed amendments to §224.124 would also re-letter existing subsections (b), (c), and (d) due to the proposed deletion of subsection (a).

Proposed new §224.124(d) would state that on appeal under Transportation Code, §643.2526, the department will not rescind a revocation under Transportation Code, §643.252(b), based on the motor carrier taking corrective action that results in an upgrade to its unsatisfactory safety rating after the department has issued notice to the motor carrier that it revoked the motor carrier's registration. DPS wants the department to immediately revoke a motor carrier's registration under Transportation Code, Chapter 643 once DPS requests the department to revoke under Transportation Code, §643.252(b). The department will not wait to see if the motor carrier takes either of the following actions prior to revoking the motor carrier's registration: 1) requests DPS or FMCSA, as applicable, to change the final safety rating

1 or to conduct a review regarding the final safety rating; or 2) appeals their final safety rating to a court
2 under the laws that govern the DPS or FMCSA order, as applicable.

3 FMCSA's regulation states that a motor carrier that has taken action to correct the deficiencies
4 that resulted in a final rating of "unsatisfactory" may request a rating change at any time. *See* 49 C.F.R.
5 §385.17(a). Another FMCSA regulation states as follows: 1) that a motor carrier may request FMCSA to
6 conduct an administrative review if it believes that FMCSA committed an error in assigning the final safety
7 rating; 2) that FMCSA's decision under the administrative review constitutes the final agency action; and
8 3) that a motor carrier may request a rating change under the provisions of 49 C.F.R. §385.17. *See* 49
9 C.F.R. §385.15. In addition, federal law authorizes the motor carrier to appeal FMCSA's final order to the
10 applicable United States Court of Appeals under 49 U.S.C. §521(b)(9) and 49 C.F.R. §386.67. Therefore, it
11 is possible that FMCSA could change a motor carrier's safety rating from unsatisfactory to satisfactory or
12 conditional after FMCSA issued the out-of-service order to the motor carrier and after the department
13 revoked the motor carrier's registration pursuant to DPS's request under Transportation Code,
14 §643.252(b).

15 The DPS administrative rule states that a motor carrier that has taken action to correct the
16 deficiencies that resulted in a final rating of "unsatisfactory" may request a rating change at any time. *See*
17 37 TAC §4.15(b)(3)(G). The DPS rule also states that the motor carrier may request DPS to conduct a
18 departmental review if the motor carrier believes that DPS has committed error in assigning the final
19 safety rating, that the final safety rating under the DPS departmental review constitutes a final agency
20 decision, and that any judicial review of the DPS final agency decision is subject to Government Code,
21 Chapter 2001. *See* 37 TAC §4.15(b)(3)(H) and (I). Therefore, it is possible that DPS could change a motor
22 carrier's safety rating from unsatisfactory to satisfactory or conditional after DPS issued the order to cease

1 to the motor carrier and after the department revoked the motor carrier's registration pursuant to DPS's
2 request under Transportation Code, §643.252(b).

3 Once the department issues a revocation under Transportation Code, §643.2526, the revocation
4 is effective and cannot be rescinded unless the motor carrier submits a timely appeal under §643.2526. If
5 the motor carrier timely submits an appeal under Transportation Code, §643.2526, if the underlying order
6 from DPS or FMCSA was issued in compliance with the motor carrier's due process rights, and if the
7 requirements under Transportation Code, §643.252(b) were met at the time DPS requested the
8 department to revoke the motor carrier's registration, the department's revocation will not be rescinded
9 on appeal to the department. If the motor carrier resolves its unsatisfactory safety rating and is no longer
10 subject to the order to cease or out-of-service order after the department revokes the motor carrier's
11 registration, the evidence on appeal will not show any error regarding the department's revocation.
12 However, an appeal of a revocation under Transportation Code, §643.2526 may result in a rescission of
13 the revocation if the underlying order from DPS or FMCSA, as applicable, was issued in violation of the
14 motor carrier's due process rights or was issued to the motor carrier in error.

15 When determining whether to request the department to revoke the motor carrier's registration
16 under Transportation Code, §643.252(b), it is within DPS's discretion to consider whether the motor
17 carrier's unsatisfactory safety rating might change to a satisfactory or conditional safety rating after the
18 issuance of an order to cease or an out-of-service order. Once the department receives the request from
19 DPS to revoke the motor carrier's registration under Transportation Code, §643.252(b), the department
20 will immediately revoke the registration. If the department revoked a motor carrier's registration
21 pursuant to DPS's request under Transportation Code, §643.252(b), and the motor carrier later improves
22 its safety rating and is no longer subject to an out-of-service order or an order to cease, the department
23 will consider this fact when reviewing the motor carrier's application for reregistration under

1 Transportation Code, §643.0585 or the motor carrier's application for registration under Transportation
2 Code, §643.052.

3 Proposed new §224.124(e) would require the person who submits an appeal to the department
4 under Transportation Code, §643.2526 to state why the person claims the department's action is
5 erroneous, as well as the legal and factual basis for the claimed error. This information is necessary to
6 enable the department to comply with a requirement to docket the contested case with the State Office
7 of Administrative Hearings under 1 TAC §155.53(a)(1), which requires the Request to Docket Case form to
8 be submitted together with the complaint or other pertinent documents describing the agency action
9 giving rise to the contested case.

10 **FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Glenna Bowman, Chief Financial Officer,
11 has determined that for each year of the first five years the amendments and new section will be in effect,
12 there will be no significant fiscal impact to state or local governments as a result of the enforcement or
13 administration of the proposal. Corrie Thompson, Director of the Enforcement Division (ENF), has
14 determined that there will be no significant impact on local employment or the local economy as a result
15 of the proposal.

16 **PUBLIC BENEFIT AND COST NOTE.** Ms. Thompson has also determined that, for each year of the first five
17 years the amended and new sections are in effect, there is an anticipated public benefit because the
18 proposal provides clarity for the motor carrier industry that is governed by these provisions.

19 Anticipated Public Benefits. The public benefit anticipated as a result of the proposal includes
20 clarity for the motor carrier industry regarding the procedures, requirements, and restrictions under
21 Transportation Code, §643.2526.

22 Anticipated Costs to Comply with the Proposal. Ms. Thompson anticipates that there will be no
23 costs to comply with these rules for the reasons stated in this preamble.

1 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by Government
2 Code, §2006.002, the department has determined that the proposed new section and amendments will
3 not have an adverse economic effect on small businesses, micro-businesses, and rural communities for
4 the reasons stated in this preamble. Therefore, the department is not required to prepare a regulatory
5 flexibility analysis under Government Code, §2006.002.

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

10 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the
11 first five years the proposed new section and amendments are in effect, no government program would
12 be created or eliminated. Implementation of the proposed new section and amendments would not
13 require the creation of new employee positions or elimination of existing employee positions.
14 Implementation would not require an increase or decrease in future legislative appropriations to the
15 department or an increase or decrease in fees paid to the department. The proposed new section and
16 amendments create a new regulation regarding the revocation of a motor carrier's registration under
17 Transportation Code, §643.2526 pursuant to a request from DPS under Transportation Code, §643.252(b).
18 The proposed new section and amendments expand an existing regulation regarding the department's
19 authority to deny an application for registration, renewal of registration, or reregistration under
20 Transportation Code, §643.2526. The proposed rules would not limit or repeal any regulations. Lastly, the
21 proposed new section and amendments do not affect the number of individuals subject to the rule's
22 applicability and will not affect this state's economy.

23 **REQUEST FOR PUBLIC COMMENT.**

- 1 If you want to comment on the proposal, submit your written comments by 5:00 p.m. CDT on August 25,
- 2 2025. A request for a public hearing must be sent separately from your written comments. Send written
- 3 comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office of General Counsel, Texas
- 4 Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the
- 5 department will consider written comments and public testimony presented at the hearing.

