



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.



TxDMV Board Meeting

9:00 a.m.

Thursday, October 8, 2026

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, OCTOBER 8, 2026
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 October 8, 2026, Board Meeting Documents:
<https://www.txdmv.gov/about-us/txdmv-board-meetings>

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

PAGE

- 1. Roll Call and Establishment of Quorum**
- 2. Pledges of Allegiance - U.S. and Texas**
- 3. Chair's Reports - Chairman Bacarisse (BRIEFING ONLY)**
- 4. Executive Director's Reports - Daniel Avitia (BRIEFING ONLY)**
 - A. [American Association of Motor Vehicle Administrators \(AAMVA\) Annual International Conference](#)
 - B. [Recognition of Years of Service](#)

CONTESTED CASE

- 5. Consideration and Approval of Proposed Final Order on Licensing Case**
Texas Department of Motor Vehicles v. B. Harris and Associates, LLC d/b/a Asian European Auto Group aka Budget Used Cars; Enforcement Docket No. 26-0002491; SOAH Docket No. 608-26-07350.ENF - Laura Moriaty (ACTION ITEM)

RULE ADOPTIONS

- 6. Chapter 215, Motor Vehicle Distribution - Monique Johnston (ACTION ITEM)**
Amendments: Subchapters A, B, C, D, E, and F
New: §215.153 and §215.159

Repeals: §§215.1, 215.81, 215.131, 215.171, 215.241, 215.243, and 215.269

(Relating to Enhancing the Enforceability of the Motor Vehicle Records Disclosure Act in Transportation Code, Chapter 730; and Cleanup)

- 288 **7. Chapter 217, Vehicle Titles and Registration** - Annette Quintero (ACTION ITEM)
Amendments: Subchapters A, B, C, D, F, G, J, and L
Repeals: §217.37 and §217.73
(Relating to Extended Registration for Trailers; and Cleanup)
- 420 **8. Rule Review**
Rule Review Adoption under Government Code, §2001.039: Chapter 215, Motor Vehicle Distribution, and Chapter 217, Vehicle Titles and Registration - Laura Moriaty (ACTION ITEM)
- 423 **9. Chapter 218, Motor Carriers** - Clint Thompson (ACTION ITEM)
Amendments: §§218.2, 218.13, and 218.14
Repeal: §218.11
(Relating to Application Requirements for Sole Proprietor Motor Carrier Registration; and Cleanup)

BRIEFING AND ACTION ITEMS

- 455 **10. Legislative and Public Affairs**
90th Legislative Session Statutory Recommendations - Keith Yawn (ACTION ITEM)
- 461 **11. Finance and Audit**
- 475 A. **FY 2026 Annual Report of Revenue and Expenditures for September 1, 2025 - August 31, 2026** - John Ralston (BRIEFING ONLY)
- B. **Internal Audit Division Status Update** (BRIEFING ONLY) - Jason Gonzalez
- i. Internal Engagements
- a. License Plate Inventory Management (Advisory)
- b. Audit Recommendation Follow-up Activities
- c. Quality Assurance and Improvement Program Report
- d. Annual Activities Report
- e. Network Security Audit
- ii. External Engagements
- a. External Peer Review
- b. Criminal Justice Information System (CJIS) Audit
- c. Texas Workforce Commission Audit
- d. Texas Comptroller Duplicate Payment Audit
-

CLOSED SESSION

- 12. 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 Attorney.

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;
- 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.* Court of Appeals Docket No. 25-50319; in the U.S. Court of Appeals for the Fifth Circuit

Section 551.074 - Personnel Matters.

- Deliberation relating to the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of personnel.
- Hearing a complaint or charge against an officer or employee.

Section 551.076 - Deliberation Regarding Security Devices or Security Audits.

Deliberation regarding:

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

Section 551.0761 - Deliberation Regarding Critical Infrastructure Facility.

Deliberation regarding a cybersecurity measure, policy, or contract solely intended to protect a critical infrastructure facility located in Texas.

Section 551.089 - Deliberation Regarding Security Devices or Security Audits.

Deliberation regarding:

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

- 13. Action Items from Closed Session**

- 14. Public Comment**
-

15. 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 Moriarty, General Counsel, (512) 465-5665.

Board Meeting Date: 10/8/2026
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 4.A
Subject: Executive Director's Report: American Association of Motor Vehicle Administrators Annual International Conference

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Executive Director Daniel Avitia and Deputy Executive Directors Larry Gaddes and Shelly Mellott attended the American Association of Motor Vehicle Administrators (AAMVA) Annual International Conference, September 27 – October 2, 2026, in Providence, Rhode Island.

The AAMVA International Conference is the premier annual conference hosted by the chair of the AAMVA Board of Directors. Staff from the Consumer Relations Division (CRD), Enforcement Division, Government & Strategic Communications (GSC) Division, Information Technology Services Division (ITSD), Office of General Counsel (OGC) and Vehicle Titles & Registration (VTR) Division also attended the conference.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

Department representatives attended sessions addressing license plate fraud, vehicle finance and lien fraud, electronic titling, National Motor Vehicle Title Information System (NMVTIS), vehicle identification number (VIN) inspection programs, DMV data and law enforcement, and digital identity and mobile driver licenses. These sessions provided staff with information on emerging fraud trends, title and registration modernization, data security and interoperability, and strategies being implemented by other jurisdictions. Staff also participated in peer-to-peer discussions, providing opportunities to exchange best practices and share approaches to challenges affecting motor vehicle agencies nationwide.

Board Meeting Date: 10/8/2026
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 4.E
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:

- Debbie Liu – Information Technology Services Division
- Melinda Moreno – Enforcement Division

25 years:

- Clarissa Rodriguez – Motor Vehicle Crime Prevention Authority

30 years:

- Lisa Selvera – Finance and Operations Division

Retirements:

- Carol Fallin – Motor Carrier Division, 22 years of state service
- James Chesshire – Vehicle Titles and Registration Division, 22 years of state service
- Uma Reddy – Information Technology Services Division, 26 years of state service
- Richard Goldsmith – Motor Carrier Division, 31 years of state service



Board Meeting Date: 10/8/2026

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 Licensing Case
Texas Department of Motor Vehicles v. B. Harris and Associates, LLC d/b/a Asian European Auto Group aka Budget Used Cars; SOAH Docket No. 608-26-07350.ENF; Motor Vehicle Docket No. 26-0002491

RECOMMENDATION

Action Item. For board consideration.

PURPOSE AND EXECUTIVE SUMMARY

The State Office of Administrative Hearings (SOAH) issued a Proposal for Decision (PFD). The Board is required to issue a final order in this case.

B. Harris and Associates, LLC d/b/a Asian European Auto Group aka Budget Used Cars (Budget) is an applicant for a general distinguishing number (GDN). This contested case concerns whether Budget meets the licensing requirements under the governing statutes and board rules to be issued a GDN by the department.

The issues before the board are whether to adopt the Findings of Fact and Conclusions of Law from the PFD and if the department should grant or deny a GDN to Budget.

Budget and the Texas Department of Motor Vehicles (TxDMV) Enforcement Division both provided timely notice of their intent to make oral presentations to the board. The TxDMV Enforcement Division timely provided written materials, which are included below.

FINANCIAL IMPACT

There will be no significant fiscal impact.

BACKGROUND AND DISCUSSION

On November 21, 2025, following a referral from the TxDMV Motor Vehicle Division, the TxDMV Enforcement Division issued a Notice of Department Decision (NODD) to Budget. After the TxDMV Enforcement Division received Budget's request for an administrative hearing, the matter was referred to SOAH for a contested case hearing. On December 29, 2025, the Enforcement Division issued a Notice of Hearing to Budget that incorporated the previously issued NODD, that recommended Budget be denied a GDN for:

- providing false or misleading answers to questions in the application for a GDN;
- failing to meet the premise requirements for operating as a motor vehicle dealership; and
- previously receiving a notice of denial for a Motor Vehicle Title Services license from the Travis County Tax Assessor-Collector.

On March 24, 2026, a SOAH Administrative Law Judge (ALJ) conducted the hearing on the merits. The ALJ issued the PFD on July 2, 2026. The ALJ found Budget did not meet the licensing requirement to hold a GDN under the governing statutes and board rules by:

- providing false and misleading answers on their application for a GDN;
- not having a designated furnished office or designed inventory space to display at least five motor vehicles at Budget's proposed licensed location; and
- being unfit for licensure based on the Travis County Tax Assessor-Collector's denial of Budget's application for a motor vehicle title service license for suspected fraudulent activity by Budget.

The ALJ recommended that the board deny Budget's application for a GDN. On July 10, 2026, the Enforcement Division filed exceptions to the PFD. On July 14, 2026, Budget filed exceptions to the PFD. On July 29, 2026, the Enforcement Division filed a response to Budget's exceptions. On July 31, 2026, the ALJ issued a letter adopting the exceptions recommended by the Enforcement Division, denying the exceptions recommended by Budget and stating that the PFD was ready for consideration by the board.

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 Occupations Code §2301.651, the board may deny an application for a license if the applicant is unfit under the standards described in Occupations Code Chapter 2301 or board rules; makes a material misrepresentation in any application filed under this chapter or board rules; or fails to maintain the qualifications for a license.
- Transportation Code §503.034 requires the denial of an application for the issuance of a dealer GDN that contains information that is not true or finds the applicant is guilty of making a material misrepresentation in an application filed with the department or fails to maintain the qualification for a GDN that would result in the cancellation of a GDN under Transportation Code §503.038.
- 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. July 2, 2026 | ALJ's PFD |
| 2. July 10, 2026 | Enforcement Division's Exceptions to the PFD |
| 3. July 14, 2026 | Budget's Exceptions to the PFD |
| 4. July 29, 2026 | Enforcement Division's Response to Budget's Exceptions to the PFD |
| 5. July 31, 2026 | ALJ's Exceptions Letter |
| 6. September 17, 2026 | Petitioner's Written Materials |

FILED
608-26-07350
7/2/2026 12:45 PM
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Brianna Flores, CLERK

TxDMV Board Meeting eBook

October 8, 2026

ACCEPTED
608-26-07350
7/2/2026 12:00:51 pm
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Brianna Flores, CLERK

10

State Office of Administrative Hearings

Kristofer S. Monson
Chief Administrative Law Judge

July 2, 2026

Rachel Sechelski, TxDMV
Attorney for Petitioner
rachel.sechelski@txdmv.gov

VIA EFILE TEXAS

B. Harris and Associates, LLC
d/b/a Asian European Auto Group
aka Budget Used Cars
Respondent
hgbryan9@gmail.com
aeautogroup.us@gmail.com

VIA EFILE TEXAS

RE: SOAH Docket Number 608-26-07350.ENF; *Texas Department of Motor Vehicles v. B. Harris and Associates, LLC d/b/a Asian European Auto Group aka Budget Used Cars*

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. 608-26-07350**Suffix: ENF**

BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

**TEXAS DEPARTMENT OF MOTOR VEHICLES,
PETITIONER**

V.

**B. HARRIS AND ASSOCIATES, LLC
DBA ASIAN EUROPEAN AUTO GROUP
AKA BUDGET USED CARS,
RESPONDENT**

PROPOSAL FOR DECISION

The staff (Staff) of the Texas Department of Motor Vehicles (Department) seeks to deny the motor vehicle dealer's license application (Application) filed by B. Harris and Associates, LLC d/b/a Asian European Auto Group aka Budget Used Cars (Applicant/Respondent). As grounds, Staff alleged that Applicant submitted false or misleading responses in its Application, failed to maintain the qualifications and requirements of licensure, and is unfit for licensure based on prior regulatory

history. The Administrative Law Judge (ALJ) finds Staff proved that Applicant was unfit for licensure, and the Application should be denied.

I. NOTICE, JURISDICTION, AND PROCEDURAL HISTORY

Notice and jurisdiction were undisputed and are addressed in the Findings of Fact and Conclusions of Law without further discussion.

<u>Hearing Date:</u>	March 24, 2026
<u>For Staff:</u>	Rachel Sechelski
<u>For Applicant:</u>	Bryan Harris (owner)
<u>Administrative Law Judge:</u>	Monica Garza
<u>Record Close Date:</u>	May 5, 2026
<u>Admitted Exhibits:</u>	Staff Exhibits 1-18

II. APPLICABLE LAW

A. REGULATORY AUTHORITY

Pursuant to Texas Occupations Code chapter 2301, the Department is responsible for licensing motor vehicle dealers within the state of Texas. A dealer is a person, including a corporation, who regularly and actively buys, sells, or exchanges vehicles at an established and permanent location.¹ A dealer must hold a General Distinguishing Number (GDN) issued by the Department under Texas

¹ Tex. Transp. Code § 503.001(4).

Transportation Code chapter 503.² A GDN is a dealer license issued by the board under Texas Transportation Code chapter 503.³ A dealer must comply with the requirements of Texas Transportation Code chapter 503, Texas Occupations Code chapter 2301, and 43 Texas Administrative Code chapter 215.⁴

B. FALSE AND MISLEADING APPLICATION RESPONSES

Under the Texas Transportation Code, the Department shall deny an application for the issuance or renewal of a dealer GDN if the Department is satisfied from the application—or from other information before it—that information in the application is not true.⁵ The Department’s rules (43 Texas Administrative Code chapter 215) provide that, if the Department determines that there are grounds for denial of the application, the Department may pursue such denial.⁶

C. FAILURE TO MAINTAIN LICENSURE REQUIREMENTS

The Texas Transportation Code requires an applicant for a dealer GDN to demonstrate that the location for which the applicant requests the number is an established and permanent place of business meeting the following criteria:

² Tex. Occ. Code § 2301.002(7).

³ Tex. Occ. Code § 2301.002(17).

⁴ See Tex. Transp. Code ch. 503; Tex. Occ. Code § 2301.351.

⁵ Tex. Transp. Code § 503.034(a)(1).

⁶ 43 Tex. Admin. Code §§ 215(83)(g), 500(1).

(1) owns the real property on which the business is situated or has a written lease for the property that has a term of not less than the term of the general distinguishing number;

(2) maintains on the location:

(A) a permanent furnished office that is equipped as required by the department for the sale of the vehicles of the type specified in the application; and

(B) a conspicuous sign with letters at least six inches high showing the name of the applicant's business; and

(3) has sufficient space on the location to display at least five vehicles of the type specified in the application.⁷

The Department's rules outline in more specificity the location requirements to qualify for a GDN, including detailed signage requirements, a designated inventory display area, posted business hours, and a private office space to conduct transactions with customers.⁸

D. UNFIT FOR LICENSURE

The board may deny an application for a license if the applicant or license holder is unfit under standards described in this chapter or board rules.⁹ The Department's rules provide that the board may determine that a person is unfit to

⁷ Tex. Transp. Code § 503.032(a).