SUBCHAPTER D. MOTOR CARRIER AND OVERSIZE OR OVERWEIGHT VEHICLE OR LOAD ENFORCEMENT

STATUTORY AUTHORITY. The department proposes amendments under Transportation Code, §643.2526(d), which requires the department to adopt rules as necessary to implement §643.2526, including rules governing the requirements and procedures under §643.2526; Government Code, §2001.004, which requires state agencies to adopt rules of practice stating the nature and requirements of all available formal and informal procedures; Transportation Code, §643.003, which authorizes the department to adopt rules to administer Transportation Code, Chapter 643; Transportation Code, §643.252, which authorizes the department to suspend, revoke, or deny a registration issued under Transportation Code, Chapter 643 or place on probation a motor carrier whose registration is suspended; Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement the powers and duties of the department; and the statutory authority referenced throughout this preamble and in the rule text, which is incorporated herein by reference.

CROSS REFERENCE TO STATUTE. The proposed amendments would implement Government Code, Chapter 2001; and Transportation Code, §§643.252(b), 643.2526, and 1002.001.

TEXT.

§224.116. Administrative Proceedings, Excluding Proceedings Under Transportation Code, §643.2526.

(a) If the department decides to take an enforcement action under §218.16 of this title (relating to Insurance Requirements) for the revocation of self-insured status, §218.64 of this title (relating to Rates), §218.71 of this title (relating to Administrative Penalties), §219.121 of this title (relating to Administrative Penalties and Sanctions under Transportation Code, §623.271), §218.72 of this title (relating to Administrative Sanctions), or §219.126 of this title (relating to Administrative Penalty for

False Information on Certificate by a Shipper), the department shall mail a Notice of Department Decision to the person by first-class ~~[first-class]~~ mail to the last known address as shown in department records. If the enforcement action falls under the Memorandum of Agreement with the Federal Motor Carrier Safety Administration (FMCSA) under §218.71, the department shall mail the Notice of Department Decision to the person by first-class ~~[first-class]~~ mail to the last known address as shown in FMCSA's records.

(b) The Notice of Department Decision shall include:

- (1) a brief summary of the alleged violation or enforcement action being proposed;
- (2) a statement describing each sanction, penalty, or enforcement action proposed;
- (3) a statement informing the person of the right to request a hearing;
- (4) a statement of the procedure a person must use to request a hearing, including the deadline for filing a request with the department and the acceptable methods to request a hearing; and
- (5) a statement that a proposed penalty, sanction, or enforcement action will become final and take effect on a specific date if the person fails to request a hearing.

(c) A person must submit to the department a written request for a hearing to the address provided in the Notice of Department Decision not later than the 26th day after the date the notice is mailed by the department; however, this requirement does not apply to a contested case that falls under §218.64 and Transportation Code, §643.154.

(d) If a person submits a timely written request for a hearing or the contested case that falls under §218.64 and Transportation Code, §643.154, the department will contact the person and attempt to informally resolve the contested case. If the person and the department cannot informally resolve the contested case, the department will refer the contested case to SOAH to set a hearing date and will give notice of the time and place of the hearing to the person.

1 (e) Except as provided by Transportation Code, §643.154, if the person does not make a timely
2 request for a hearing or agree to settle a contested case within 26 days of the date the Notice of
3 Department Decision was mailed, the allegations are deemed admitted on the 27th day and a final order
4 including sanctions and penalties may be issued by the final order authority.

5 (f) Except as provided by statute and the applicable provisions of this chapter, any SOAH
6 proceeding is governed by Government Code, Chapter 2001 and 1 TAC Chapter 155, including the
7 authority of the department to informally dispose of the contested case by stipulation, agreed
8 settlement, consent order, or default. The department will follow the process set forth in Transportation
9 Code, §643.2525 and the applicable provisions of this chapter when enforcing the federal laws and
10 regulations cited in §218.71 to the extent authorized by applicable federal laws and regulations.

11 (g) The department and the person may informally resolve the contested case by entering into a
12 settlement agreement or agreeing to stipulations at any time before the director issues a final order.
13 However, the person must pay any penalty in full prior to the execution of a settlement agreement.

14 (h) This section does not apply to a department action under Transportation Code, §643.2526.

15
16 §224.121. Administrative Proceedings under Transportation Code, §643.2526.

17 (a) The department will only revoke the registration of a motor carrier under Transportation
18 Code, §643.2526 pursuant to a request from the Texas Department of Public Safety under
19 Transportation Code, §643.252(b) after the issuance of an order by the following, as applicable:

20 (1) the Federal Motor Carrier Safety Administration regarding an unsatisfactory safety
21 rating under 49 C.F.R. Part 385; or

22 (2) the Texas Department of Public Safety regarding multiple violations of the following:

23 (A) Transportation Code, Chapter 644;

1 (B) a rule adopted under Transportation Code, Chapter 644; or

2 (C) Subtitle C of Title 7 of the Transportation Code.

3 (b) The department will issue notice of the department's action under Transportation Code,
4 §643.2526 to the person by email and first class mail using the person's last known address in the
5 department's records.

6
7 §224.124. Appeal of Department Action ~~[of Denial]~~ Under Transportation Code, §643.2526.

8 ~~[(a) Pursuant to Transportation Code, §643.2526, an applicant may appeal the denial of an~~
9 ~~application for registration, renewal of registration, or reregistration under Transportation Code,~~
10 ~~Chapter 643.]~~

11 (a) [(b)] An [The] appeal to the department under Transportation Code, §643.2526 will be
12 governed by Chapter 224 [,-Subchapter E] of this title (relating to Adjudicative Practice and Procedure).
13 ~~[Contested Cases Referred to SOAH].]~~

14 (b) [(c)] An [The applicant's] appeal will be considered untimely if it is not filed with the
15 department by the 26th day after the date of the department's issuance of notice of the department's
16 action. [denial of the application.] The department will not consider an untimely appeal.

17 (c) [(d)] An application that is withdrawn under Transportation Code, §643.055 is not a denial of
18 an application for the purposes of an appeal under Transportation Code, §643.2526.

19 (d) On appeal, the department will not rescind a revocation under Transportation Code,
20 §643.252(b) based on the motor carrier taking corrective action that results in an upgrade to its

1 unsatisfactory safety rating after the department has issued notice to the motor carrier that the
2 department revoked the motor carrier's registration.

3 (e) An appeal under Transportation Code, §643.2526 must state why the person claims the
4 department's action is erroneous, as well as the legal and factual basis for the claimed error.

5

6

Board Meeting Date: 7/10/2025
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Corrie Thompson, Enforcement Division Director
Agenda Item: 15
Subject: Chapter 224, Adjudicative Practice and Procedure
Amendments: §224.58
(Relating to Implementation of SB 1902, 89th Legislative Session)

RECOMMENDATION

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

PURPOSE AND EXECUTIVE SUMMARY

The proposed revisions would implement Senate Bill (SB) 1902, 89th Legislature, Regular Session (2025).

FINANCIAL IMPACT

No significant fiscal impact.

BACKGROUND AND DISCUSSION

House Bill 718, 88th Legislature, Regular Session, replaced the temporary tag database with the license plate database, and amended Transportation Code, §503.0633(f) to allow the department to deny access to the license plate database if a dealer acts fraudulently.

SB 1902 further amended Transportation Code, §503.0633(f) to allow the department to deny access to the license plate database if the dealer has been denied access to the temporary tag database under former Transportation Code, §503.0632(f).

The denial of access is effective when the department sends the notification electronically and by certified mail in both instances, and a dealer who is denied access to the license plate database may request a hearing.

The legislature directed the department to adopt implementing rules by October 1, 2025. Staff anticipates publication in the July 25, 2025, issue of the *Texas Register*.

PROPOSAL OF REVISIONS TO

SUBCHAPTER B. MOTOR VEHICLE, SALVAGE VEHICLE, AND TRAILER INDUSTRY ENFORCEMENT

43 TAC §224.58

INTRODUCTION. The Texas Department of Motor Vehicles (department) proposes to amend 43 Texas Administrative Code (TAC) Subchapter B, Motor Vehicle, Salvage Vehicle, and Trailer Industry Enforcement, §224.58, concerning denial of access to the license plate system. These amendments are necessary to implement Senate Bill (SB) 1902, 89th Legislature, Regular Session (2025), which became effective July 1, 2025. In SB 1902, Section 3, the legislature directed the department to adopt implementing rules by October 1, 2025. Transportation Code, §503.0633(f), as amended by SB 1902, allows the department to deny access to the license plate database if a dealer has been denied access to the temporary tag database under former Transportation Code, §503.0632(f).

EXPLANATION.

As the department transitioned from paper temporary tags to metal license plates on July 1, 2025, in accordance with House Bill 718, 88th Legislature, Regular Session, the temporary tag database has been replaced with the license plate database. Under Transportation Code 503.0633(f), as amended by SB 1902, the department may deny a dealer access to the license plate system if the department determines that the dealer has acted fraudulently. A proposed amendment to §224.58(b) would add denial of access to the temporary tag system as a basis for the department to deny a dealer access to the license plate system. These amendments implement SB 1902, which added this basis as one the department could consider in denying access to the license plate database under Transportation Code, §503.0633(f). The proposed amendment would allow the department to deny access to the license plate system if the dealer had been denied access to temporary tag database prior to July 1, 2025, after providing the dealer with notice.

1 **FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Glenna Bowman, Chief Financial Officer, has
2 determined that for each year of the first five years the new section will be in effect, there will be no fiscal impact
3 to state or local governments as a result of the enforcement or administration of the proposal. Corrie Thompson,
4 Director of the Enforcement Division, has determined that there will be no measurable effect on local employment
5 or the local economy as a result of the proposal.

6 **PUBLIC BENEFIT AND COST NOTE.** Glenna Bowman, Chief Financial Officer, has determined that for each year of
7 the first five years the new section will be in effect, there will be no fiscal impact to state or local governments as
8 a result of the enforcement or administration of the proposal. Corrie Thompson, Director of the Enforcement
9 Division, has determined that there will be no measurable effect on local employment or the local economy as a
10 result of the proposal.

11 **PUBLIC BENEFIT AND COST NOTE.** Ms. Thompson has also determined that, for each year of the first five years
12 the new section is in effect, public benefits include limiting the criminal activity of a small subset of dealers who
13 fraudulently obtain and sell license plates to persons seeking to engage in violent criminal activity, including armed
14 robbery, human trafficking, and assaults on law enforcement, or to persons seeking to criminally operate
15 uninsured and uninspected vehicles as a hazard to Texas motorists and the environment.

16 Anticipated Costs to Comply with the Proposal. Ms. Thompson anticipates that there will be no costs to
17 comply with this proposed rule as the proposed rule only applies when a dealer's actions indicate fraud.

18 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by Government Code,
19 §2006.002, the department has determined that the proposed new section will not have an adverse economic
20 effect on small businesses or micro-businesses because the rule does not change the underlying statutory policy—
21 that the department may deny a dealer the ability to issue vehicle registration credentials if the dealer has
22 committed fraud. This fraud prevention tool first applied to temporary tags and will now apply to license plates
23 obtained or issued by a dealer. The new section will also not have an adverse impact on rural communities because

1 rural communities are not required to hold a general distinguishing number. The proposed section does not
2 require small businesses or micro-businesses to pay a fee or incur any new costs to comply with this new rule, as
3 any costs will be the same as those under the existing rule regarding temporary tags. Therefore, the department
4 is not required to prepare a regulatory flexibility analysis under Government Code, §2006.002.

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

9 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the first five
10 years the proposed new section is in effect, no government program would be created or eliminated.
11 Implementation of the proposed new section would not require the creation of new employee positions or
12 elimination of existing employee positions. Implementation would not require an increase or decrease in future
13 legislative appropriations to the department or an increase or decrease of fees paid to the department. The
14 proposed new section does not create a new regulation and does not expand, limit, or repeal an existing
15 regulation. Lastly, the proposed new section does not increase the number of individuals subject to the rule's
16 applicability and will not affect this state's economy.

17 **REQUEST FOR PUBLIC COMMENT.** If you want to comment on the proposal, submit your written comments by
18 5:00 p.m. CDT on August 25, 2025. A request for a public hearing must be sent separately from your written
19 comments. Send written comments or hearing requests by email to rules@txdmv.gov or by mail to Office of
20 General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is
21 held, the department will consider written comments and public testimony presented at the hearing.

STATUTORY AUTHORITY. In addition to the rulemaking authority provided in Section 34 of HB 718, the department proposes amendments to §224.58 under Transportation Code, §§503.002, 503.0631, and 1002.001. Transportation Code, §503.002 authorizes the department to adopt rules to administer Transportation Code Chapter 503. Transportation Code, §503.0631(e) authorizes the department to adopt rules and prescribe procedures as necessary to implement §503.0631. Transportation Code, §1002.001 authorizes the board to adopt rules that are necessary and appropriate to implement the powers and the duties of the department.

The department also proposes amendments under Occupations Code, §2301.151, which gives the board authority to regulate the distribution, sale, and lease of motor vehicles and the authority to take any action that is necessary or convenient to exercise that authority; Occupations Code, §2301.152, which authorizes the board to establish the qualifications of license holders, ensure that the distribution, sale, and lease of motor vehicles is conducted as required by statute and board rules, to prevent fraud, unfair practices, discrimination, impositions, and other abuses in connection with the distribution and sale of motor vehicles, and to enforce and administer Occupations Code, Chapter 2301 and Transportation Code, Chapter 503; Occupations Code, §2301.155, which authorizes the board to adopt rules as necessary or convenient to administer Occupations Code, Chapter 2301 and to govern practice and procedure before the board; and Government Code, §2001.004 requires state agencies to adopt rules of practice stating the nature and requirements of all available formal and informal procedures.

CROSS REFERENCE TO STATUTE. These proposed revisions implement Government Code, Chapter 2001; Occupations Code, Chapter 2301; and Transportation Code, Chapters 501-504, and 1002.

SUBCHAPTER B. MOTOR VEHICLE, SALVAGE VEHICLE, AND TRAILER INDUSTRY ENFORCEMENT

43 TAC §224.58

Text.

§224.58. Denial of Dealer Access to License Plate System.

(a) In this section "fraudulently obtained license plates from the license plate system" means misuse by a dealer account user of the license plate system authorized under Transportation Code, §503.063, §503.0631, or §503.065 to obtain or issue:

(1) an excessive number of license plates relative to dealer sales;

(2) a license plate for a vehicle or vehicles not in the dealer's inventory (a vehicle is presumed not to be in the dealer's inventory if the vehicle is not listed in the relevant monthly Vehicle Inventory Tax Statement);

(3) access to the license plate system for a fictitious user or person using a false identity;

(4) a license plate for a vehicle or a motor vehicle when a dealer is no longer operating at a licensed location;

(5) a license plate for a vehicle or a motor vehicle not located at the dealer's licensed location or storage lot; or

(6) a license plate for a vehicle or motor vehicle that is not titled or permitted by law to be operated on a public highway.

(b) The department shall deny a dealer access to the license plate system effective on the date the department sends notice electronically and by certified mail to the dealer that the department has determined, directly or through an account user, that the dealer has fraudulently obtained or issued a license plate in the license plate system or has been denied access to the temporary tag database. A dealer may seek a negotiated resolution with the department by demonstrating the dealer took corrective action or that the department's determination was incorrect.