⁸ 43 Tex. Admin. Code § 215.140(a)(1), (3), (5), (11).

⁹ Tex. Occ. Code § 2301.651(a)(1).

perform the duties and discharge the responsibilities of a license holder and may, following notice and an opportunity for hearing, deny a person's license application if the person is found to have violated an administrative or regulatory requirement based on action taken on a license, permit, or other authorization, including disciplinary action, revocation, suspension, denial, corrective action, cease and desist order, or assessment of a civil penalty, administrative fine, fee, or similar assessment, by the board, department, or any local, state, or federal regulatory authority.¹⁰

E. APPLICATION DENIAL PROCESS

In determining a person's fitness for a license to be issued by the Department under Texas Transportation Code chapter 503 or Texas Occupations Code chapter 2301, the board must consider the following factors pertinent to this case: (1) The provisions of Texas Occupations Code, section 2301.651 (whether the applicant is unfit under standards described in this chapter or board rules; makes a material misrepresentation in any application or other information filed under this chapter or board rules; or fails to maintain the qualifications for a license; (2) The provisions of Texas Transportation Code section 503.034 (providing for license denial if information in the application is not true); (3) Any specific statutory licensing criteria or requirements; and (4) Any mitigating factors.¹¹

¹⁰ 43 Tex. Admin. Code § 215.89(b)(4).

¹¹ 43 Tex. Admin. Code § 215.89(a).

F. HEARING PROCEDURE

An applicant is entitled to a hearing if their GDN application is denied.¹² Following a hearing request, the case is referred to SOAH for a hearing before an ALJ.¹³ At the hearing, Staff has the burden of proving, by a preponderance of the evidence, that the applicant's GDN application should be denied.¹⁴ Once the ALJ issues a Proposal for Decision (PFD) and post-hearing deadlines have passed, SOAH transfers the case back to the Department for consideration of the PFD and issuance of a final order.¹⁵

III. EVIDENCE

A. BACKGROUND

B. Harris and Associates, LLC, doing business as Asian European Auto Group, also known as Budget Used Cars, submitted New License Application Number 000755538 on March 4, 2022, for the premises located at 5209 Manor Rd, Unit B, Austin, Texas 78723-4609.¹⁶ Bryan Galakpai Harris is currently the sole owner of the entity.¹⁷

¹² Tex. Occ. Code § 2301.651(d).

¹³ 43 Tex. Admin. Code § 224.150(b).

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

¹⁵ 43 Tex. Admin. Code § 224.150(c).

¹⁶ Staff's Exhibit 1 (Sworn Affidavit of Respondent's License History) at 2.

¹⁷ Staff's Exhibit 1 at 3.

The Department previously issued three licenses to this same entity.¹⁸ License Number P151444 was issued to B. Harris and Associates, LLC on November 12, 2018, and was closed by the licensee on June 18, 2019, due to relocation.¹⁹ License No. 2276155066 was issued to B. Harris and Associates, LLC on August 2, 2019, and was closed by the Department on August 2, 2021, due to non-renewal.²⁰ License No. P 154411 was issued to B. Harris and Associates, LLC on June 18, 2019, and was closed by the Department on August 29, 2025, due to non-renewal following the administrative withdrawal of the licensee's renewal application.²¹

B. Harris and Associates, LLC has previously submitted two applications for a license at the same proposed location that is subject of New License Application Number 000755538.²² B. Harris and Associates, LLC submitted Amendment Application Number 000702579 for 5209 Manor Rd, Unit B, Austin, Texas 78723-4609 on August 31, 2021.²³ The same entity also submitted Relocation Application Number 000728395 for 5209 Manor Rd, Unit B, Austin, Texas 78723-4609 on September 17, 2021.²⁴

¹⁸ Staff's Exhibit 1 at 2.

¹⁹ Staff's Exhibits 1 at 2; 7 (Respondent's Past Department Licenses) at 76.

²⁰ Staff's Exhibits 1 at 2; 7 at 77.

²¹ Staff's Exhibits 1 at 2; 7 at 75.

²² Staff's Exhibit 1 at 3.

²³ Staff's Exhibits 1 at 3; 8 (Respondent's Prior License Applications for 5209 Manor Rd. Austin, TX 78723) at 81-83.

²⁴ Staff's Exhibits 1 at 3; 8 at 89-91.

B. STAFF’S EVIDENCE

1. False and Misleading Application Responses

a) Application Responses

On the Application, Applicant was asked if the Department had ever licensed Applicant in any capacity and, if so, to provide the licensed business name(s), license type(s), license number(s) issued, and the last effective date(s) for each license.²⁵ Applicant responded that he had received one GDN license for Asian European Auto Group, License Number P154411, which was last effective May 31, 2023.²⁶

When asked on the Application whether he had ever applied for a license at the same proposed location, Applicant answered “No.”²⁷

The Application also asked Applicant if he had previously applied for or received any license or other authorization that was denied, suspended, or revoked by a regulatory authority? Applicant answered “No.”²⁸

The Application further asked Applicant if he had ever been disciplined or signed an Agreed Order with the Department. Applicant answered “No.”²⁹

²⁵ Staff’s Exhibit 2 (Respondent’s New License Application # 000755538) at 11.

²⁶ Staff’s Exhibit 2 at 11-12.

²⁷ Staff’s Exhibit 2 at 12.

²⁸ Staff’s Exhibit 2 at 12.

²⁹ Staff’s Exhibit 2 at 14.

When submitting and signing the Application on March 4, 2022, Applicant certified that the statements made on the application and on the attachments and documents he submitted were “true, complete, and correct” and acknowledged that the Department may deny an application for a license if the Applicant submitted false or misleading information, made a false statement, or refused or failed to provide information requested by the Department.³⁰

b) Travis County Motor Vehicle Title Service License

On February 24, 2022, the Travis County, Texas Tax Assessor Collector notified Applicant that it was denying Applicant’s Travis County Motor Vehicle Title Service License based on suspected fraudulent activity.³¹ An “Intent to Deny” letter had been sent to Applicant on January 28, 2022, outlining the reason for the intent to deny and giving him 20 calendar days from the date of the letter to appeal the decision.³² Applicant did not respond by the February 17, 2022 deadline; however, he sent an email dated February 20, 2022, and received on February 22, 2022.³³ The email was not timely and did not comply with the legal requirements for submitting an appeal; therefore, his appeal was denied.³⁴

³⁰ Staff’s Exhibit 2 at 22.

³¹ Staff’s Exhibit 9 (Denial of Respondent’s Travis County Title Service Application with Business Record Affidavit) at 104-105. Applicant was operating as “DMV’s Errands Boy.”

³² Staff’s Exhibit 9 at 104; 13 (Travis County Tax Office Notice of Intent to Deny Letter with Business Record Affidavit) at 120-121.

³³ Staff’s Exhibit 9 at 104.

³⁴ Staff’s Exhibit 9 at 104.

c) Agreed Final Order

On August 15, 2019, Applicant, acting under GDN license P154411, entered into an Agreed Final Order with the Department.³⁵ Applicant had been cited with three violations of the Texas Transportation Code and/or Texas Occupations Code, and Applicant agreed to cease and desist any activities that constitute violations of the Texas Occupations Code, the Texas Transportation Code, or the implementing rules set forth in the allegations.³⁶ Applicant also agreed to attend an approved Dealer Training Seminar within 12 months of the date of the order.³⁷

2. Failure to Maintain Licensure Requirements

Howard Dixon, Jr. is the Department's Lead Investigator for its Enforcement Division. Mr. Dixon testified regarding his investigation of Applicant's case. Mr. Dixon made several physical visits to Applicant's proposed Manor Road location. He visited in July and September 2025 and observed there were two other dealers at the location but no evidence of Applicant except for a sign. None of the other site requirements for a GDN were met, such as an office and designated spots for vehicles posted for sale. Mr. Dixon explained it is a violation to change locations without notifying the Department.

³⁵ Staff's Exhibit 10 (Respondent's Signed Agreed Order) at 109-110.

³⁶ Staff's Exhibit 10 at 109-110.

³⁷ Staff's Exhibit 10 at 110.

3. Unfit for Licensure

On January 28, 2022, the Travis County Tax Assessor Collector sent Applicant its Notice of Intent to Deny letter regarding Applicant's renewal application for his Travis County Title Service License.³⁸ As grounds, the Travis County Tax Assessor Collector indicated that an internal auditor investigated Applicant's visit to the tax office on December 13, 2021.³⁹ The auditor reviewed video of a transaction he performed in their office on that date.⁴⁰ The review of that transaction indicated suspicion of fraud and/or unauthorized signature when Applicant signed a Statement of Fact after being told by the tax specialist that he was not allowed to do so.⁴¹ The denial determination became final on February 24, 2022.⁴²

On March 1, 2022, the Department received an email from Stephanie Triggs, Travis County Tax Office Motor Vehicle Division Program Coordinator and supervisor of the Travis County Title Service Licensing Program.⁴³ Ms. Triggs informed the Department that her office had denied Applicant's renewal application based on fraudulent activity.⁴⁴ According to Ms. Triggs, Applicant came in to

³⁸ Staff's Exhibit 13 at 120.

³⁹ Staff's Exhibit 13 at 120.

⁴⁰ Staff's Exhibit 13 at 120.

⁴¹ Staff's Exhibit 13 at 120.

⁴² Staff's Exhibit 9 at 104-105.

⁴³ Staff's Exhibit 12 (Email from Travis County Tax Office to the Department dated 3/1/2022) at 116-117.

⁴⁴ Staff's Exhibit 12 at 116.

process a title transaction and was told that a Statement of Fact was needed.⁴⁵ He attempted to sign the form in front of the clerk, and she told him he could not sign on behalf of his customer.⁴⁶ While the clerk walked away from her desk to get a supervisor, there is video of him reaching across the desk to grab the Statement of Fact and then sign it.⁴⁷

The tax office provided a copy of the document in question, a “Statement of Fact to Correct Error on Title,” which shows the following notice included in bold print at the top of the document: “**MUST BE COMPLETED BY THE SELLER(S).**”⁴⁸ The tax office also provided still photos from the surveillance video which shows various scenes from the transaction, including Applicant grabbing the Statement of Fact after the clerk stepped away from her desk.⁴⁹

4. Application Denial

On July 17, 2023, and again on October 9, 2023, the Department sent denial letters to Applicant, stating his application was denied due to “falsification (failure to notify the department of the revoked license) and disciplinary history with a regulatory authority in relation to submitting false information to the Tax Assessor

⁴⁵ Staff’s Exhibit 12 at 116.

⁴⁶ Staff’s Exhibit 12 at 116.

⁴⁷ Staff’s Exhibit 12 at 116.

⁴⁸ Staff’s Exhibit 14 (Transaction Documents provided by Travis County Tax Office with Business Record Affidavit) at 125.

⁴⁹ Staff’s Exhibit 15 (Still photos provided by Travis County Tax Office with Business Record Affidavit) at 131-134.

Collector.”⁵⁰ Following an internal review, on November 21, 2025, the Department issued its Notice of Department Decision to deny Applicant’s license, setting forth the allegations related to this hearing and advising Applicant of his right to request a hearing.⁵¹

The Department offered, as demonstrative evidence, a schematic of its 43 Texas Administrative Code section 215.89(a) analysis in determining Applicant’s fitness for licensure.⁵² Those factors included the absence of a criminal record, code provisions, licensing criteria, mitigating factors, and other evidence of Applicant’s fitness.⁵³

Lucie Prieto is the Department’s Background and Fraud Supervisor for the Motor Vehicle Division’s Licensing Section. She testified to the Department’s decision to deny Applicant’s license. Ms. Prieto reviewed the Application and noted that Applicant had not listed all of his previous licensing history—applications filed, licenses held, and disciplinary history—and also failed to disclose the tax office’s denial of his license. Those failures made his application false and misleading. The reported fraudulent activity at the Travis County Tax Assessor’s office was concerning, and Applicant failed to produce meaningful mitigating evidence. Applicant had also moved from his licensed location without notifying licensing. The

⁵⁰ Staff’s Exhibit 3 (Licensing Committee Determination Letters) at 24, 26.

⁵¹ Staff’s Exhibit 4 (Notice of Hearing and Notice of Department Decision) at 7-11.

⁵² Staff’s Exhibit 18 (Demonstrative Exhibit – 43 Texas Administrative Code section 215.89) at 157-158.

⁵³ Staff’s Exhibit 18 at 157-158.

Department was only notified of the move in March 2026, when Applicant provided his updated information for the hearing.

C. APPLICANT’S EVIDENCE AND POSITION

Regarding his present fitness to hold a license, Applicant testified to his extended service on a peacekeeping mission in the Middle East, as well as overcoming medical challenges. He testified that, as a used car dealer, he has had no complaints and is rated A+ with the Better Business Bureau. Applicant argued that omissions in the Application regarding his licensing, application, and disciplinary history with the Department were not material misrepresentations, as the information was already in the Department’s possession and it cannot be misled by its own records.

Applicant explained his role with the tax office. He operated as DMV’s Errands Boy, taking papers to the Department for people who did not have the time or know-how to do so themselves. Applicant argued there was insufficient evidence to prove any fraudulent act occurring at the tax office and highlighted the Department’s position that its role was not to relitigate the tax office’s determination.

IV. ANALYSIS

A. FALSE AND MISLEADING

The Department shall deny an application for the issuance or renewal of a dealer GDN if the Department is satisfied from the application—or from other

information before it—that information in the application is not true.⁵⁴ Here, the preponderance of the evidence demonstrates that Applicant gave false and misleading answers to four questions on the Application.

First, when asked to list all Department licenses ever held by Applicant and to include the business name, license type, license number, and last effective date for each, Applicant only listed the GDN license for Asian European Auto Group, License Number P154411, which was last effective May 31, 2023. He failed to include License Numbers P151444 and 2276155066, which were other licenses the Department had issued to Applicant.

Second, Applicant denied ever applying for a license at the same proposed location, 5209 Manor Rd, Unit B, Austin, Texas 78723-4609. However, the evidence shows that Applicant submitted Amendment Application Number 000702579 for the same location on August 31, 2021, and Relocation Application Number 000728395 for the same location on September 17, 2021.

Third, Applicant answered in the negative when asked if he had ever been disciplined or signed an Agreed Order with the Department. However, the evidence shows that, on August 15, 2019, Applicant, acting under GDN license P154411, entered into an Agreed Final Order with the Department. The order disposed of three alleged violations, and Applicant agreed to attend an approved Dealer Training Seminar and to cease and desist any activities that constitute violations of the Texas

⁵⁴ Tex. Transp. Code § 503.034(a)(1).

Occupations Code, the Texas Transportation Code, or the implementing rules set forth in the allegations.