1 (c) Notice shall be sent to the dealer's last known mailing address and last known email address in
2 the department-designated licensing system.

3 (d) A dealer may request a hearing on the denial of access to the license plate system, as provided by
4 Subchapter O, Chapter 2301, Occupations Code. The request must be in writing and the dealer must request
5 a hearing under this section. The department must receive the written request for a hearing within 26 days
6 of the date of the notice denying access to the license plate system. The request for a hearing does not stay
7 the denial of access under subsection (b) of this section. A dealer may continue to seek a negotiated
8 resolution with the department after a request for hearing has been submitted under this subsection by
9 demonstrating the dealer took corrective action or that the department's determination was incorrect.

10 (e) The department may also issue a Notice of Department Decision stating administrative violations
11 as provided in §224.56 of this title (relating to Notice of Department Decision) concurrently with the notice
12 of denial of access under this section. A Notice of Department Decision may include notice of any violation,
13 including a violation listed under subsection (a) of this section.

14 (f) A department determination and action denying access to the license plate system becomes final
15 if the dealer does not request a hearing or enter into a settlement agreement with the department within 26
16 days of the date of the notice denying access to the license plate system.

Board Meeting Date: 7/10/2025
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Annette Quintero, Vehicle Titles & Registration Division Director
Agenda Item: 16
Subject: Specialty Plate Design

RECOMMENDATION

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

PURPOSE AND EXECUTIVE SUMMARY

American Flag is a new plate design. The design is offered in flat and embossed versions.

FINANCIAL IMPACT

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

BACKGROUND AND DISCUSSION

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

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

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

The plate design listed below was presented to the public in a May 2025 eVIEW. The count of the public’s “like/dislikes” are noted below:

American Flag	New
544 people liked this design and 271 did not	

AMERICAN FLAG



TEXAS SPECIALTY PLATE BUSINESS

Vehicle Titles and
Registration Division
Special Plates Unit (5FTEs) 07/25



VTR Director
Annette Quintero

JULY 2025



FISH TEXAS RIVERS W/ TEXAS PARKS & WILDLIFE CONSERVATION PLATES

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



TOP TEN DATA 04-2025

	LINKED	UNLINKED	TOTAL
1. ANIMAL FRIENDLY	6,131	248	6,379
2. CONSERVATION: HORNED LIZARD	5,343	258	5,601
3. CONSERVATION: BLUEBONNET	4,199	253	4,452
4. CONSERVATION: WHITE-TAILED DEER	2,957	158	3,115
5. CONSERVATION: HUMMINGBIRD	1,904	143	2,047
6. BIG BEND NATIONAL PARK	1,794	93	1,887
7. CONSERVATION: LARGE MOUTH BASS	1,747	137	1,884
8. NATIVE TEXAN	1,600	74	1,674
9. CONSERVATION: CAMPING	1,587	109	1,696
10. CONSERVATION: MONARCH BUTTERFLY	1,450	165	1,615



1. CLASSIC BLACK	62,208	11,057	73,265
2. LARGE STAR WHITE-BLACK	34,366	4,668	39,034
3. CLASSIC BLACK-SILVER	23,287	3,413	26,700
4. CARBON FIBER	15,018	3,079	18,097
5. LONE STAR BLACK	14,839	2,481	17,320
6. TEXAS BLACK 1845	14,735	2,538	17,273
7. LONE STAR BLACK-SILVER (STATE OF THE ARTS)	5,979	869	6,848
8. LONE STAR 1836	5,350	997	6,347
9. LOVE HEART	5,247	742	5,989
10. TEXAS OIL & GAS	4,473	815	5,288



1. DISABLED VETERAN	224,658	6,259	230,917
2. DV U.S. ARMY	62,160	1,709	63,869
3. DV U.S. MARINE CORPS	36,788	915	37,703
4. DV U.S. U.S. AIR FORCE	28,949	748	29,697
5. DV U.S. NAVY	26,607	695	27,302
6. DV BRONZE STAR MEDAL	16,042	372	16,414
7. MERITORIOUS SERVICE MEDAL	14,109	630	14,739
8. PURPLE HEART	11,837	369	12,206
9. U.S. MARINE CORPS	11,618	502	12,120
10. U.S. ARMY	10,171	452	10,623

SPECIAL PLATES UNIT CUSTOMER SERVICE STATISTICS FY 2025

53,581

Personalized Plate
Applications Reviewed
(97% Approved)

17,445

Telephone Calls

52

Walk-in
Customers

7,027

Emails

1,735

Refunds

16

Public Information
Open Records

2,879

Correspondence
(Including Plate
Applications)

Board Meeting Date: 7/10/2025
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 17
Subject: Appointment of Members to the Motor Vehicle Industry Regulation Advisory Committee (MVIRAC) and Motor Carrier Regulation Advisory Committee (MCRAC)

RECOMMENDATION

Action Item. That the Texas Department of Motor Vehicles Board (board) appoint the individuals from the list of potential members presented to the board by the executive director as members of the Motor Vehicle Industry Regulation Advisory Committee and the Motor Carrier Regulation Advisory Committee.

PURPOSE AND EXECUTIVE SUMMARY

To implement Transportation Code §1001.031, directing the board to establish advisory committees by appointing advisory members to the Motor Vehicle Industry Regulation Advisory Committee and the Motor Carrier Regulation Advisory Committee.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

Transportation Code §1001.031 requires the board to establish advisory committees to make recommendations to the board. The board adopted rules to establish four advisory committees in 43 Texas Administrative Code, Subchapter D. Those rules require the board to “appoint members to an advisory committee by selecting them from a list of potential members provided by the executive director.” Further, the board is required by statute and rule to consider the balance of the advisory committee to ensure representation of:

- industries or occupations regulated or indirectly regulated by the board,
- consumers of services provided by the regulated industry, and
- different geographical regions of the state.

Under 43 Texas Administrative Code §206.93, advisory committee members serve four-year terms. The terms of a majority of the members in the Motor Vehicle Industry Regulation Advisory Committee and the Motor Carrier Regulation Advisory Committee will expire on August 5, 2025.

The Motor Vehicle Industry Regulation Advisory Committee makes recommendations on topics related to regulation of the motor vehicle industry. Three new members and 17 returning members are recommended for reappointment to the Motor Vehicle Industry Regulation Advisory Committee. Of the recommended new members, one is a regulated-industry member, one is a franchised dealer representative, and two are consumer members of the public. These

appointments would bring the total number of regulated-industry members on the Motor Vehicle Industry Regulation Advisory Committee to 12 and the total number of consumer members to eight.

The Motor Carrier Regulation Advisory Committee makes recommendations on topics related to motor carrier registration and motor carrier regulation. Six new members and eight returning members are recommended for appointment to the Motor Carrier Regulation Advisory Committee. Of the recommended new members, two are regulated-industry members, a motor carrier franchised dealer and a motor carrier mover representative, and four are consumer members, one of whom is in law enforcement and three of whom work in transportation compliance. These appointments would bring the total number of regulated-industry members on the Motor Carrier Regulation Advisory Committee to seven and the total number of consumer members to seven.

The map below shows numbered geographic regions of Texas that are used in the spreadsheets that follow to denote the location of each recommended member of the advisory committees.



Potential New MVIRAC Members					
No.	Applicant	GeoRegion	County	Employer	License Affiliation
1	Elizabeth Garza	11	Williamson	Potomac Economics - Independent Market Montitor - ERCOT	Public
2	Ray Ohlah	11	Travis	Retired - Office of the Attorney General, Assistant Attorney General	Public
3	Nicholas A. Schnelle	04	Denton	Autonation - Market President	Franchised Dealer Representative

Reappointment of Current MVIRAC Members					
No.	Member	GeoRegion	County	Employer	License Affiliation
1	David Blassingame	04	Dallas	Autoflex Leasing & Blassingame Consulting - Special Projects Coordinator and Owner of Consulting Company	Vehicle Lessor Consultant
2	Michael Bradburn, Sr.	11	Bell	Travis County Constable Precinct 3 - Corporal	Law Enforcement
3	Christopher Donnelly	02	Montgomery	Donnelly Auto Group - President/Managing Member	Independent Dealer
4	Laird Doran	06	Harris	The Friedkin Group - Vice President & Senior Counsel	Affiliated with Franchise Dealer/Distributor
5	Lloyd "Buddy" Ferguson	11	McLennan	Barack Ferrazzano Kirschbaum & Nagelberg, LLP - Partner	Attorney for Manufacture/Distributor
6	Russell Hayter	10	Hays	Retired - Insurance Industry	Public
7	William Murphy	10	Kerr	Self-employed - Owner	Public
8	F. Scott Sims	01	Taylor	Freedom Motors - Owner	Converter - Wheelchair Accessible
9	Trey Sralla	12	Clay	Eddie Hill's Fun Cycles - General Manager	Franchise Dealer - Motorcycles
10	Scott Stark	11	Travis	South Point Hyundai, Genesis of Austin, South Point Dodge Chrysler Jeep and Ram - President/Owner	Franchise Dealer
11	Kalien Thomas	04	Ellis	Frontera Truck Parts & Equipment, Inc. - Office Manager	Independent Dealer
12	Phil Elam	11	Travis	Texas Recreational Vehicle Association - Executive Director	Recreational Vehicle Representative - Franchise Dealers
13	Michael Sullivan	06	Harris	Group 1 Automotive - Director Governmental and Public Affairs	Franchise Dealer
14	Thomas Durant	04	Tarrant	Classic Chevrolet Inc. - COO/General Counsel	Franchise Dealer
15	Tony Hall	11	Travis	Carvana - Senior Manager, Government Affairs	Independent Dealer Representative
16	Michael Provost	06	Fort Bend	City of Houston/Houston Police Department - Sergeant	Law Enforcement
17	Charles Hicks	03	Nueces	Ed Hicks Imports / Ed Hicks Nissan / Ed Hicks Infiniti / Hicks Family - Dealer Principal	Franchise Dealer

Potential MCRAC Members					
No.	Applicant	GeoRegion	County	Employer	License Affiliation
1	Jeff Langloss	11	Williamson	Texas Trucking Association - Vice President	Motor Carrier / Mover Representative
2	John Pittmon	12	Wise	Peak Rentals, LLC - Director of DOT Compliance	Transportation Compliance
3	Kimberly Pass	08	Panola	KP Compliance, LLC - Owner/Manager	Transportation Compliance
4	Amy White	11	Williamson	TransTex License & Permit Solutions, Inc. - President	Transportation Compliance
5	Tommy Jackson	04	Tarrant	Retired Fort Worth Fire Lieutenant/Tarrant County Constable Office PCT 8 - Deputy Constable	Law Enforcement
6	John Thomas	6	Harris	SelecTransportation Resources - Chief Financial Officer	Motor Carrier Operations - Franchise Dealer

Reappointment of Current MCRAC Members					
No.	Member	GeoRegion	County	Employer	License Affiliation
1	Kevin Althoff	11	Coryell	Althoff Farms, Inc. - President (Self-employed)	Motor Carrier Operations - Others
2	Patrick Connelly	10	Bexar	Suarez Bros Crane and Heavy Haul LLC - Vice President/Partner	Motor Carrier Operations - Others
3	William Green	02	Angelina	Angelina Manufacturing - General Manager	Public
4	John Hallmark	02	Montgomery	Hallmark Transport Services Corp - Owner	Motor Carrier Operations - Others
5	Rudy Hille	04	Johnson	Transportation Compliance Services USA - Compliance Specialist	Motor Carrier Consultant
6	Karl Radde	02	Madison	Southern Comfort Homes - President/GM	Public
7	John Walker	06	Harris	J H Trucking - President	Motor Carrier Operations - Others
8	Jackie Polk	02	Angelina	Lee TranServices, Inc. - President	Transportation Compliance

Board Meeting Date: 7/10/2025
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Roland Luna, Deputy Executive Director
Agenda Item: 18
Subject: House Bill 718 Implementation Update (88th Legislative Session)

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 HB 718 by creating various committees to assist with different components of the legislation. During 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 TxDMV.

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 committee's goals and tasks and coordinated cross-committee efforts.

The agency worked closely with the distribution vendor to issue plate allocations to dealers, performed testing of new systems with dealers and tax assessor collectors, and provided training for metal plate processes, inventory management system training, and metal plate changes to law enforcement.

Multiple divisions across the department contributed to the development of a comprehensive Customer Support Plan (CSP) designed to develop subject matter expertise within the TxDMV and throughout each county with the tax-assessor collectors. Additionally, the plan included new chat technologies aimed at providing expanded customer support. The CSP included several customer support escalation teams with multiple divisions to assist with questions from dealers and tax assessor collectors. Information was added to the department website to assist dealers, tax assessors, law enforcement, and the public with questions related to HB 718.

Board Meeting Date: 7/10/2025
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Keith Yawn, Government & Strategic Communications Division Director
Agenda Item: 19
Subject: 89th Regular Session Legislative Recap

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Government and Strategic Communications (GSC) Division staff will provide an overview of legislative activity related to department operations from the 89th Regular Legislative Session.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

The 89th Texas Legislature convened in regular session on January 14, 2025, and adjourned on June 2, 2025. Legislators filed 8,719 bills and another 2,784 resolutions. Department staff tracked more than 580 individual bills, including 193 with potential direct impact to the department's core operational programs and 244 with possible direct impact to department administrative activities. Throughout the session, staff served as subject matter experts to House and Senate committees and individual legislators developing final language for legislation in addition to completed internal policy analysis on tracked bills and completing approximately 120 individual fiscal impact statements.

Seventy-four of the bills tracked by the department became law, of which 62 are being reviewed for possible implementation activities. While implementation planning has just started, less than 40 are anticipated to require some level of implementation. More work will be conducted throughout the summer to further determine the operational needs of these bills and plan for the related implementation activities during the upcoming biennium.

This agenda item includes an overview of several bills passed by the legislature and the specific impact they could have on department operations or policies.

Finance and Operations Division staff will provide an overview of legislative budget decisions with an impact on the department as part of a separate agenda item.