Finally, Applicant answered in the negative when asked if he had previously applied for or received any license or other authorization that was denied, suspended, or revoked by a regulatory authority. However, the evidence shows that the Travis County, Texas Tax Assessor Collector notified Applicant on January 28, 2022, and February 24, 2022, that it was denying his Travis County Motor Vehicle Title Service License based on suspected fraudulent activity. Because the instant Application was submitted by Applicant on March 4, 2022, he would have been aware of the tax office denial at the time he submitted the Application.

Applicant argued that the Department cannot be misled by its own records, meaning the agency should already know which licenses it issued to him in the past, which applications he had filed for the same location, and any disciplinary action taken against him. The ALJ's interpretation of that argument is that Applicant should be able to answer "No" when the answer should be "Yes" and omit requested information as long as the Department can provide the honest answers with its own records. That is not what the law says. Applicant is required to give true and complete information in the first place, regardless of the Department's ability to flag answers that are false and incomplete. Further, the unwillingness of Applicant to give honest answers regarding matters already in the Department's records creates concern over the veracity of answers less easily vetted. In this case, had the Travis County Tax Assessor Collector not notified the Department of its denial of Applicant's Travis County Motor Vehicle Title Service License, it is likely the

Department would have never known about it because Applicant falsely answered that he had never previously applied for or received any license or other authorization that was denied, suspended, or revoked by a regulatory authority.

B. LICENSED LOCATION REQUIREMENTS

The location for which an applicant requests a GDN number must be owned or leased by the applicant for the period of the license term and the applicant must maintain a permanent furnished office, a conspicuous sign with letters at least six inches high showing the name of the applicant's business, and have sufficient space on the location to display at least five vehicles of the type specified in the application.⁵⁵

According to Mr. Dixon, when he visited Applicant's proposed Manor Road location in July and September 2025, he observed there were two other dealers at the location, but there was no evidence of Applicant except for a sign. None of the other site requirements for a GDN were met, such as an office and designated spots for vehicles posted for sale.

Based on the location not meeting the premises criteria for a GDN license, the ALJ finds Applicant's proposed location is not eligible for licensure.

⁵⁵ Tex. Transp. Code § 503.032(a).

C. FITNESS FOR LICENSURE

The Board may deny the Application if Applicant is unfit for licensure, with a local regulatory authority's decision to deny licensure serving as evidence that Applicant violated an administrative or regulatory requirement and, thus, being likewise unfit for licensure by the Department.⁵⁶

As discussed earlier in the analysis, the Travis County Tax Assessor Collector notified the Department of its denial of Applicant's Travis County Motor Vehicle Title Service License. That information alone meets the criteria to demonstrate that Applicant is unfit for licensure by the Department. Perhaps of greater concern, however, is Applicant's refusal to acknowledge or take responsibility for the alleged fraudulent activity on his part, especially when photographic evidence strongly suggest otherwise.

D. LICENSING CONSIDERATIONS

In considering Applicant's overall fitness for licensure and the decision to deny the license Application, the Department must consider whether Applicant is unfit for licensure, made a material misrepresentation in the Application, failed to maintain the qualifications for a license (including specific statutory licensing requirements), and any mitigating factors.

Here, Applicant provided material misrepresentations in multiple sections of the Application, proposed a location that is not currently in compliance with the

⁵⁶ Tex. Occ. Code § 2301.651(a)(1); 43 Tex. Admin. Code § 215.89(b)(4).

premises requirements for licensure, and is unfit for licensure based on the tax office's denial of his Title Service License due to suspected fraudulent activity. Mitigating factors include the absence of any criminal history and Applicant's long record of public service. However, those mitigating factors do not outweigh the other evidence demonstrating that Applicant is unfit for licensure. Therefore, the Application should be denied.

V. FINDINGS OF FACT

1. B. Harris and Associates, LLC, doing business as Asian European Auto Group, also known as Budget Used Cars (Applicant/Respondent) submitted New License Application Number 000755538 (Application) on March 4, 2022, for the premises located at 5209 Manor Rd, Unit B, Austin, Texas 78723-4609. The Application was for a General Distinguishing Number (GDN) with the Texas Department of Motor Vehicles (Department).
2. Bryan Galakpai Harris is currently Applicant's sole owner.
3. When asked on the Application to list all Department licenses ever held by Applicant and to include the business name, license type, license number, and last effective date for each, Applicant only listed the GDN license for Asian European Auto Group, License Number P154411, which was last effective May 31, 2023.
4. Applicant failed to include License Numbers P151444 and 2276155066, which were other licenses the Department had issued to Applicant; therefore, his answer was false and misleading.
5. When asked on the Application, Applicant denied ever applying for a license at the same proposed location, 5209 Manor Rd, Unit B, Austin, Texas 78723-4609.
6. Applicant submitted Amendment Application Number 000702579 for the same location on August 31, 2021, and Relocation Application Number

- 000728395 for the same location on September 17, 2021; therefore, Applicant's answer was false and misleading.
7. When asked on the Application if he had ever been disciplined or signed an Agreed Order with the Department, Applicant answered in the negative.
 8. On August 15, 2019, Applicant, acting under GDN license P154411, entered into an Agreed Final Order with the Department disposing of three alleged violations; therefore, Applicant's answer was false and misleading.
 9. When asked on the Application if he had previously applied for or received any license or other authorization that was denied, suspended, or revoked by a regulatory authority, Applicant answered in the negative.
 10. The Travis County, Texas Tax Assessor Collector notified Applicant on January 28, 2022, and February 24, 2022, that it was denying his Travis County Motor Vehicle Title Service License based on suspected fraudulent activity; therefore, Applicant was aware of the tax office denial at the time he submitted the Application on March 4, 2022, and his answer was false and misleading.
 11. Applicant's proposed location does not have a designated furnished office or dedicated inventory space for the display of at least five vehicles.
 12. Applicant's proposed location does not meet required premises criteria for a GDN license.
 13. Applicant is unfit for licensure based on the Travis County Tax Assessor Collector's denial of Applicant's Travis County Motor Vehicle Title Service License due to suspected fraudulent activity.
 14. After considering the above information as well as mitigating factors—including Applicant's lack of a criminal record—the Department determined that denial of the Application was appropriate.
 15. On July 17, 2023, and again on October 9, 2023, the Department sent denial letters to Applicant.

16. Following an internal review, on November 21, 2025, the Department issued its Notice of Department Decision to deny Applicant's license, setting forth the allegations related to this hearing and advising Applicant of his right to request a hearing.
17. Applicant timely requested a hearing.
18. On December 9, 2025, the Department referred the case to the State Office of Administrative Hearings (SOAH).
19. On December 10, 2025, SOAH Administrative Law Judge (ALJ) Monica Garza issued an Order Scheduling Hearing on the Merits.
20. On December 29, 2025, Department staff (Staff) issued its Notice of Hearing to Applicant.
21. Together the Notice of Hearing and the Order Scheduling Hearing on the Merits contained a statement of the time, place, and nature of the hearing; a statement of the legal authority and jurisdiction under which the hearing was to be held; a reference to the particular sections of the statutes and rules involved; and either a short, plain statement of the factual matters asserted or an attachment that incorporated by reference the factual matters asserted in the complaint or petition.
22. ALJ Garza convened the hearing on the merits by videoconference on March 24, 2026. Attorney Rachel Sechelski represented Staff, and owner Bryan Harris represented Respondent. The record closed on May 5, 2026, with the filing of reply briefs.

VI. CONCLUSIONS OF LAW

1. The Department has jurisdiction over the licensing of motor vehicle dealers within the state of Texas, including the authority to deny a license. Tex. Transp. Code § 503.034; Tex. Occ. Code § 2301.651.
2. SOAH has jurisdiction over all matters relating to the conduct of a hearing in this case, including the preparation of a proposal for decision with findings of

- fact and conclusions of law. Tex. Gov't Code ch. 2003; Tex. Occ. Code § 2301.704.
3. Applicant received proper notice of the Department's Decision and of the hearing on the merits. Tex. Occ. Code § 2301.705; Tex. Gov't Code §§ 2001.051-.052.
 4. Staff had the burden to prove by a preponderance of the evidence that the Application should be denied. 1 Tex. Admin. Code § 155.427; *Granek v. Tex. State Bd. of Med. Exam'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.).
 5. The Department shall deny an application for the issuance or renewal of a dealer GDN if the Department is satisfied from the application—or from other information before it—that information in the application is not true. Tex. Transp. Code § 503.034(a)(1).
 6. The Texas Transportation Code requires an applicant for a dealer GDN to demonstrate that the proposed location is an established and permanent place of business and that (1) the Applicant owns the real property on which the business is situated or has a written lease for the property that has a term of not less than the term of the GDN; (2) maintains on the location (A) a permanent furnished office that is equipped as required by the department for the sale of the vehicles of the type specified in the application; and (B) a conspicuous sign with letters at least six inches high showing the name of the applicant's business; and (3) has sufficient space on the location to display at least five vehicles of the type specified in the application. Tex. Transp. Code § 503.032(a).
 7. The board may deny an application for a license if the applicant or license holder is unfit under standards described in the Texas Occupations Code or in the Department's rules at 43 Texas Administrative Code chapter 215. Tex. Occ. Code § 2301.651(a)(1).
 8. The Department's rules provide that the board may determine that a person is unfit to perform the duties and discharge the responsibilities of a license holder and may, following notice and an opportunity for hearing, deny a person's license application if the person is found to have violated an administrative or regulatory requirement based on action taken on a license,

permit, or other authorization, including disciplinary action, revocation, suspension, denial, corrective action, cease and desist order, or assessment of a civil penalty, administrative fine, fee, or similar assessment, by the board, department, or any local, state, or federal regulatory authority. 43 Tex. Admin. Code § 215.89(b)(4).

9. In determining a person's fitness for a license to be issued by the Department under Texas Transportation Code chapter 503 or Texas Occupations Code chapter 2301, the board must consider the following factors pertinent to this case: (1) The provisions of Texas Occupations Code, section 2301.651 (whether the applicant is unfit under standards described in this chapter or board rules; makes a material misrepresentation in any application or other information filed under this chapter or board rules; or fails to maintain the qualifications for a license; (2) The provisions of Texas Transportation Code section 503.034 (providing for license denial if information in the application is not true); (3) Any specific statutory licensing criteria or requirements; and (4) Any mitigating factors. 43 Tex. Admin. Code § 215.89(a).
10. The preponderant evidence supports denial of Applicant's license based on false and misleading statements in four areas of the Application, the failure of the proposed location to meet required premises criteria, and past regulatory action against Applicant for suspected fraudulent activity.

Applicant's application for a GDN should be denied.

Signed July 2, 2026

ALJ Signature:



Monica Garza

Presiding Administrative Law Judge

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FILED TxDMV Board Meeting eBook
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Brianna Flores, CLERK

October 8, 2026

ACCEPTED
608-26-07350 35
7/10/2026 3:45:44 pm
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Brianna Flores, CLERK

SOAH DOCKET NO. 608-26-07350.ENF
MVD CAUSE NO. 26-0002491.ENF.H

**TEXAS DEPARTMENT OF MOTOR
VEHICLES, Petitioner**

**B. HARRIS AND ASSOCIATES, LLC d/b/a
ASIAN EUROPEAN AUTO GROUP
aka BUDGET USED CARS,
Respondent**

BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

PETITIONER'S EXCEPTIONS TO THE PROPOSAL FOR DECISION

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE:

COMES NOW, Texas Department of Motor Vehicles (hereinafter referred to as "the Department"), by and through its attorney of record, Rachel Sechelski, and files its exceptions to the Proposal for Decision (PFD) issued in this matter on July 2, 2026. In response to the PFD, the Department requests the following exceptions and modifications be made to the PFD, pursuant to 1 Tex. Admin. Code § 155.507:

PROPOSED EXCEPTIONS

For purposes of an accurate record, the Department requests the following amendments to the Proposal for Decision (PFD):

1. Footnote 6 on pg. 3 of the PFD cites to: "43 Tex. Admin. Code §§ 215(83)(g), 500(1)."
 - The Department requests this footnote be corrected to: "43 Tex. Admin. Code §§ **215.83(g), 215.500(1)**" (*emphasis added*).
2. Section 2 on pg. 10 of the PFD states: "Howard Dixon, Jr. is the Department's Lead Investigator for its Enforcement Division."

- The Department offers clarification that Mr. Dixon is one of the Lead Investigators of the Enforcement Division and not the sole Lead Investigator.
 - The Department requests a modification be made to accurately reflect Mr. Dixon's position which would read: "Howard Dixon, Jr. is **one of** the Department's Lead Investigators for its Enforcement Division." (*emphasis added*)
3. Footnote 51 on pg. 13 of the PFD references: "Staff's Exhibit 4 (Notice of Hearing and Notice of Department Decision) at 7-11."
- In order to reflect the referenced bates-stamped pages of the exhibits, the Department requests this footnote be modified to read: "Staff's Exhibit 4 (Notice of Hearing and Notice of Department Decision) at **35-39**." (*emphasis added*)

PRAYER

WHEREFORE, PREMISES CONSIDERED, Petitioner respectfully requests that the Honorable Administrative Law Judge consider and incorporate these exceptions into the Proposal for Decision as set forth herein.

Respectfully Submitted,

/s/ Rachel Sechelski

Rachel Sechelski

Attorney, Enforcement Division

State Bar of Texas No. 24096053

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CERTIFICATE OF SERVICE

I certify that on July 10, 2026, a true and correct copy of this document, Petitioner's Exceptions to the Proposal for Decision, was served on the following individuals and at the location and the manner indicated below.

ELECTRONIC FILING

Docket Clerk
State Office of Administrative Hearings
300 West 15th #504
Austin, Texas 78701

ELECTRONIC FILING

B. Harris and Associates, LLC d/b/a Asian European Auto Group
aka Budget Used Cars
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Austin, Texas 78723-4609
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/s/ Rachel Sechelski
Rachel Sechelski
Attorney, Enforcement Division

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.

Rachel Sechelski on behalf of Rachel Sechelski

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Envelope ID: 117206864

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Filing Description: Petitioner's Exceptions to the Proposal for Decision

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STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Carol Hale, CLERK

**SOAH DOCKET NO. 608-26-07350.ENF
MVD CAUSE NO. 26-0002491.ENF.H**

**TEXAS DEPARTMENT OF MOTOR
VEHICLES, Petitioner**

BEFORE THE STATE OFFICE

ACCEPTED
608-26-07350
7/14/2026 12:08:17 pm
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Carol Hale, CLERK

OF

**B. HARRIS AND ASSOCIATES, LLC d/b/a
ASIAN EUROPEAN AUTO GROUP
aka BUDGET USED CARS,
Respondent**

**ADMINISTRATIVE HEARINGS
HONORABLE JUDGE**

RESPONDENT'S EXCEPTIONS TO THE PROPOSAL FOR DECISION

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE:

I. INTRODUCTION

COMES NOW B. Harris and Associates, LLC d/b/a Asian European Auto Group aka Budget Used Cars ("Respondent"), and respectfully submits these Exceptions to the Proposal for Decision ("PFD") issued July 2, 2026, pursuant to 1 Tex. Admin. Code § 155.507(b) and Tex. Gov't Code § 2001.062.

RESPONDENT DOES NOT REQUEST THAT THE EVIDENTIARY RECORD BE REOPENED.

Respondent does not request that the Administrative Law Judge reweigh the credibility of witnesses who testified at hearing. Respondent does request, as set forth in Exception No. 4 below, that specific characterizations of Respondent's subjective intent be tied to the record testimony and findings that already support them — a request for record citation, not a request to substitute Respondent's assessment of credibility for the ALJ's. Respondent otherwise requests correction of specific legal conclusions, findings of fact, and analytical statements that Respondent respectfully

submits (1) assign dispositive effect to evidence that the governing regulation treats as discretionary; (2) characterize the admitted evidence more broadly than the record supports; (3) omit or do not explain the weight given to mitigating evidence; and (4) do not distinguish curable, location-specific deficiencies from a permanent finding of personal unfitness.

II. GOVERNING STANDARD

Under 1 Tex. Admin. Code § 155.507, the presiding Administrative Law Judge may amend the Proposal for Decision in response to timely exceptions before the record is transmitted to the Texas Department of Motor Vehicles (“Department”) for issuance of a final order. Separately, once this matter is before the Department, Tex. Gov't Code § 2001.058(e) governs the Department's own authority to change a finding of fact or conclusion of law, and permits such a change only where the Department determines that: (1) the ALJ did not properly apply or interpret applicable law, agency rules, written policies, or prior administrative decisions; (2) a prior administrative decision relied upon is incorrect or should be changed; or (3) a technical error in a finding of fact requires correction — and the Department must state, with particularity, the specific reason and legal basis for each change. See *Granek v. Tex. State Bd. of Med. Exam'rs*, 172 S.W.3d 761, 780–81 (Tex. App.—Austin 2005, no pet.).

Respondent directs these Exceptions to the ALJ in the first instance, consistent with § 155.507, and has framed them to identify the same category of legal misapplication that would independently support modification under § 2001.058(e) should this matter proceed to the Department's review.

III. RESPONSE TO PETITIONER'S CLERICAL EXCEPTIONS

Respondent does not oppose Petitioner's July 10, 2026 exceptions requesting the following clerical corrections:

- Correction of footnote 6 to read “43 Tex. Admin. Code §§ 215.83(g), 215.500(1);”
- Clarification that Investigator Howard Dixon, Jr. is one of the Department's Lead Investigators, not the sole Lead Investigator; and
- Correction of footnote 51 to cite Staff Exhibit 4 at Bates pages 35–39.

These clerical corrections do not affect, and are not addressed further by, the substantive exceptions below. Respondent further notes that the corrected citation to Staff Exhibit 4 at Bates 35–39, the Notice of Hearing and Notice of Department Decision, is consistent with, and does not alter, Respondent's position that he received procedurally adequate notice of the specific factual allegations at issue in this proceeding; Respondent raises no notice objection arising from, and does not construe Petitioner's correction as bearing upon, the adequacy of notice previously received.

IV. SUBSTANTIVE EXCEPTIONS

EXCEPTION NO. 1 — MISAPPLICATION OF 43 TEX. ADMIN. CODE § 215.89(b)(4)

(Finding of Fact 13, PFD p. 20; Analysis Section IV.C, PFD p. 18; Analysis Section IV.D, PFD pp. 18–19; Conclusions of Law 8–9, PFD pp. 22–23)

1. Respondent does not dispute that the Travis County Tax Assessor-Collector took regulatory action that may properly be considered under 43 Tex. Admin. Code § 215.89(b)(4). Respondent's exception concerns only the weight assigned to that action within the broader fitness analysis § 215.89(a) requires. Analysis Section IV.C states that the Travis County Tax Assessor-Collector's denial “alone meets the criteria to demonstrate that Applicant is unfit for licensure.” As applied, this language functions as a conclusive determination of unfitness based on a single factor, which § 215.89(b)(4)'s permissive text does not authorize.

2. The operative defect is not that Section IV.D's brief weighing discussion is internally circular, but that Finding of Fact 13 — the finding of record that the Department will review — adopts only Section IV.C's unweighed “alone” language and contains no reference to Section IV.D's weighing discussion, to mitigation, or to § 215.89(a) at all. Because Finding of Fact 13 and Conclusions of Law 8–9 adopt Section IV.C's “alone” language rather than Section IV.D's weighing language, that “alone” language — not Section IV.D's separate discussion — is the operative determination Respondent's exception addresses, and Respondent requests that it be corrected regardless of Section IV.D's separate discussion.

3. 43 Tex. Admin. Code § 215.89(b)(4) provides that the board “may determine” unfitness based on action taken by another regulatory authority — discretionary, permissive language. Section 215.89(a) requires the board to weigh unfitness together with material misrepresentation, statutory licensing criteria, and mitigating factors as parts of a single analysis, not as a threshold that mitigation is considered only after unfitness is already conclusively established under (b)(4) alone. Respondent requests that the PFD distinguish among: (i) the fact that Travis County took regulatory action; (ii) the truth of the underlying conduct Travis County suspected but did not adjudicate; and (iii) the overall present-fitness determination this proceeding must independently reach under § 215.89(a).

4. Respondent does not contend that § 215.89(b)(4) requires an adjudicated finding of fraud before a prior regulatory denial may be considered; the rule's plain text is satisfied by proof that another regulatory authority took action, including a denial, and Staff Exhibits 9 and 13 establish that Travis County did so. Respondent's exception goes only to the weight properly assigned to that action, not to whether it may be considered at all.

5. The absence of any subsequent criminal charge or adjudicated finding of fraud, forgery, or unauthorized signature is relevant to how heavily the Travis County denial should weigh within the balancing analysis § 215.89(a) requires, not to whether § 215.89(b)(4) applies. Respondent does not ask the ALJ to relitigate Travis County's determination, but requests that the denial be weighed as one discretionary factor under § 215.89(b)(4) together with § 215.89(a), consistent with the plain, permissive text of the rule.

6. Respondent requests that Finding of Fact 13 and the corresponding Conclusions of Law be revised to state that the Travis County denial is a discretionary factor weighed together with the factors in § 215.89(a), rather than independently conclusive proof of present unfitness. Respondent further requests that the PFD reflect that the application-truthfulness, premises-eligibility, and discretionary-fitness grounds arise under distinct statutory and regulatory provisions, are each based on the findings corresponding to that ground, and should not be treated as interchangeable with one another.

EXCEPTION NO. 2 — WEIGHT OF EVIDENCE UNDERLYING THE TRAVIS COUNTY DETERMINATION

(Analysis Section IV.C, PFD p. 18; Staff Exhibits 12, 15, PFD p. 12)

7. Staff Exhibits 9, 12, 13, 14, and 15 were admitted, without objection to admissibility, under the Department's applicable evidentiary standard, Tex. Gov't Code § 2001.081. Respondent does not challenge their admissibility. Respondent distinguishes, however, between two categories of evidence within that set. Staff Exhibit 12 is Program Coordinator Stephanie Triggs' contemporaneous, first-hand written account of the December 13, 2021 transaction and is direct documentary evidence of what occurred. Staff Exhibit 15, by contrast, consists only of still

photographs drawn from a surveillance recording that was not itself admitted; the complete recording is not part of the record.

8. Because the complete recording was not admitted, the still photographs necessarily provide only a partial depiction of the same single incident already described in Staff Exhibit 12, and add no independent corroboration beyond it. Respondent submits that treating the photographs as if they “strongly suggest” wrongdoing in addition to, and independent of, Exhibit 12's narrative assigns the photographs more incremental weight than their incompleteness supports.

9. Respondent requests that the phrase “strongly suggest otherwise” in Analysis Section IV.C be replaced with: “are consistent with, but do not independently expand upon, Staff Exhibit 12's account, and do not, standing alone, conclusively establish wrongdoing.”

EXCEPTION NO. 3 — THE PFD SHOULD DISTINGUISH THE FACT OF THE COUNTY DENIAL FROM AN INDEPENDENT FINDING OF FRAUD

(Analysis Section IV.C, PFD p. 18; Finding of Fact 13, PFD p. 20)

10. The admitted record establishes that Travis County denied Respondent's title-service renewal based on “suspected fraudulent activity” (Staff Ex. 9, 13). The Analysis goes further by stating that photographic evidence “strongly suggest[s]” wrongdoing and by characterizing Respondent as refusing to accept responsibility for fraudulent conduct.

11. No admitted exhibit independently adjudicates fraud, forgery, or unauthorized signature apart from the prior regulatory determination made by Travis County. Respondent respectfully requests clarification that the PFD relies upon the existence of the prior regulatory action — not an independent adjudication of fraud in this proceeding — and requests that the PFD distinguish the fact that Travis County denied Respondent's license from any independent finding that fraud actually occurred, using Travis County's own qualified description, “suspected

fraudulent activity,” unless Staff independently proved the underlying conduct through admitted evidence. Respondent does not request, and the PFD should not imply, that SOAH is adjudicating fraud in this proceeding.

EXCEPTION NO. 4 — FINDINGS REGARDING INTENT AND CREDIBILITY SHOULD BE LINKED TO SPECIFIC RECORD CITATIONS

(Analysis Sections IV.A, PFD pp. 15–17; IV.C, PFD p. 18)

12. The Analysis states that Respondent demonstrated an “unwillingness... to give honest answers” and a “refusal to acknowledge or take responsibility” for the alleged misconduct. Respondent recognizes that these characterizations draw upon, and are consistent with, the specific false-answer findings in Findings of Fact 3–10 and Respondent's own hearing testimony disputing the underlying allegations, as summarized in the PFD's discussion of Applicant's Evidence and Position. Respondent recognizes that credibility determinations are entitled to substantial deference and does not request that such determinations be reweighed. See *Granek*, 172 S.W.3d at 778. To remove any ambiguity for purposes of agency and judicial review, Respondent requests only that these characterizations expressly cross-reference the specific Findings of Fact and testimony on which they rest, consistent with the deference such findings otherwise receive.

EXCEPTION NO. 5 — MATERIALITY OF APPLICATION INACCURACIES UNDER § 215.89(a)

(Findings of Fact 3–10, PFD pp. 19–20; Conclusions of Law 1, 3, 5, PFD pp. 21–22)

Respondent notes, by way of transition, that its non-opposition to the historical accuracy of certain Findings of Fact in this and the following Exception is a concession of fact only. It is not a concession that those facts, standing alone and considered outside the unified analytical framework 43 Tex. Admin. Code § 215.89(a) prescribes, compel the sanction of denial. Section 215.89(a)

directs that, “[i]n determining a person's fitness for a license,” the board “must consider” the truthfulness finding under Tex. Transp. Code § 503.034, any specific statutory licensing criteria, and any mitigating factors together, as components of a single fitness determination — not as sequential, self-executing triggers, each capable of independently supporting denial without regard to the others. This Exception is made together with, and is expressly contingent on, the unified-weighting construction of Conclusion of Law 10 requested in Exception No. 9 below; Respondent's exceptions to each individual ground are, in all events, separately preserved as set forth in Exception No. 9.

13. While Respondent does not contest the accuracy of Findings of Fact 3–10 as a threshold matter, Tex. Transp. Code § 503.034(a)(1) does not by itself resolve whether denial is warranted. Respondent acknowledges that § 503.034(a)(1) is drafted in mandatory terms directing that the Department “shall” deny an application where it is satisfied that application information is not true, and does not ask the ALJ to treat that statute as discretionary or to relitigate the accuracy of Findings of Fact 3–10. Respondent submits, in the alternative and without conceding the point is foreclosed, that 43 Tex. Admin. Code § 215.89(a) governs the Department's ultimate licensing determination and expressly requires that the § 503.034 truthfulness finding be considered together with any mitigating factors as part of a single fitness analysis, rather than applied as an independent and self-executing basis for denial divorced from that analysis. Respondent does not contend that § 503.034(a)(1) itself contains a materiality element — the statute directs denial where the Department is satisfied that application information is not true, without qualification — but submits that materiality, intent, and the source of the omitted information are considerations properly weighed under the mitigating-factors prong of § 215.89(a) before that threshold finding is translated into a final denial. Respondent notes that the Code Construction Act, Tex. Gov't Code

§ 311.021, presumes the entire statutory and regulatory scheme applicable to a licensing determination is intended to be effective, and that related provisions governing the same determination are properly read together rather than in isolation; reading § 503.034(a)(1) and § 215.89(a) together, consistent with that presumption, gives independent effect to both provisions without treating either as superfluous.

14. Whether the inaccuracies were intentional, whether the omitted licensing history was already within the Department's own records, and whether any consumer or the Department was in fact misled are considerations relevant to the mitigating-factors analysis 43 Tex. Admin. Code § 215.89(a) separately requires, distinct from — and not offered to contest — the threshold truthfulness finding under § 503.034(a)(1). Respondent requests that the PFD address these considerations as part of its § 215.89(a) analysis and clarify whether, and to what extent, the mitigating evidence addressed in Exception No. 8 below was weighed against each of the three grounds identified in Conclusion of Law 10, individually, rather than only against the record as a whole.

EXCEPTION NO. 6 — PREMISES NONCOMPLIANCE IS A SEPARATE, CURABLE DEFECT

(Findings of Fact 11–12, PFD p. 20; Analysis Section IV.B, PFD pp. 17–18)

15. Findings of Fact 11 and 12 rely on inspections conducted in July and September 2025 — more than three years after the March 4, 2022 Application was filed. Respondent does not dispute the observations made during the 2025 inspections.

16. Respondent requests that the PFD clarify that premises noncompliance is location-specific and capable of cure and does not imply permanent personal unfitness, and that the

recommendation concerning this ground be limited to the eligibility of the location identified in this Application, rather than treated as independent proof of categorical unfitness.

EXCEPTION NO. 7 — THE BASIS FOR THE UNAUTHORIZED-SIGNATURE INFERENCE SHOULD BE IDENTIFIED WITH SPECIFICITY

(Analysis Section IV.C, PFD p. 18; Staff Exhibit 14, PFD p. 12)

17. The Analysis states that photographic evidence “strongly suggest[s]” unauthorized signature. Respondent recognizes that this characterization draws upon Staff Exhibits 12 and 13, not Staff Exhibit 14 alone. Staff Exhibit 14 at Bates 125 consists of the Statement of Fact to Correct Error on Title, which states on its face that it must be completed by the seller, and does not itself contain any authorization document. As set forth in Exception No. 3 above, Staff Exhibits 12 and 13 report only Travis County's own suspicion of unauthorized signature — not an adjudicated finding — and Respondent's request in this Exception is accordingly derivative of, and should be read together with, Exception No. 3. Respondent requests identification of any admitted evidence supporting the unauthorized-signature inference beyond Travis County's characterization of suspected conduct or, in the alternative, moderation of that inference to reflect the absence of an independent adjudication in the current record.