Chamber	Bill	Caption	Effective Date
Bills with Identified or Possible Implementation Needs			
House	149	Relating to the regulation of the use of artificial intelligence systems in this state.	1/1/2026
House	150	Relating to the establishment of the Texas Cyber Command as a component institution of The University of Texas System and the transfer to it of certain powers and duties of the Department of Information Resources.	9/1/2025
House	252	Relating to the payment of employment compensation by certain state agencies.	6/20/2025
House	500	Relating to making supplemental appropriations and reductions in appropriations and giving direction and adjustment authority regarding appropriations.	6/22/2025
House	791	Relating to the issuance of Central Catholic High School specialty license plates.	9/1/2025
House	1672	Relating to application of the Administrative Procedure Act to certain actions by the Texas Department of Motor Vehicles related to the compliance review and safety audit program for commercial motor vehicles.	5/24/2025
House	2029	Relating to vehicle safety inspections of certain travel trailers.	5/29/2025
House	2522	Relating to fingerprinting requirements for the issuance of dealer general distinguishing numbers to certain persons.	9/1/2025
House	2686	Relating to the registration of frac tanks.	9/1/2025
House	3135	Relating to the issuance of specialty license plates for retired firefighters.	9/1/2025
House	3512	Relating to artificial intelligence training programs for certain employees and officials of state agencies and local governments.	9/1/2025
House	3815	Relating to issuance of specialty license plates for certain United States Army Rangers.	9/1/2025
House	3928	Relating to providing notice of a vehicle towed to a vehicle storage facility by publication on a third-party Internet website.	9/1/2025
House	4214	Relating to the public information law	6/20/2025
House	4226	Relating to an exemption from the taxes imposed on the sale, use, or rental of a motor vehicle for a vehicle purchased, used, or rented by a nonprofit food bank.	9/1/2025
House	5033	Relating to elimination of the motor vehicle emissions inspection and maintenance program.	9/1/2025
House	5061	Relating to prohibiting certain activities by contractors and vendors of state agencies.	9/1/2025
House	5129	Relating to the security of certain personal identifying information submitted to or retained by a state agency.	6/20/2025
House	5195	Relating to the modernization of state agency systems, including the improvement of online access to services and the reduction of paperwork requirements.	9/1/2025
House	5196	Relating to telework for state employees.	9/1/2025
House	5436	Relating to an exception to the titling requirement for certain motor vehicles.	9/1/2025
House	5629	Relating to the occupational licensing of military spouses.	9/1/2025
Senate	1	General Appropriations Bill.	9/1/2025
Senate	927	Relating to the issuance of Navy and Marine Corps Achievement Medal specialty license plates.	9/1/2025
Senate	1080	Relating to the issuance of a provisional occupational license to certain applicants with criminal convictions.	5/27/2025
Senate	1227	Relating to fees for the issuance of certain military specialty license plates.	9/1/2025
Senate	1464	Relating to a hearing on the refusal to issue or the revocation or suspension of a vehicle title.	9/1/2025
Senate	1568	Relating to the issuance of Animal Friendly specialty license plates.	9/1/2025
Senate	1729	Relating to the registration and inspection of vehicles.	5/24/2025
Senate	1816	Relating to the titling, registration, and operation of a miniature vehicle.	6/20/2025
Senate	1818	Relating to the issuance of a provisional license to certain military service members, military veterans, and military spouses to engage in business or occupation in this state.	9/1/2025

Chamber	Bill	Caption	Effective Date
Senate	1902	Relating to the administration of the dealer-issued license plates database and to the removal and transfer of license plates.	7/1/2025
Senate	1964	Relating to the regulation and use of artificial intelligence systems and the management of data by governmental entities.	9/1/2025
Senate	2001	Relating to the registration of vehicles, the issuance of disabled parking placards, and certain benefits associated with that registration or issuance for certain peace officers with disabilities.	9/1/2025
Senate	2007	Relating to the voluntary disclosure by an applicant for registration of a motor vehicle of the applicant's military status.	9/1/2025
Senate	2064	Relating to the exemption of motor vehicles transferred from a decedent's estate.	9/1/2025
Senate	2141	Relating to issuance of specialty license plates for state and federal judges.	9/1/2025
Senate	2587	Relating to access to and use of certain criminal history record information.	9/1/2025
Senate	2807	Relating to the considerations when determining whether an operator of a motor vehicle is an employee of a motor carrier or an independent contractor. (Amended with SB 2425 - AV Regulations)	9/1/2025

Awareness Only - Unlikely to Result in Active Implementation Efforts

House	12	Relating to the review and audit of certain state agency operations.	9/1/2025
House	229	Relating to general definitions for and collection of governmental information regarding biological sex.	9/1/2025
House	1240	Relating to certain governmental operations affecting the border region.	9/1/2025
House	1522	Relating to notice of a meeting held under the open meetings law.	9/1/2025
House	1620	Relating to nonsubstantive additions to, revisions of, and corrections in enacted codes, to the nonsubstantive codification or disposition of various laws omitted from enacted codes, and to conforming codifications.	9/1/2025
House	1893	Relating to the disclosure under the public information law of a motor vehicle license plate number captured in a video recording obtained or maintained by a law enforcement agency.	9/1/2025
House	1922	Relating to the accrual of a cause of action for purposes of certain laws governing certain construction liability claims.	9/1/2025
House	2440	Relating to the authority of a state agency or the state's air quality state implementation plan to impose certain restrictions with respect to a motor vehicle, including a motor vehicle powered by an internal combustion engine.	9/1/2025
House	3005	Relating to the payment of funds under certain construction contracts.	9/1/2025
House	3112	Relating to the application of the open meetings law and public information law to government information related to certain cybersecurity measures.	6/20/2025
House	3623	Relating to the manner of solicitation of bids for certain purchases by the comptroller of public accounts and state agencies.	9/1/2025
House	4219	Relating to a governmental body's response to a request for public information.	9/1/2025
House	4488	Relating to the creation and re-creation of funds and accounts, the dedication and rededication of revenue and allocation of accrued interest on dedicated revenue, and the exemption of unappropriated money.	6/20/2025
House	4748	Relating to multiple award of contracts with indefinite delivery and indefinite quantity terms.	9/1/2025
House	5331	Relating to the enforceability of certain state agency and local government contract language regarding required security incident notifications.	6/20/2025
House	5435	Relating to required lease terms for public property leased to a nongovernmental entity.	9/1/2025

Chamber	Bill	Caption	Effective Date
Senate	14	Relating to reforming the procedure by which state agencies adopt rules and impose regulatory requirements and the deference given to the interpretation of laws and rules by state agencies in certain judicial proceedings.	9/1/2025
Senate	370	Relating to the availability of certain personal information of a child, spouse, or surviving spouse of a current or former employee of the office of the attorney general.	9/1/2025
Senate	765	Relating to the confidentiality of fraud detection and deterrence information under the public information law.	9/1/2025
Senate	992	Relating to the procedure by which the attorney general approves or denies approval of a state agency contract for outside legal services.	9/1/2025
Senate	1364	Relating to the repeal of wheelbase and horsepower restrictions for the state's passenger vehicle fleet.	9/1/2025
Senate	1540	Relating to maintaining the confidentiality of the personal information of election officials and their employees.	9/1/2025
Senate	3059	Relating to the preservation, maintenance, restoration, and protection of the Alamo complex and surrounding area by the Alamo Commission.	9/1/2027

Board Meeting Date: 7/10/2025
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Glenna Bowman, Chief Financial Officer
Agenda Item: 20.A
Subject: FY 2026 Recommended Operating Budget for the Fiscal Year that Begins September 1, 2025, and ends August 31, 2026

RECOMMENDATION

Approve the recommended Fiscal Year (FY) 2026 Operating Budget.

PURPOSE AND EXECUTIVE SUMMARY

This item provides an update on final budget decisions made by the 89th Legislature for TxDMV and presents an overview of the department's recommended operating budget for FY 2026. The recommended FY 2026 operating budget totals \$409.3 million, with 952 FTEs, and is structurally balanced to support the operational needs of the department. The recommended budget includes amounts appropriated in the General Appropriations Act (GAA) and the Supplemental Appropriations Act (HB 500), plus unexpended balances carried forward from FY 2025 to FY 2026.

FINANCIAL IMPACT

The recommended FY 2026 operating budget of \$409.3 million will be funded by General Revenue Fund 0001 (\$176.0 million), and TxDMV Fund 0010 (\$233.3 million)

BACKGROUND AND DISCUSSION

On May 29, 2025, the 89th Legislature adopted the FY 2026-27 biennial budget for TxDMV totaling \$667.9 million. The two-year budget includes \$125 million in General Revenue funding for RTS Modernization; 50 additional FTEs and funding to enhance and improve core services and customer support (\$3,574,677 in FY 2026 and \$3,178,677 in FY 2027); and continuation of full funding for the Motor Vehicle Crime Prevention Authority (MVCPA) (\$51,033,262 in FY 2026 and \$51,645,864 in FY 2027). The Legislature also appropriated funding for the implementation of Senate Bill 1902 relating to the administration of the dealer issued license plates database and the removal and transfer of license plates and Senate Bill 2007 relating to the voluntary disclosure of an applicant's military status for registration of a motor vehicle.