EXCEPTION NO. 8 — THE MITIGATION ANALYSIS SHOULD ADDRESS ALL ADMITTED EVIDENCE

(Analysis Section IV.D, PFD pp. 18–19; Finding of Fact 14, PFD p. 20)

18. Section IV.D acknowledges Respondent's absence of criminal history and public-service background, but does not address other uncontroverted mitigating evidence in the record, including Respondent's A+ Better Business Bureau rating, absence of consumer complaints, and years of continuous business operation.

19. Respondent requests that the PFD identify these admitted mitigating facts and briefly explain the consideration given to them under § 215.89(a).

EXCEPTION NO. 9 — THE PFD SHOULD IDENTIFY THE INDEPENDENT EFFECT OF EACH GROUND FOR DENIAL

(Conclusions of Law 1–10, PFD pp. 21–23)

20. The PFD relies on three distinct grounds: (1) untrue application information under Tex. Transp. Code § 503.034(a)(1); (2) premises noncompliance under Tex. Transp. Code § 503.032 and 43 Tex. Admin. Code § 215.140; and (3) unfitness under Tex. Occ. Code § 2301.651(a)(1) and 43 Tex. Admin. Code § 215.89(b)(4). Conclusion of Law 9 requires that these grounds, together with any mitigating factors, be considered as part of a single fitness determination under § 215.89(a). Respondent's primary position is that Conclusion of Law 10's conjunctive recitation of all three grounds is properly understood as the product of that unified weighing process, rather than as three independently sufficient alternative holdings, any one of which could support denial standing alone without regard to the others.

21. In the alternative, and without waiving the primary position stated above, should the Department construe Conclusion of Law 10 as delivering three severable, independently sufficient grounds for denial, Respondent specifically excepts to that construction as inconsistent with the unified weighing Conclusion of Law 9 itself requires, and further specifically preserves, independently of that construction and independently of one another, each of the individual exceptions to the substance of each ground set forth in Exceptions No. 1 through 8 above. No ruling rejecting the primary, unified-weighting position stated in this Exception shall be construed as a ruling on, or waiver of, any individual exception directed to a specific ground.

22. Respondent requests that the PFD identify which Findings of Fact and Conclusions of Law correspond to each statutory ground, distinguish the remedial consequences of each ground, and clarify that the recommendation decides only Application No. 000755538 on the present record and does not adjudicate any future application that may be submitted under different facts, complete disclosures, or qualifying premises. This request is made to assist agency and judicial review of the independent legal effect of each ground identified in Conclusion of Law 10; it is not a concession that any single ground, standing alone, satisfies the weighing obligation 43 Tex. Admin. Code § 215.89(a) imposes on the Department's final licensing determination.

V. PRESERVATION OF ERROR

Respondent preserves the legal and record-based issues stated in these Exceptions to the extent previously raised in the hearing, evidentiary objections, and post-hearing briefing, and submits them now for consideration under 1 Tex. Admin. Code § 155.507. Each is set forth in the corresponding Exception above, to which the ALJ is respectfully directed for full record citation:

- The statutory interpretation of 43 Tex. Admin. Code § 215.89(b)(4) and its relationship to § 215.89(a) (Exception No. 1);
- The weight assigned to the still-photograph and email evidence, and the treatment of the underlying, unadmitted surveillance recording (Exception No. 2);
- The distinction between a regulatory denial based on suspected conduct and an independent finding of fraud (Exception No. 3);
- The sufficiency of record citation for findings regarding intent and credibility (Exception No. 4);

- The materiality analysis under § 215.89(a) as distinct from the truthfulness finding under Tex. Transp. Code § 503.034(a)(1), and the severability, or non-severability, of Conclusion of Law 10's three grounds (Exceptions No. 5 and 9);
- The distinction between curable premises noncompliance and permanent personal unfitness (Exception No. 6);
- The evidentiary basis for the unauthorized-signature inference (Exception No. 7); and
- The treatment of mitigating evidence under § 215.89(a) (Exception No. 8); and
- Whether the PFD's findings are supported by reliable, probative, and substantial evidence, to the extent that standard becomes applicable upon judicial review under Tex. Gov't Code § 2001.174 following exhaustion of administrative remedies.

Respondent further preserves, without present assertion, any objection grounded in procedural due process arising from the conduct of these proceedings, to the extent such an objection may become relevant upon further agency or judicial review. This reservation is not a present claim that any due process violation occurred and should not be construed as raising a new issue not previously before the ALJ. Respondent understands that this general reservation preserves nothing beyond issues independently and specifically raised elsewhere in this filing or in the underlying record, and is made solely to avoid any inference that silence on this topic constitutes waiver of an issue not yet ripe.

Nothing contained in these Exceptions should be construed as requesting reconsideration of credibility determinations or reopening of the evidentiary record. Respondent recognizes that a timely motion for rehearing following any final order is generally a prerequisite to judicial review of a contested case under Chapter 2001 of the Texas Government Code, absent an applicable

statutory exception, and that the issues identified herein will need to be renewed in such a motion to the extent they remain unresolved.

VI. REQUESTED RELIEF

Respondent respectfully requests that the Administrative Law Judge amend the Proposal for Decision to:

- Revise Analysis Section IV.C and Finding of Fact 13 to reflect the Travis County denial as a discretionary factor under 43 Tex. Admin. Code § 215.89(b)(4), weighed together with mitigating evidence under § 215.89(a);
- Moderate the characterization of the still-photograph evidence to reflect that it adds no independent corroboration beyond Staff Exhibit 12, and the absence of the complete underlying recording;
- Distinguish the fact of the Travis County denial from any independent finding of fraud;
- Cross-reference the specific Findings of Fact and testimony supporting the characterizations of Respondent's "unwillingness" to give honest answers and "refusal to acknowledge" wrongdoing;
- Address materiality as part of the § 215.89(a) analysis, separate from the threshold truthfulness finding;
- Distinguish premises noncompliance from personal fitness, and limit any premises-based ground to the eligibility of the location identified in this Application;
- Identify the specific admitted evidence, if any, supporting the unauthorized-signature inference beyond Travis County's characterization of suspected conduct, or moderate that inference accordingly;
- Expand the mitigation analysis consistent with 43 Tex. Admin. Code § 215.89(a); and

- Identify which Findings of Fact and Conclusions of Law correspond to each statutory ground for denial, clarify whether Conclusion of Law 10's three grounds are unified or severable, and clarify that the recommendation decides only Application No. 000755538 on the present record and does not adjudicate any future application that may be submitted under different facts or circumstances.

In the alternative, Respondent requests that any recommendation of denial include clarification limiting its effect to the present Application, rather than a final order that permanently characterizes Respondent as fraud-related or personally unfit.

Respondent preserves all rights to seek judicial review following exhaustion of administrative remedies pursuant to Tex. Gov't Code §§ 2001.171 and 2001.174, and files these exceptions without waiver of any such right. Should the Administrative Law Judge decline to address the independent effect of each ground for denial as requested in Exception No. 9 above, Respondent's exceptions to each ground are preserved independently, notwithstanding the PFD's collective disposition.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Respondent respectfully requests that the Honorable Administrative Law Judge consider and incorporate these exceptions into the Proposal for Decision as set forth herein, and grant such other and further relief to which Respondent may be justly entitled. Respondent respectfully submits these Exceptions in the interest of ensuring that the Proposal for Decision accurately reflects the admitted record and governing law, while fully respecting the Administrative Law Judge's role as factfinder.

Respectfully Submitted,

/s/ Bryan Harris

Bryan Harris

Owner, B. Harris and Associates, LLC

d/b/a Asian European Auto Group

aka Budget Used Cars

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hgbryan9@gmail.com

CERTIFICATE OF SERVICE

I certify that on July 14th, 2026, a true and correct copy of this document, Respondent's Exceptions to the Proposal for Decision, was served on the following individuals at the location and in the manner indicated below.

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Attorney, Enforcement Division
Texas Department of Motor Vehicles
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/s/ Bryan Harris

Bryan Harris

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608-26-07350 DMV Board Meeting eBook
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Brianna Flores, CLERK

October 8, 2026

ACCEPTED 57
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STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Brianna Flores, CLERK

SOAH DOCKET NO. 608-26-07350.ENF
MVD CAUSE NO. 26-0002491.ENF.H

**TEXAS DEPARTMENT OF MOTOR
VEHICLES, Petitioner**

**B. HARRIS AND ASSOCIATES, LLC d/b/a
ASIAN EUROPEAN AUTO GROUP
aka BUDGET USED CARS,
Respondent**

BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

**PETITIONER'S REPLY TO RESPONDENT'S EXCEPTIONS TO THE PROPOSAL
FOR DECISION**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE:

COMES NOW, Petitioner, the Texas Department of Motor Vehicles (the Department) which requests the Court's consideration of the following Reply to Respondent's Exceptions to the Proposal for Decision (PFD). Respondent makes nine overall requests for amendments which Petitioner opposes as set forth below beneath each exception.

RESPONDENT'S EXCEPTION No. 1 – "Revise Analysis Section IV.C and Finding of Fact 13 to reflect the Travis County denial as a discretionary factor under 43 Tex. Admin. Code § 215.89(b)(4), weighed together with mitigating evidence under § 215.89(a)."

Petitioner asserts that revising Finding of Fact (FOF) 13 in this manner would essentially turn it into a Conclusion of Law (COL). Respondent has already agreed that "the rule's plain text [§ 215.89(b)(4)] is satisfied by proof that another regulatory authority took action, including a denial, and Staff Exhibits 9 and 13 establish that Travis County did so.¹"

As the factfinder, the Administrative Law Judge (ALJ) must determine whether Respondent is unfit under § 215.89(b)(4) as alleged by Petitioner. FOF 9² and FOF 10 address the fact that Respondent provided false and misleading information to the Department when Respondent

¹ Respondent's Exceptions to the Proposal for Decision (RE) at 4.

² PFD at 20.

submitted their application. Respondent had been notified of the Travis County license denial prior to submitting the application at issue, yet Respondent still answered “No” when asked on their application whether they had been disciplined by another regulatory agency. The submission of false information required the Department to seek denial of Respondent’s application.

COL 5 correctly establishes that Tex. Transp. Code § 503.034(a)(1) mandates that the Department shall deny an application if information in the application is not true. COL 7 differentiates that there are also standards within the Occupations Code or Ch. 215 of the Administrative Code that give the board discretionary authority to deny an application for a license.

RESPONDENT’S EXCEPTION No. 2 – “Moderate the characterization of the still-photograph evidence to reflect that it adds no independent corroboration beyond Staff Exhibit 12, and the absence of the complete underlying recording.”

Respondent asks the ALJ to reword and recharacterize her impressions of the evidence. The ALJ is the sole factfinder for this contested hearing and her analysis which Respondent seeks to alter was based on her own impression of the unchallenged, admitted evidence.

RESPONDENT’S EXCEPTION No. 3 – “Distinguish the fact of the Travis County denial from any independent finding of fraud.”

In her PFD, the ALJ wrote, “Perhaps of greater concern, however, is Applicant’s refusal to acknowledge or take responsibility for the *alleged* fraudulent activity on his part, especially when photographic evidence strongly suggest otherwise.³” (emphasis added) By using the term “alleged,” the ALJ inherently states that no independent finding of fraud occurred. The ALJ also used the term “suspected” in COL 10 which further shows no distinction is necessary. An independent finding of fraud is not an essential element to be proven in this case.

³ PFD at 18.

RESPONDENT'S EXCEPTION No. 4 – "Cross-reference the specific Findings of Fact and testimony supporting the characterizations of Respondent's "unwillingness" to give honest answers and "refusal to acknowledge" wrongdoing."

The PFD's Findings of Fact did not include the above-mentioned characterizations. These statements appear in the analysis portion⁴ of the PFD. FOFs 3-10⁵ detail which answers Respondent failed to honestly answer which were considered in the ALJ's analysis.

RESPONDENT'S EXCEPTION No. 5 – "Address materiality as part of the § 215.89(a) analysis, separate from the threshold truthfulness finding."

Respondent claims "the Code Construction Act, Tex. Gov't Code § 311.021, presumes the entire statutory and regulatory scheme applicable to a licensing determination is intended to be effective, and that related provisions governing the same determination are properly read together rather than in isolation."⁶

Petitioner identifies Tex. Govt. Code § 311.021 which states:

"In enacting a statute, it is presumed that:

- (1) compliance with the constitutions of this state and the United States is intended;
- (2) the entire statute is intended to be effective;
- (3) a just and reasonable result is intended;
- (4) a result feasible of execution is intended; and
- (5) public interest is favored over any private interest."

The statute does not say what Respondent proposes. The statute presumes that Tex. Transp. Code § 503.034(a)(1) meets the above five factors. Further, the ALJ interpreted § 503.034(a)(1) appropriately in the PFD.

⁴ PFD at 16, 18.

⁵ PFD at 19, 20.

⁶ RE at 8, 9.

RESPONDENT'S EXCEPTION No. 6 – "Distinguish premises noncompliance from personal fitness, and limit any premises-based ground to the eligibility of the location identified in this Application."

Respondent essentially seeks to diminish premises violations contrary to how they are treated under the Department's rules. 43 Tex. Admin. Code § 215.89(b)(1) specifies: "The board may determine that a person is unfit to perform the duties and discharge the responsibilities of a license holder if the person fails to meet or maintain the qualifications and requirements of licensure." The Department alleged Respondent failed to meet and maintain the qualifications and requirements of licensure since it appeared Respondent was no longer at their proposed licensed location which Respondent admitted to during the hearing.

In their separate testimonies for the Department, Ms. Prieto of the Motor Vehicle Division and Investigator Dixon of the Enforcement Division both explained that applicants and license holders must meet and maintain premises requirements. The ALJ considered the evidence presented and found that Respondent failed to meet premises requirements which also meant Respondent failed to meet the requirements for licensure which is a separate factor in which an applicant can be found to be unfit under § 215.89(b)(1).

RESPONDENT'S EXCEPTION No. 7 – "Identify the specific admitted evidence, if any, supporting the unauthorized-signature inference beyond Travis."

The ALJ identified the specific admitted evidence⁷ which supported a finding that Respondent was unfit. An independent finding of an unauthorized signature is not an essential element to be proven in this case. This is because 43 Tex. Admin. Code § 215.89(b)(4) only requires a finding that Respondent violated an administrative or regulatory requirement based on action taken on a license by another regulatory authority. The Department met its legal requirement in proving

⁷ PFD at 11, 12.

Respondent's license was denied by Travis County Tax Assessor-Collector's Office following violations of their administrative or regulatory requirements.

RESPONDENT'S EXCEPTION No. 8 – "Expand the mitigation analysis consistent with 43 Tex. Admin. Code § 215.89(a).

The PFD already expands on the mitigation analysis⁸ in accordance with 43 Tex. Admin. Code § 215.89(a).

RESPONDENT'S EXCEPTION No. 9 – "Identify which Findings of Fact and Conclusions of Law correspond to each statutory ground for denial, clarify whether Conclusion of Law 10's three grounds are unified or severable, and clarify that the recommendation decides only Application No. 000755538 on the present record and does not adjudicate any future application that may be submitted under different facts or circumstances."

The FOF and COL already outline which grounds the ALJ found which support denial of Respondent's application. Specifically, COL 7 lists Tex. Occ. Code § 2301.651(a)(1) as a statutory ground for denial. Nevertheless, the Department offers the following citations be added to the end of COL 7 to further expand on which statutes allow the Department to deny an application as set forth in the Department's Notice of Department Decision⁹.

COL 7: "The board may deny an application for a license if the applicant or license holder is unfit under standards described in the Texas Occupations Code or in the Department's rules at 43 Texas Administrative Code chapter 215. Tex. Occ. Code § 2301.651(a)(1); **Tex. Govt. Code § 2005.052; Tex. Transp. Code §§503.034; 503.038; and 43 Texas Administrative Code §§ 215.89; 215.141(a).**" (*emphasis added*)

Petitioner argues each of the grounds for denial referenced in COL 10 is a separate factor to be considered when determining whether an applicant is unfit. The fact that Respondent met three

⁸ PFD at 13, 14.

⁹ Staff's Exhibit 4 at 38.

different factors was further evidence considered in the mitigation analysis. Accordingly, the Department offers the following citations be added to the end of COL 10 for purposes of identifying which ground for denial corresponds to each Department rule within the Conclusion of Law.

COL 10: “The preponderant evidence supports denial of Applicant’s license based on false and misleading statements in four areas of the Application [**43 Tex. Admin. Code § 215.89(b)(3)**]; the failure of the proposed location to meet required premises criteria [**43 Tex. Admin. Code § 215.89(b)(1)**]; and past regulatory action against Applicant for suspected fraudulent activity [**43 Tex. Admin. Code § 215.89(b)(4)**].” (*emphasis added*)

PRAYER

WHEREFORE, PREMISES CONSIDERED, Petitioner respectfully requests that the Honorable Administrative Law Judge consider Petitioner’s replies and incorporate any necessary corrections to the Proposal for Decision as set forth herein by Petitioner. Petitioner prays for such further relief to which it may be granted whether specifically pled or not.

Respectfully Submitted,

/s/ Rachel Sechelski

Rachel Sechelski

Attorney, Enforcement Division

State Bar of Texas No. 24096053

4000 Jackson Avenue

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CERTIFICATE OF SERVICE

I certify that on July 29, 2026, a true and correct copy of this document, Petitioner's Reply to Respondent's Exceptions to the Proposal for Decision, was served on the following individuals and at the location and the manner indicated below.

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/s/ Rachel Sechelski_____

Rachel Sechelski

Attorney, Enforcement Division

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Rachel Sechelski on behalf of Rachel Sechelski

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Envelope ID: 117975605

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Filing Description: Petitioner's Reply to Respondent's Exceptions

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7/31/2026 4:18 PM
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Jessica Cisneros, CLERK

October 8, 2026

65

State Office of Administrative Hearings

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608-26-07350
7/31/2026 4:34:16 pm
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Jessica Cisneros, CLERK

Kristofer S. Monson
Chief Administrative Law Judge

July 31, 2026

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VIA EFILE TEXAS

B. Harris and Associates, LLC
d/b/a Asian European Auto Group
aka Budget Used Cars
Respondent
hgbryan9@gmail.com aeautogroup.us@gmail.com

VIA EFILE TEXAS

RE: SOAH Docket Number 608-26-07350.ENF; *Texas Department of Motor Vehicles v. B. Harris and Associates, LLC d/b/a Asian European Auto Group aka Budget Used Cars*

On July 2, 2026, a Proposal for Decision (PFD) was issued in this case. Exceptions to the PFD were filed on July 10, 2026, by the staff (Staff) of the Texas Department of Motor Vehicles (Department). B. Harris and Associates, LLC d/b/a Asian European Auto Group aka Budget Used Cars (Applicant) filed Exceptions to the PFD on July 14, 2026. Staff responded to Applicant's Exceptions on July 29, 2026.

The Administrative Law Judge recommends adopting the following changes contained in Staff's Exception Nos. 1, 2, and 3 as follows:

- The citation contained in footnote 6 on page 3 of the PFD is corrected to read as follows: "43 Tex. Admin. Code §§ 215.83(g), 215.500(1)".

Exceptions Letter

July 29, 2026

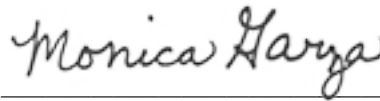
Page 2 of 2

- On page 10 of the PFD, the first sentence of subsection III.B.2 is amended to read, “Howard Dixon, Jr. is one of the Department’s Lead Investigators for its Enforcement Division.”
- The citation contained in footnote 51 on page 13 of the PFD is amended to read “Staff’s Exhibit 4 (Notice of Hearing and Notice of Department Decision) at 35-39.”

Applicant’s exceptions are adequately addressed by adversarial replies, and those exceptions are denied.

With the three minor changes outlined above, the PFD is ready for the Board’s consideration.

ALJ Signature:

A handwritten signature in cursive script, reading "Monica Garza", is written over a horizontal line.

Monica Garza,

Presiding Administrative Law Judge

CC: Service List

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BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES

**TEXAS DEPARTMENT OF MOTOR
VEHICLES, Petitioner**

v.

**B. HARRIS AND ASSOCIATES, LLC
d/b/a ASIAN EUROPEAN AUTO
GROUP aka BUDGET USED CARS,
Respondent**

SOAH DOCKET NO. 608-26-07350.ENF
MVD CAUSE NO. 26-0002491.ENF.H

FINAL ORDER

The above-referenced case was brought before the Texas Department of Motor Vehicles Board (Board) on October 8, 2026, in the form of a Proposal for Decision (PFD), dated July 2, 2026, as modified by an Exceptions Letter dated July 31, 2026, from the State Office of Administrative Hearings (SOAH). The case involves an enforcement action brought by the Texas Department of Motor Vehicles (Department) against B. Harris and Associates, LLC d/b/a Asian European Auto Group aka Budget Used Cars (Respondent).

The Board, after review and due consideration, adopts the findings of fact and conclusions of law from the Administrative Law Judge's PFD, attached and incorporated herein as Exhibit A, as modified by the ALJ's Exceptions Letter, attached and incorporated herein as Exhibit B. In making the determination of fitness for a license, the Board has considered all required factors under statute and rule.

ACCORDINGLY, IT IS ORDERED THAT:

1. Findings of Fact 1–22 and Conclusions of Law 1–10 are hereby adopted as set forth in the Proposal for Decision dated July 2, 2026;
2. Respondent is hereby found to be unfit to hold a General Distinguishing Number;
3. Respondent’s Application (# 000755538) for a General Distinguishing Number is denied; and
4. Any other motions, requests for entry of specific findings of fact or conclusions of law, exceptions, objections, and requests for general or specific relief by the parties to this contested case, if not expressly granted herein, are hereby denied.

Date:

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

Texas Administrative Code § 215.89(a): In determining a person's fitness for a license issued or to be issued by the department under Transportation Code, Chapter 503 or Occupations Code, Chapter 2301, the board will consider:

(1) the requirements of Occupations Code, Chapter 53;	(2) the provisions of Occupations Code, §2301.651 and Transportation Code §503.034;	(3) any specific statutory licensing criteria or requirements;	(4) mitigating factors; and	(5) other evidence of a person's fitness, as allowed by law, including the standards identified in subsection (b) of this section.
There are no criminal convictions the TxDMV is aware of that would disqualify this applicant from a license under Tex. Occ. Code Ch. 53.	<u>Texas Occupations Code § 2301.651. DENIAL, REVOCATION, OR SUSPENSION GENERALLY.</u> (a) The board may deny an application for a license, revoke or suspend a license, place on probation a person whose license has been suspended, or reprimand a license holder if the applicant or license holder: (1) is unfit under standards described in this chapter or board rules; (2) makes a material misrepresentation in any application or other information filed under this chapter or board rules; (3) violates this chapter or a board rule or order; (5) fails to maintain the qualifications for a license. (b) The board may take action under Subsection (a) against an applicant or license holder for an act or omission by an officer, director, partner, trustee, or other person acting in a representative capacity for the applicant or license holder that would be cause for denying, revoking, or suspending a license under this chapter. Continued on page 2	<u>Texas Transportation Code § 503.038. CANCELLATION OF GENERAL DISTINGUISHING NUMBER.</u> (a) The department may cancel a dealer's general distinguishing number if the dealer: (1) falsifies or forges a title document, including an affidavit making application for a certified copy of a title; (6) makes a material misrepresentation in an application or other information filed with the department; (12) otherwise violates this chapter or a rule adopted under this chapter.	Mitigating documents provided by Respondent to Licensing Committee (Petitioner's Exhibit 16): - Email to Mr. Bruce Elfant dated January 21, 2021 - Notice of Intent to Deny Travis County Title Service Application dated January 28, 2022 - Letter of Apology to Mr. Bruce Elfant dated August 31, 2023 - Screenshot of emails sent to Mr. Bruce Elfant on various dates (2/24/2022, 3/17/2022, 3/20/2022, 3/28/2022, 5/8/2022, 11/15/2022, and 01/31/2023) - Email Screenshot between yourdmverrandboy@gmail.com and Frytitle@frytitle.com - USPS tracking Screenshot - Screenshot of emails sent to Tamica.Furs@traviscountytx.gov on various dates (6/1/2022, 6/27/2022, 7/5/2022, 11/28/2022, and 7/25/2023) - Email correspondence with Travis County TAC regarding Denial of Appeal - Email from Mr. Harris to TxDMV with an outline of mitigating documents dated 9/1/2023	Texas Administrative Code § 215.89(b): The board may determine that a person is unfit to perform the duties and discharge the responsibilities of a license holder and may, following notice and an opportunity for hearing, deny a person's license application or revoke or suspend a license if the person: (1) fails to meet or maintain the qualifications and requirements of licensure; (3) omits information or provides false, misleading, or incomplete information on an initial application, renewal application, or application attachment, for a license or other authorization issued by the department or by any local, state, or federal regulatory authority; Continued on page 2

Texas Administrative Code § 215.89(a): In determining a person's fitness for a license issued or to be issued by the department under Transportation Code, Chapter 503 or Occupations Code, Chapter 2301, the board will consider:

	<u>Texas Transportation Code § 503.034. ISSUANCE AND RENEWAL OR DENIAL OF DEALER OR WHOLESALE MOTOR VEHICLE AUCTION GENERAL DISTINGUISHING NUMBER.</u> (a) The department shall deny an application for the issuance or renewal of a dealer general distinguishing number or a wholesale motor vehicle auction general distinguishing number if the department is satisfied from the application or from other information before it that: (1) information in the application is not true; or (2) the applicant is guilty of conduct that would result in the cancellation of the general distinguishing number under Section <u>503.038</u>.			(4) is found to have violated an administrative or regulatory requirement based on action taken on a license, permit, or other authorization, including disciplinary action, revocation, suspension, denial, corrective action, cease and desist order, or assessment of a civil penalty, administrative fine, fee, or similar assessment, by the board, department, or any local, state, or federal regulatory authority; (8) was or is a person described in §211.2 of this title (relating to Application of Subchapter) whose actions or omissions could be considered unfit, who is ineligible for licensure, or whose current or previous license, permit, or other authorization issued by any local, state, or federal regulatory authority has been subject to disciplinary action including suspension, revocation, denial, corrective action, cease and desist order, or assessment of a civil penalty, administrative fine, fee, or similar assessment; (10) is found in a final order issued after a contested case hearing to be unfit or acting in a manner detrimental to the system of distribution or sale of motor vehicles in Texas, the economy of the state, the public interest, or the welfare of Texas residents.
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Board Meeting Date: 10/8/2026
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Monique Johnston, Motor Carrier Division
Agenda Item: 6
Subject: Amendments: Subchapters A, B, C, D, E, and F
New: §215.153, and §215.159
Repeals: §§215.1, 215.81, 215.131, 215.171, 215.241, 215.243, and 215.269
(Relating to Enhancing the Enforceability of the Motor Vehicle Records Disclosure Act in Transportation Code, Chapter 730; and Cleanup)

RECOMMENDATION

Action Item. Adopt amendments, new sections, and repeals in 43 Texas Administrative Code Chapter 215, Motor Vehicle Distribution, with recommended changes at adoption in response to public comments as described below.

PURPOSE AND EXECUTIVE SUMMARY

The adopted amendments, new sections, and repeals update Chapter 215 to improve clarity and consistency, incorporate statutory changes, enhance implementation of the Motor Vehicle Records Disclosure Act in Transportation Code, Chapter 730, and modernize licensing, license plate, and enforcement provisions applicable to motor vehicle industry license holders. The amendments also establish requirements governing buyers provisional license plates and dealer storage of license plate inventory.

FINANCIAL IMPACT

There will be no significant fiscal implications due to the adoption of amendments, new sections, and repeals to Chapter 215.

BACKGROUND AND DISCUSSION

The department reviewed Chapter 215 in accordance with Government Code §2001.039 and determined that various provisions should be amended, repealed, or replaced to improve clarity, incorporate statutory changes, and ensure the rules continue to effectively implement and administer applicable law. The adopted amendments update licensing requirements, simplify and modernize rule language, revise dealer premises and signage requirements, update license plate administration requirements, and add violations relating to the Motor Vehicle Records Disclosure Act in Transportation Code, Chapter 730. The rulemaking also adopts new §215.153 regarding buyer's provisional license plates, and new §215.159 regarding storage of license plate inventory away from a licensed location. Additionally, the rulemaking includes amendments and repeals to streamline and modernize rule language consistent with recommendations identified during a review of the department's rules by the Texas Regulatory Efficiency Office.

COMMENTS

The proposed amendments, new sections, and repeals were published for comment in the April 24, 2026, issue of the *Texas Register*. The department received comments from the Texas Automobile Dealers Association (TADA), the Texas Independent Automobile Dealers Association (TIADA), and the Texas Recreational Vehicle Association (TRVA).