The FY 2026 operating budget includes the following items and amounts:

Goal A: Optimize Services and Systems	\$128,777,986
Goal B: Protect the Public	\$62,786,766
Goal C: Indirect Administration	\$79,003,474
Capital Appropriations, U.B. and HB 500	\$133,800,000
Contingency Appropriations	
• SB 1902 – new funding for FY 2026	\$4,610,520
• SB 2007 – new funding for FY 2026	\$357,700
Total	\$409,336,446

Goal A is supported by five strategies, including Titles, Registrations and Plates; Vehicle Industry Licensing; Motor Carrier Services; Technology Enhancement & Automation; and the Customer Contact Center. Goal B is supported by two strategies, Enforcement and Motor Vehicle Crime Prevention. Goal C includes Central Administration, Information Resources and Other Support Services. These appropriated amounts include the new FTEs and related funding approved by the 89th Legislature.

Capital Appropriations include Unexpended Balances (UB) that will be carried forward from FY 2025 to FY 2026 for Headquarters Maintenance, RSC Maintenance, Automation, RTS Replacement Phase I, and the Accounts Receivables System, as well as funding for RTS Modernization (appropriated in HB 500).

Revenues

TxDMV collects revenue from a variety of sources and deposits those revenues across multiple funds.

TxDMV Fund 0010 revenues are estimated to total \$208.6 million in FY 2026. The majority of revenues will come from title and registration fees totaling \$65.6 million, processing and handling fees of \$57.6 million, and motor vehicle certificates of title (\$48.4 million).

The department also receives revenue pursuant to Section 1006.153, Transportation Code, to support the activities of the Motor Vehicle Crime Prevention Authority (MVCPA). These revenues are deposited to General Revenue Fund 0001 and are estimated to total \$51.1 million in FY 2026.



Texas Department *of* Motor Vehicles

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Texas Department of Motor Vehicles
FY 2026 Recommended Operating Budget

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Executive Summary

Approved Legislative Appropriations

On May 29th, 2025, the 89th Legislature adopted a Fiscal Year (FY) 2026-2027 biennial budget of \$667.9 million for the Texas Department of Motor Vehicles. The budget is authorized through the Legislature's passage of the General Appropriations Act (GAA).

Highlights of the two-year FY 2026-2027 budget include:

- \$125 million in General Revenue funding for RTS Modernization (appropriated in HB 500, Supplemental Appropriations Act).
- 50 additional FTEs and funding of \$3,574,677 in FY 2026 and \$3,178,677 in FY 2027 to enhance and improve core services and customer support.
- Continuation of full funding for the Motor Vehicle Crime Prevention Authority (MVCPA) that is consistent with statute and the Biennial Revenue Estimate (\$51,033,262 in FY 2026 and \$51,645,864 in FY 2027).
- Funding for the implementation of Senate Bill (SB) 1902 relating to the administration of the dealer issued license plates database and the removal and transfer of license plates (4,610,520 in FY 2026 and \$4,345,920 in FY 2027).
- Funding for the implementation of Senate Bill (SB) 2007 relating to the voluntary disclosure of an applicant's military status for registration of a motor vehicle (\$357,700 in FY 2026).

FY 2026 Recommended Operating Budget

The FY 2026 Recommended Operating Budget provides for the implementation of the first year of the GAA Funding.

The FY 2026 recommended operating budget totals \$409.3 million, with 952 full-time equivalents (FTEs), and is structurally balanced to support the operational needs of the department. The recommended budget includes:

- FY 2026 amounts appropriated to the TxDMV in the General Appropriations Act (GAA); and
- Unexpended balances carried forward from FY 2025 to FY 2026.

The recommended budget focuses on continuous, secure, and uninterrupted delivery of services to our stakeholders and customers through maximizing technology and adapting to new service needs.

FY 2026 Recommended Operating Budget by Goal and Strategy

The following table reflects the FY 2026 amounts approved in the GAA (SB 1, 89th Legislature, Regular Session), plus other appropriations, including carry-forward funds from previous years that are available for the department to spend in FY 2026, supplemental appropriations, and contingency appropriations.

A. Goal: Optimize Services and Systems		FY 2026 Recommended Operating Budget
Strategy:		
A.1.1. Titles, Registrations, and Plates	\$	96,394,781
A.1.2. Vehicle Dealer Licensing	\$	4,182,575
A.1.3. Motor Carrier Permits & Credentials	\$	10,657,110
A.1.4. Technology Enhancement & Automation	\$	13,472,193
A.1.5. Customer Contact Center	\$	4,071,327
Total, Goal A: Optimize Services and Systems	\$	128,777,986
B. Goal: Protect the Public		
Strategy:		
B.1.1.: Enforcement	\$	11,753,504
B.2.1. Motor Vehicle Crime Prevention Authority	\$	51,033,262
Total, Goal B: Protect the Public	\$	62,786,766
C. Goal: Indirect Administration		
Strategy:		
C.1.1. Central Administration	\$	11,778,198
C.1.2. Information Resources	\$	50,188,801
C.1.3. Other Support Services	\$	17,036,475
Total, Goal C: Indirect Administration	\$	79,003,474
Grand Total TxDMV (GAA, Article VII Line-Item Appropriations)		\$ 270,568,226
Other Appropriations		
Capital Appropriations (U.B. and HB 500)		
- HQ Maintenance (U.B.)	\$	1,500,000
- RSC Maintenance (U.B.)	\$	600,000
- Automation (U.B.)	\$	1,500,000
- RTS Replacement Phase I (U.B.)	\$	4,200,000
- Accounts Receivables (U.B.)	\$	1,000,000
- RTS Modernization (HB 500)	\$	125,000,000
Contingency Appropriations		
- SB 1902	\$	4,610,520
- SB 2007	\$	357,700
Total, Other Appropriations	\$	138,768,220
Total TxDMV Operating Budget	\$	409,336,446

FY 2026 Recommended Operating Budget by Method of Finance

The following table reflects the amounts approved in the GAA (SB 1, 89th Legislature, Regular Session), plus other appropriations, including carry-forward funds from previous years, supplemental appropriations, and contingency appropriations, by the method of finance.

Method of Finance		
General Revenue Fund 0001	\$	176,033,262
TxDMV Fund 0010	\$	233,303,184
Total, Method of Finance	\$	409,336,446
Total Authorized FTEs		952.0

FY 2024-2026 Revenue Summary

TxDMV collects revenue from registrations, dealer licenses, titles, permits, credentials and some miscellaneous revenue. Collections are distributed to the General Revenue Fund, the State Highway Fund, and the TxDMV Fund (0010).

TxDMV Fund 0010 Revenue

TxDMV Fund 0010 revenue collections are projected to total \$189.8 million in FY 2025 and \$208.6 million in FY 2026.

FYs 2024-2026 Revenue Summary			
<i>Revenue Fund and Fee Categories</i>	<i>FY 2024 Actual</i>	<i>FY 2025 Estimated</i>	<i>FY 2026 Estimated</i>
Texas Department of Motor Vehicles Fund 0010			
Motor Vehicle Certificates of Title	\$ 48,024,200	\$ 48,183,000	\$ 48,424,000
Motor Vehicle Registration	\$ 42,470,721	\$ 46,276,000	\$ 65,558,000
Motor Carrier - Oversize/Overweight	\$ 14,511,396	\$ 14,294,000	\$ 14,508,000
Motor Vehicle Business Licenses	\$ 6,657,829	\$ 6,724,000	\$ 6,758,000
Miscellaneous Revenue	\$ 18,818,538	\$ 16,888,000	\$ 15,701,000
Processing and Handling Fee	\$ 57,469,910	\$ 57,470,000	\$ 57,663,000
Total Fund 0010 Revenue	\$ 187,952,594	\$ 189,835,000	\$ 208,612,000

Motor Vehicle Crime Prevention Authority Revenues

The Motor Vehicle Crime Prevention Authority (MVCPA) is a division of TxDMV, governed by a seven-member board. MVCPA is funded by statutorily directed fees deposited to the General Revenue Fund.