RECOMMENDED CHANGES AT ADOPTION

After consideration of the comments, department staff recommend that the board at adoption:

- modify §215.120 to clarify the rules for manufacturer and converter plates,
- revise §215.159 to allow for operational considerations regarding centralized license plate storage locations,
- withdraw proposed new §215.107 regarding the sale or transfer of a line-make,
- withdraw the proposed amendments to §215.264 and modify the amendments to §215.244 and §215.270 to remove proposed language that would have defined terms associated with advertising violations, and
- withdraw proposed revisions to §§215.85, 215.101, 215.105, 215.108, 215.114, 215.137, 215.157, and 215.500, and modify proposed amendments to §§215.84, 215.121, 215.133, 215.134, 215.141, and 215.175 to reinstate the existing text that the department had proposed for amendment or repeal because it was identified during the review by the Texas Regulatory Efficiency Office as duplicative of statute, unnecessary, in need of streamlining, or in need of modernization.

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ADOPTION OF AMENDMENTS, NEW SECTIONS, AND REPEALS TO**SUBCHAPTER A. GENERAL PROVISIONS****43 TAC §215.2****REPEAL****43 TAC §215.1****SUBCHAPTER B. LICENSES, GENERALLY****43 TAC §§215.82, 215.83, 215.84, 215.89, AND 215.91****REPEAL****43 TAC §215.81****SUBCHAPTER C. FRANCHISED DEALERS, MANUFACTURERS, DISTRIBUTORS, AND CONVERTERS****43 TAC §§215.104, 215.110, 215.113, 215.115, 215.120, AND 215.121****SUBCHAPTER D. GENERAL DISTINGUISHING NUMBERS AND IN-TRANSIT LICENSES****43 TAC §§215.132, 215.133, 215.134, 215.140, 215.141, 215.144, 215.145, 215.152, 215.153, 215.154,****215.155, 215.158, AND 215.159****REPEAL****43 TAC §215.131****SUBCHAPTER E. LESSORS AND LEASE FACILITATORS****43 TAC §§215.175, 215.177, AND 215.181****REPEAL****43 TAC §215.171****SUBCHAPTER F. ADVERTISING****43 TAC §§215.242, 215.244, 215.246, AND 215.270****REPEAL**

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43 TAC §§215.241, 215.243, AND 215.269

INTRODUCTION. The Texas Department of Motor Vehicles (department) adopts amendments to 43 Texas Administrative Code (TAC) Chapter 215, Motor Vehicle Distribution. Specifically, the department adopts amendments to Subchapter A, General Provisions, §215.2 and the repeal of §215.1; adopts amendments to Subchapter B, Licenses, Generally, §§215.82 – 215.84, 215.89, and 215.91 and the repeal of §215.81; adopts amendments to Subchapter C, Franchised Dealers, Manufacturers, Distributors, and Converters, §§215.104, 215.110, 215.113, 215.115, 215.120, and 215.121; adopts amendments to Subchapter D, General Distinguishing Numbers and In-Transit Licenses, §§215.132 – 215.134, 215.140, 215.141, 215.144, 215.145, 215.152, 215.154, 215.155, and 215.158; adopts new §215.153 and §215.159, and repeals §215.131; adopts amendments to Subchapter E, Lessors and Lease Facilitators, §§215.175, 215.177, and 215.181 and repeals §215.171; and adopts amendments to Subchapter F, Advertising, §§215.242, 215.244, 215.246, and 215.270 and repeals §§215.241, 215.243, and 215.269.

The department adopts §§215.2, 215.82, 215.89, 215.91, 215.104, 215.110, 215.113, 215.115, 215.132, 215.140, 215.144, 215.145, 215.152, 215.154, 215.155, 215.158, 215.177, 215.181, 215.242, and 215.246; adopts new §215.153; and adopts the repeal of §§215.1, 215.81, 215.131, 215.171, 215.241, 215.243, and 215.269 without changes to the proposed text as published in the April 24, 2026, issue of the Texas Register (51 TexReg 2638). The text of these rules will not be republished. The department adopts new §215.159, and amendments to §§215.83, 215.84, 215.120, 215.121, 215.133, 215.134, 215.141, 215.175, 215.244, and 215.270, with changes to the proposed text as published in the April 24, 2026, issue of the Texas Register (51 TexReg 2638). The department withdraws proposed new §215.107, withdraws the proposed amendments to §§215.85, 215.105, 215.108, 215.114, 215.137, 215.157, 215.264, and 215.500, and withdraws the repeal of §215.101. Accordingly, the department does not adopt

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§215.107 and retains the existing rule text for remaining affected sections. The text of §§215.84, 215.120, 215.121, 215.133, 215.134, 215.141, 215.159, 215.175, 215.244 and 215.270 will be republished.

REASONED JUSTIFICATION. The department is reviewing Chapter 215 in accordance with Government Code, §2001.039, which requires state agencies to periodically review existing rules and determine whether the reasons for initially adopting the rules continue to exist. Notice of the department's intent to review and readopt Chapter 215 is published elsewhere in this issue of the Texas Register. As part of that review, the department determined that certain provisions should be amended, repealed, or replaced to improve clarity and consistency, eliminate unnecessary or duplicative language, incorporate statutory changes, and ensure the rules continue to effectively implement and administer applicable law. The department therefore adopts the amendments, new sections, and repeals described in the following paragraphs.

Subchapter A. General Provisions

§215.1

This section describing the purpose and scope of the chapter is repealed because the section is unnecessary, as relevant statutory references are incorporated into the applicable rules throughout the chapter.

§215.2

Adopted amendments to §215.2(a) add a reference to Transportation Code, Chapter 730, the Motor Vehicle Records Disclosure Act, to clarify that the definitions in Chapter 730 apply to Chapter 215 because the chapter includes rules implementing and enforcing that Act. The amendments also update related punctuation. An amendment to §215.2(b)(7) clarifies that the definition of standard license plate does not include a dealer's temporary license plate issued under Transportation Code, §503.062. A

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1 dealer's temporary license plate may only be used for the purposes authorized by Transportation Code,
2 §503.062, whereas a dealer's standard license plate authorized by Transportation Code, §503.061 may be
3 used for a broader range of authorized purposes.

4
5 Subchapter B. Licenses, Generally

6 §215.81

7 This section describing the purpose and scope of the chapter is repealed because it is
8 unnecessary, as relevant statutory references are incorporated into the applicable rules throughout the
9 chapter.

10 §215.82

11 Adopted amendments to §215.82 add "and Dealer's Temporary" to the title of the section and
12 add "a dealer's temporary license plate" to the rule text to include this license plate type among the
13 license plates for which a dealer may receive a replacement license plate or sticker at no charge if the
14 dealer did not receive the original license plate ordered and requests a replacement within 45 days after
15 the department mails the license plate in the department-designated system. Adopted amendments also
16 delete unnecessary references to specific types of license holders eligible to receive a standard license
17 plate because the phrase "standard license plate" is already defined in §215.2(b)(7) of this title (relating
18 to Definitions; Conformity and Statutory Requirements) as a license plate issued to a license holder.
19 Additional adopted amendments delete "standard" from the description of the license plate in §215.82(1)
20 and (2) because those provisions apply to both standard license plates and dealer's temporary license
21 plates. These amendments allow a dealer to receive a replacement at no charge if a dealer's temporary
22 license plate is lost in the mail and the dealer promptly requests a replacement.

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1 §215.83

2 Adopted amendments to §215.83 create new paragraph §215.83(a) to document existing
3 requirements for a new applicant to register for an account in the department-designated licensing
4 system through the department's website. These amendments require an applicant to designate an
5 account administrator, provide the name and email address for that person, provide the business
6 telephone number, name, business type, and social security number or employer identification number,
7 as applicable, and specify that the applicant's licensing account administrator must be an owner, officer,
8 manager, or bona fide employee. These amendments reflect existing requirements for establishing an
9 account that an applicant may use to submit a license application. The remaining paragraphs are
10 renumbered to accommodate new §215.83(a). At adoption, the department made a conforming change
11 to a relettered reference in §215.83(l).

12 §215.84

13 At adoption, the department withdrew proposed amendments that would have deleted
14 §215.84(a) and relettered the remaining subsections, in response to public comments that the
15 explanation §215.84(a) provided was helpful for readers. The adopted amendment to §215.84(c) makes
16 a minor wording change without changing meaning.

17 §215.89

18 Adopted amendments to §215.89(a) delete an unnecessary phrase to streamline the subsection
19 language. An amendment to §215.89(b)(2) updates, for ease of reference, a citation to the criminal
20 offense guidelines for the motor vehicle industry in 43 TAC Chapter 211. An amendment to §215.89(b)(5)
21 adds a modifying phrase identifying consumer harm as a factor that the department may consider when
22 evaluating whether a license holder or applicant is unfit to hold a license due to insolvency or failure to
23 obtain or maintain financial resources sufficient to meet financial obligations. Consideration of consumer

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1 harm is important because a license holder may reorganize finances due to a business setback but may
2 not be considered unfit if no consumer harm resulted. An amendment to §215.89(b)(8) deletes an
3 unnecessary introductory verb and connector and updates a citation to reflect the renumbering of
4 provisions in Chapter 211.

5 §215.91

6 Occupations Code, §55.004(b-1), as amended by Senate Bill 1818, 89th Texas Legislature, Regular
7 Session, requires all state licensing agencies, including the department, to issue a provisional license to
8 military service members, military veterans, and military spouses while the agency processes a license
9 application. Adopted amendments to §215.91(b) clarify the application process for a military service
10 member, military spouse, or military veteran to obtain a provisional license. These clarifications are
11 necessary for the department to identify and process these applications on an expedited basis as required
12 by Occupations Code, §55.0041, as amended by House Bill 5629, 89th Legislature, Regular Session.

13 Adopted amendments to §215.91(b)(1) align the rule with Occupations Code, §55.004, as
14 amended by Senate Bill 1818, to require licensing agencies to issue a provisional license while reviewing
15 the application of a military service member, military spouse, or military veteran who is currently licensed
16 and in good standing in another state or who was licensed in Texas within the prior five years. The
17 amendments establish streamlined application requirements for a provisional license, as specified by
18 Occupations Code, §§55.004 and 55.0041, and clarify that a military service member, military spouse, or
19 military veteran may apply for a provisional license by downloading and completing the application form
20 from the department website or by contacting the department. The amendments also require the
21 applicant to submit the completed provisional license application to the department at the email address
22 designated in the application form, delete the requirement to submit the more comprehensive online
23 application specified in §215.83, and reletter the required attachments that must accompany the

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1 provisional license application. The amendments add new §215.91(b)(1)(C) and amend relettered
2 §215.91(b)(1)(A) to clarify and separate documentation requirements applicable to military veterans from
3 documentation required of active-duty military personnel and military spouses. Amendments to
4 §215.91(b)(1)(D) clarify that the affidavit required by Occupations Code, §55.0041(b)(3), for applicants
5 previously licensed in another state applies to military veterans as well as military service members and
6 military spouses.

7 Adopted amendments to §215.91(b)(2) add the phrase “provisional license” to describe the
8 application type and align the rule with Occupations Code, §55.004. Amendments to §215.91(b)(2)(A) add
9 a reference to military veterans and update related punctuation and conjunctions. Amendments to
10 §215.91(b)(2)(B) change a verb to “confirm” for consistency with §215.91(b)(2)(C). Amendments to
11 §215.91(b)(2)(C) provide that, if the department confirms the information required by subparagraphs (A)
12 and (B), the department will notify the applicant to submit a sufficient application as described in §215.83
13 at the time the department issues the provisional license, consistent with Occupations Code,
14 §55.0041(b-1).

15 Adopted amendments to §215.91(b)(3) clarify that the department will issue a license within 10
16 days after receiving a sufficient application, or notify the applicant why a license cannot currently be
17 issued, as required by Occupations Code, §55.0041(b-1), when the applicant holds a provisional license,
18 is licensed in good standing in another state with substantially similar licensing requirements, or was
19 licensed in good standing in Texas during the preceding five years. Another amendment to §215.91(b)(3)
20 moves the final sentence to new §215.91(c) and reletters current §215.91(c) as §215.91(d) to improve
21 readability. These amendments streamline the process for military service members, military spouses,
22 and military veterans to apply for and obtain a provisional license consistent with Occupations Code,
23 Chapter 55, without requiring substantial licensing-system modifications.

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1

2 Subchapter C. Franchised Dealers, Manufacturers, Distributors, and Converters

3 §215.104

4 Adopted amendments to §215.104(a) and (b) modernize and simplify text to improve readability

5 without changing meaning. An amendment to §215.104(a)(2) removes a typographical error.

6 Amendments to §215.104(c) add a requirement for a franchised dealer to file a license amendment

7 application within 10 days if the person responsible for the dealer's business activities changes due to the

8 appointment of a receiver or the filing of bankruptcy and make related changes in punctuation and

9 conjunction placement. These amendments help ensure that the appropriate representative receives

10 department licensing and enforcement notices and may act within the time limits established by statute

11 and rule. Amendments to §215.104(d) modernize and simplify text to improve readability without

12 changing meaning.

13

14 §215.110

15 An adopted amendment to §215.110(b) clarifies that the information described is located in

16 subsection (a), rather than elsewhere in the section, to avoid potential confusion.

17 §215.113

18 Adopted amendments to §215.113(c) update the subchapter designation in 43 TAC Chapter 224

19 and delete "License" from a referenced section title to correct the title and subchapter reference.

20 §215.115

21 Adopted amendments to §215.115(e) add "if applicable" and related punctuation because certain

22 records identified in the subsection may not be relevant to every license holder's business.

23 §215.120

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Adopted amendments to §215.120(d) substitute “license holder” for “manufacturer, distributor, or converter” where that term clearly refers to a manufacturer, distributor, or converter and simplify the rule text without changing meaning. An amendment to §215.120(d)(2) substitutes “secured” for “affixed” for consistency in terminology. Amendments to §215.120(g) clarify that requests for additional standard license plates and supporting business justifications are submitted by manufacturers, distributors, and converters and remove language that could create uncertainty regarding the scope of the subsection. The amendments to §215.120(g) prevent any confusion or conflict with 43 TAC §215.139, relating to Dealer’s Standard License Plate Allocation. An amendment to §215.120(g)(1) clarifies that the department may consider the number of vehicles assembled or modified during the prior 12 months at facilities in or serving the Texas market when evaluating requests for additional standard license plates. These amendments clarify the information the department may consider and address common issues raised by manufacturers requesting additional standard license plates.

At adoption, the department did not adopt the proposed amendments to §215.120(a) and (b). Those subsections retain the existing references to manufacturer and converter standard license plates. The department determined that retaining the existing terminology more clearly communicates the scope of the section and avoids potential confusion regarding the use of standard license plates. The department also revised §215.120(g) and (h) at adoption to expressly identify manufacturers, distributors, and converters as the persons subject to those provisions and to conform terminology throughout the section and to correct a capitalization error.