In accordance with Transportation Code, Section 1006.153, MVCPA collects a \$5 fee on motor vehicle insurance policies delivered, issued, or renewed in Texas. Out of each fee collected, \$1 is to be used only for coordinated regulatory and law enforcement activities intended to detect and prevent catalytic converter theft in this state. The remaining \$4 is allocated across three programs, with 20% allocated to the MVCPA to combat motor vehicle burglary or theft and fraud-related motor vehicle crime.

FY 2026 MVCPA revenues are estimated, as follows.

Motor Vehicle Theft and Crime Prevention	\$22,722,958
Catalytic Converter Crime Prevention	<u>\$28,403,967</u>
Total, Motor Vehicle Crime Prevention Authority	\$51,126,925*

* Estimated revenues for MVCPA provide funding for the MVCPA line-item appropriation in the TxDMV appropriation pattern (\$51,033,262), plus estimated costs of benefits (\$93,393) that are appropriated elsewhere per the GAA.

FY 2026 Recommended Operating Budget by Budget Category

The table below outlines the total FY 2026 recommended operating budget by budget category.

Expenditure Area	FY 2026 Recommended Operating Budget
Salaries and Wages	\$ 62,381,081
Other Personnel Costs	\$ 1,416,788
Professional Fees and Services	\$173,963,301
Fuels & Lubricants	\$ 77,550
Consumable Supplies	\$ 1,376,908
Utilities	\$ 6,467,931
Travel In-State	\$ 461,870
Travel Out-of-State	\$ 88,600
Rent – Building	\$ 2,710,913
Rent - Machine and Other	\$ 350,246
Purchased Contract Services	\$ 48,229,215
Advertising & Promotion	\$ 207,242
Computer Equipment Software	\$ 2,633,881
Fees & Other Charges	\$ 962,615
Freight	\$ 7,277,258
Maintenance & Repair	\$ 8,202,897
Memberships & Training	\$ 331,337
Other Expenses	\$ 5,970,585
Postage	\$ 21,890,250
Reproduction & Printing	\$ 4,922,811
Debt Service	\$ 9,000,000
Grants	\$ 49,848,069
Other Capital	\$ 564,698
Total	\$409,336,446

Capital Project Details

TxDMV FY 2026 Capital Budget

TxDMV Capital Project Appropriations		FY 2026
Fiscal Year 2026 Appropriation	\$	50,888,158
Estimated Unexpended Balance Carry-Forward	\$	133,800,000
Total Capital Appropriations	\$	184,688,158
Facilities		
HQ Maintenance ¹ (UB)	\$	1,500,000
Regional Service Center Maintenance - includes ¹ (UB)	\$	1,600,000
Acquisition of Information Resource Technologies		
TxDMV Automation System ¹		
TxDMV Automation System - includes ¹ (UB)	\$	12,000,000
Other Technology Projects		
Technology Replacement & Upgrades - County Support	\$	5,000,000
PC Replacement	\$	792,000
RTS Replacement Phase I ¹ (UB)	\$	4,200,000
Accounts Receivables ¹ (UB)	\$	1,000,000
RTS Modernization ¹ (HB 500)	\$	125,000,000
Debt Service		
Camp Hubbard Renewal	\$	9,000,000
Data Center Consolidation		
Data Center Consolidation	\$	24,596,158
TxDMV Total Capital Budget		
	\$	184,688,158

¹Includes projects that will be funded from balances remaining at the end of FY 2025.

FY 2026 Contract Summary

The FY 2026 budget currently includes thirty-three (33) contracts that each have a value of more than \$200,000 over the life of the contract. These contracts are listed on the following pages for informational purposes. The listed contracts are subject to change based on the final terms and conditions negotiated

Division	Vendor	Purpose	FY 2026 Estimate
ITD	TEXAS DEPARTMENT OF INFORMATION RESOURCES	Data Center Services	\$ 24,596,158
VTR	TEXAS DEPARTMENT OF CRIMINAL JUSTICE	License Plates Manufacturing	\$ 22,462,399
VTR	PITNEY BOWES	Postage	\$ 20,200,000
VTR	TAYLOR COMMUNICATIONS	License Plate Warehousing and Shipping	\$ 7,159,610
VTR	TAYLOR COMMUNICATIONS	Vehicle Registration Decals	\$ 5,463,235
MVCPA	DPS	SB 224 IAC - Equipment	\$ 5,171,200
FAO	OPEN TEXT	Digital Imaging	\$ 3,500,000
ITD	APPTRICITY CORP	HB 718 Inventory Management System	\$ 1,829,484
MVCPA	DPS	SB 224 IAC - Services	\$ 1,746,687
FAO	WILLBANKS	Boiler Maintenance	\$ 1,500,000
ITD	IBRIDGE GROUP INC.	Electronic Document Management	\$ 1,289,000
VTR	WORKQUEST	Specialty Plates Mailing	\$ 1,275,000
ITD	THOMSONS-REUTERS	Identity Validation	\$ 1,133,254
FAO	TBD	Security Guard Services - Austin	\$ 1,100,000
MVCPA	TBD	GMTS Upgrade	\$ 1,000,000

FY 2026 Contract Summary (cont.)

Division	Vendor	Purpose	FY 2026 Estimate
VTR	WORKQUEST	Huntsville Freight	\$ 927,000
ITD	22ND CENTURY TECHNOLOGIES	County Refresh	\$ 745,500
VTR	RR DONNELLY	VTR-500 Form	\$ 732,160
VTR	AMERICAN ASSOCIATION OF MOTOR VEHICLE	Title Check	\$ 705,150
MCD	PROMILES	Annual Support and Hosting Fees	\$ 703,560
MCD	SOUTHWEST RESEARCH INSTITUTE	CVIEW – Maintenance Support	\$ 650,000
VTR	RR DONNELLY	Title & Registration Forms	\$ 576,330
MVCPA	TDLR	SB 224 IAC	\$ 550,000
FAO	PITNEY BOWES	Presort Barcode Mail service	\$ 494,020
ITD	EXPLORE INFORMATION	Texas International Registration Plan (TxIRP)	\$ 336,640
FAO	MEADOWS PLACE REAL ESTATE LLC	Houston South RSC Lease	\$ 326,060
FAO	WORKQUEST	Janitorial Services – Camp Hubbard	\$ 316,548
FAO	RAGSDALE-BROOKWOOD VENTURE	Lease 20399 Houston	\$ 302,112
FAO	JOHNSON CONTROLS	JCI Controls	\$ 279,275
FAO	WHEATLAND DUNCANVILLE LLC	Dallas South RSC Lease	\$ 268,402
ITD	GARTNER	IT Leadership Program	\$ 253,088
FAO	PRESTIGE ELEVATOR SERVICES	Elevator Maintenance	\$ 238,000
FAO	FEDERAL EXPRESS	Freight/Small Package Shipping	\$ 200,000

Board Meeting Date: 7/10/2025
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Jason Gonzalez, Internal Audit Director
Agenda Item: 20.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

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 reporting phase. The objective is to evaluate the Department's processes used to receive, track, and fulfill public information requests. Similarly, the Motor Carrier Licensing Advisory is currently in the reporting 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.

Both audits are anticipated to be distributed in July 2025.

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

Finally, the enterprise-wide risk assessment to identify risk areas to include in the FY 2026 Internal Audit Plan is in the reporting phase. IAD met with each division to identify and rate risk areas within the Department. Risks were evaluated based on operational, financial, compliance, and reputational impact as well as process maturity and mitigating controls. IAD is currently using the results to develop the FY 2026 Internal Audit Plan which will be reported in the next Board meeting.

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
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