§215.121

The department received stakeholder comments that the proposed changes, which would have deleted §215.121(a), removed citations to §215.121(a), and relettered the remaining subsection, were unnecessary and removed language that was helpful to readers. The department therefore withdrew the

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1 proposed deletion of §215.121(a) and the proposed amendments to §215.121(b) that would have
2 removed cross-references to §215.121(a) and would have made changes to improve readability in the
3 absence of §215.121(a).

4 Adopted amendments to §215.121(b)(10) update references to relevant Transportation Code
5 chapters that may result in sanctions if violated. An adopted amendment to §215.121(b)(11) updates a
6 citation to the criminal offense guidelines in 43 TAC Chapter 211.

7 Adopted amendments add new §215.121(b)(19) to enforce Transportation Code, Chapter 730,
8 the Motor Vehicle Records Disclosure Act, by establishing a sanction for violations of the Act by a
9 manufacturer, distributor, converter, franchised dealer, or an employee or agent of those persons. The
10 amendments also make related punctuation and conjunction changes. These license holders and their
11 employees and agents have access to motor vehicle records protected by the Motor Vehicle Records
12 Disclosure Act, and unauthorized disclosure may result in significant consumer harm.

13
14 Subchapter D. General Distinguishing Numbers and In-Transit Licenses

15 §215.131

16 This section describing the purpose and scope of the chapter is repealed because it is
17 unnecessary, as relevant statutory references are incorporated into the applicable rules throughout the
18 chapter.

19 §215.132

20 Adopted amendments update definitions consistent with other adopted changes in Subchapter
21 D. Amendments delete the definition of “barrier” in §215.132(1), because adopted amendments to
22 §215.140 remove that term, and renumber the remaining definitions accordingly. An amendment to
23 renumbered §215.132(1) deletes the final sentence referencing a buyer’s provisional license plate to align

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1 with the new definition of “buyer’s provisional license plate” in renumbered §215.132(2). Amendments
2 to renumbered §215.132(2) define a buyer’s provisional license plate as a license plate a dealer may use
3 when a general issue license plate for the vehicle or vehicle type is not available in the dealer’s inventory,
4 an exempt license plate application is pending department approval, or a retail purchaser requires a
5 commercial fleet specific-use license plate that will be obtained through a department system. These
6 amendments clarify the authorized uses of buyer’s provisional license plates and facilitate retail vehicle
7 transactions involving those circumstances.

8 §215.133

9 The department received public comments that the proposed amendments, which would have
10 deleted §215.133(a) and (b) and relettered the remaining subsections, made the text less clear for
11 readers. The department therefore withdrew these proposed amendments at adoption.

12 Adopted amendments to §215.133(c) add “license” to clarify the application type referenced and
13 clarify that a dealer or wholesale motor vehicle auction reapplying for a GDN after the GDN expires or is
14 closed must enter or verify current information, provide documentation necessary to satisfy new or
15 revised requirements, and pay all required fees, including any outstanding civil penalties owed under a
16 final order. An amendment to §215.133(d) updates a citation to Chapter 211. Amendments also delete
17 §215.133(i) because that provision unnecessarily duplicates statutory language, and reletter the
18 remaining subsections accordingly. Additional amendments delete an unnecessary reference to former
19 §215.133(i) in relettered §215.133(i).

20 §215.134

21 The department received comments from stakeholders that proposed amendments, which would
22 have deleted §215.134(a) and relettered the remaining subsections, would have made the rule text less
23 clear for readers. Therefore, the department did not adopt these proposed amendments. However, the

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1 department adopted an amendment to §215.134(b) to add the word “license” for clarity and consistency.

2 The department also adopted an amendment to §215.134(f), which updates a citation to Chapter 211.

3 §215.140

4 Adopted amendments to §215.140(a)(3)(A), §215.140(a)(4)(A)(i), and §215.140(b)(3)(A) add the
5 term “legible” to clarify sign-lettering requirements and ensure that the public and the department can
6 readily identify the GDN holder. Amendments to §215.140(a)(3)(B), §215.140(a)(4)(A)(ii), and
7 §215.140(b)(3)(B) provide additional flexibility for dealer and auction signage by recognizing signs
8 permanently affixed or etched on an exterior window, wall, or door as an alternative to signs permanently
9 installed in the ground. Amendments to §215.140(a)(5)(F) add “licensed” to describe a dealer’s physical
10 location and authorize the department to mail or deliver license plates to another physical location
11 identified in the dealer’s license record and approved by the department. This change provides
12 operational flexibility for dealers with multiple locations and complements new §215.159 regarding
13 license plate storage.

14 Amendments to §215.140(a)(6)(E) delete unnecessary license plate descriptors to improve
15 readability without changing meaning. Amendments to §215.140(a)(11)(B)(iv) and (vii) replace the
16 requirement for physical barriers separating display space with a requirement for permanent signage
17 identifying a dealer’s reserved display area. The department received feedback that the prior barrier
18 requirement was difficult to implement and maintain in shared locations. The adopted amendments
19 provide a simpler and less costly method of identifying dealer inventory areas while continuing to allow
20 the department and the public to determine which display space belongs to a particular dealer.

21 §215.141

22 The department received stakeholder comments that the proposed changes, which would have
23 deleted §215.141(a), removed citations to §215.141(a), and relettered the remaining subsections, were

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unnecessary and removed language that was helpful to readers. The department therefore withdrew the proposed deletion of §215.141(a) and the proposed amendments to §215.141(b) that would have removed cross-references to §215.141(a) and would have made changes to improve readability in the absence of §215.141(a).

The department adopted amendments to §215.141(b)(16) and (21) update references to Transportation Code chapters to include relevant chapters and remove references to chapters a license holder could not violate in this context. An amendment to §215.141(b)(17) updates a citation to Chapter 211.

Amendments to §215.141(b)(26), (28), and (34) delete outdated references that are no longer necessary because of changes in law and the passage of time. Amendments add new §215.141(b)(36) to enforce Transportation Code, Chapter 730, the Motor Vehicle Records Disclosure Act, by providing a sanction for violations committed by a GDN holder or its employee or agent. These license holders and their employees and agents have access to protected motor vehicle record information, and unauthorized disclosure may result in significant consumer harm. At adoption, the department retained the parenthetical following the citation to Transportation Code, §501.100 in §215.141(b)(31). The department determined that retaining the parenthetical improves clarity and is consistent with other statutory citations within the rule.

Amendments also add new §§215.141(b)(37) – (39) to specify violations involving issuance and assignment of license plates. These provisions address issuance of an incorrect license plate type, failure to assign a secured license plate to the vehicle in the department-designated system, and voiding and reissuing the same license plate to extend a title or registration filing deadline. Department investigations of complaints received after elimination of temporary tags identified conduct of this nature, which may lead to unnecessary law-enforcement stops and delay proper titling and registration.

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1 §215.144

2 Adopted amendments to §215.144(e)(8)(L) clarify that a dealer is not required to copy a
3 purchaser's photo identification document when doing so would violate federal law. Amendments to
4 §215.144(e)(8)(M) require that the odometer disclosure statement be properly executed by the seller and
5 acknowledged by the purchaser and delete the phrase "signed by the buyer" for consistency with
6 §217.4(d)(2) of this title. Amendments to §215.144(e)(8)(M) and (N) modify punctuation and conjunctions
7 to accommodate new §215.144(e)(8)(O), which requires retention of the dealer's copy of the buyer's
8 license plate receipt. This requirement helps ensure that a complete transaction record is available if the
9 department investigates a complaint. An amendment to §215.144(l)(1) removes redundant language, and
10 an amendment to §215.144(l)(2) corrects the title of the referenced section.

11 §215.145

12 Adopted amendments to §215.145(d)(1) and (e)(1) simplify terminology by replacing longer
13 references with the term "amendment application." Amendments also add new subsection (h), requiring
14 a dealer to file a license amendment application within 10 days when responsibility for management of
15 the business changes because of appointment of a receiver or a bankruptcy filing. These amendments
16 help ensure that the appropriate representative receives department notices and may act on behalf of
17 the license holder within applicable statutory and regulatory deadlines.

18 §215.152

19 An adopted amendment to §215.152(e) revises wording to improve readability without changing
20 meaning. An adopted amendment to §215.152(h) deletes an extraneous word. Adopted amendments to
21 §215.152(i)(6) require a delivery service to notify the department that a license plate shipment is
22 undeliverable before a dealer becomes ineligible to receive a quarterly allocation delivered to the licensed
23 location. Amendments add new §215.152(i)(8), which makes an applicant or dealer ineligible for a

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1 quarterly allocation delivered to a licensed location if the person has filed a change of address and the
2 department has not yet approved the proposed location. Related punctuation and conjunction changes
3 accommodate that addition.

4 Amendments to §215.152(l) and (m) replace the term “general issue plates” with “buyer’s license
5 plates” because buyer’s license plates include more than general issue plates, and replace “buyer” with
6 the possessive form “buyer’s” for consistency. An amendment to §215.152(n) replaces “receive” with
7 “request” for consistency in terminology. An amendment to §215.152(o)(1) substitutes “dealer’s” for
8 “requestor’s” because dealer license plate activity is a relevant factor the department may consider when
9 evaluating an allocation request. An amendment to §215.152(p) corrects a cross-reference.

§215.153

11 Adopted new §215.153 describes a dealer’s responsibilities when issuing a buyer’s provisional
12 license plate, a type of buyer’s license plate used when another appropriate license plate is not available
13 or cannot yet be assigned at the time of sale. The rule facilitates retail transactions involving depleted
14 inventories of general issue license plates, pending exempt license plate applications, and commercial
15 fleet vehicles.

16 Section 215.153(a) provides that a dealer is responsible for managing buyer’s provisional license
17 plate inventory within the dealer’s allocation and authorizes the department to require supporting
18 documentation for requests involving those plates. Section 215.153(b) requires issuance of a buyer’s
19 provisional license plate when a suitable general issue plate is unavailable and the purchaser does not
20 have an eligible plate available for reassignment. Section 215.153(c) authorizes use of a buyer’s
21 provisional license plate while an exempt plate application is pending. Section 215.153(d) addresses
22 vehicles eligible for commercial fleet license plates.

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Section 215.153(e) requires a dealer, except in commercial fleet transactions, to promptly obtain and assign the appropriate permanent plate. Section 215.153(f) establishes expiration requirements for buyer's provisional license plates. Section 215.153(g) requires destruction of an expired buyer's provisional license plate consistent with §215.158. Collectively, these provisions facilitate vehicle sales while maintaining accountability and reducing opportunities for license plate fraud.

§215.154

Adopted amendments to the graphic in §215.154(b) increase initial allocations of dealer's temporary license plates for GDN holders that sell trailers and semitrailers and for wholesale motor vehicle dealers that also hold a wholesale auction GDN. The department received a significant number of requests for additional dealer's temporary license plates from these license holders during implementation of the dealer license plate program, indicating that larger initial allocations are warranted. The amendments increase the allocation for trailer and semitrailer dealers from five to 15 plates and establish a new allocation category of 40 plates for wholesale motor vehicle dealers that also operate wholesale auctions.

Amendments also delete §215.154(c) and reletter the remaining subsections and graphic title because dealers licensed on July 1, 2025, have already received the initial allocations contemplated by that subsection. Amendments to relettered §215.154(f) require proof of the number of vehicles transported during the prior 12-month period, if applicable, when requesting a waiver for additional dealer's temporary license plates. This information assists the director in evaluating requests and minimizing unnecessary accumulation of unassigned license plates.

§215.155

Adopted amendments to §215.155(b) delete the term "general issue" because buyer's license plates include provisional license plates. Amendments to §215.155(e) delete language requiring

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1 registration fees to be remitted with the title transfer application because those transactions are
2 processed separately.

3 §215.158

4 Adopted amendments to §215.158 delete the phrase “buyer’s license plate or buyer’s temporary”
5 to clarify that loss, theft, or destruction of any license plate must be reported to the department.

6 §215.159

7 Adopted new §215.159 establishes options and requirements for a dealer to store and manage
8 license plate inventory away from the licensed location, including at centralized storage locations used by
9 multiple dealers. The rule provides operational flexibility while maintaining appropriate safeguards for
10 license plate security and department oversight.

11 Section 215.159(a) requires a dealer to disclose the address of a license plate storage location and
12 certify compliance with the rule. Section 215.159(b)(1) provides that a licensed location used for plate
13 storage must comply with the premises requirements in §215.140. Section 215.159(b)(2) establishes
14 requirements applicable to a storage location that is not itself a licensed location, including requirements
15 concerning the physical structure, equipment, inventory organization, accessibility, posted business
16 hours, staffing, security, and permissible locations.

17 These requirements ensure that license plate inventory remains secure, that dealers can access
18 the department’s systems and communicate with the department, and that the department may
19 effectively monitor compliance with Transportation Code, §§503.063, 503.0631, and 503.0633. The rule
20 also accommodates the operational needs of dealers while reducing opportunities for theft, diversion, or
21 misuse of license plates.

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1 Section 215.159(c) informs dealers that the department may inspect a license plate storage
2 location before approving the location and during the license term to monitor compliance with applicable
3 statutes and rules.

4 At adoption, the department revised the language of §215.159(a) and (b) to allow multiple dealers
5 to use the same storage location, and to exempt storage locations from the limitation under
6 §215.140(a)(7) that only four dealers can use the same location. The department made these revisions in
7 response to feedback from independent dealers that have separate GDN licenses but share common
8 ownership and preferred to store plates in one centralized location. These revisions provide additional
9 flexibility for dealers and could reduce overhead costs for dealers that are able to share a common
10 location.

11
12 Subchapter E. Lessors and Lease Facilitators

13 §215.171

14 This section describing the purpose and scope of the chapter is repealed because it is
15 unnecessary, as relevant statutory references are incorporated into the applicable rules throughout the
16 chapter.

17 §215.175

18 The department received stakeholder comments that the proposed changes, which would have
19 deleted §215.175(a), removed citations to §215.175(a), and relettered the remaining subsections, were
20 unnecessary and removed language that was helpful to readers. The department therefore withdrew the
21 proposed changes to §215.175(a) and the proposed amendments to §215.175(b) that would have
22 removed cross-references to §215.175(a) and would have made changes to improve readability in the

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1 absence of §215.175(a). At adoption, the department also corrected a reference in §215.175(b)(1) to
2 reflect the full title of the referenced section

3 Adopted amendments to §215.175(b)(10) updates a reference to the applicable criminal offense
4 guidelines in Chapter 211 of this title. Adopted amendments add new §215.175(b)(14) to enforce
5 Transportation Code, Chapter 730, the Motor Vehicle Records Disclosure Act, by providing a sanction for
6 violations committed by a vehicle lessor, vehicle lease facilitator, or their employee or agent. The
7 amendments also make related punctuation and conjunction changes. Vehicle lessors, vehicle lease
8 facilitators, and their employees and agents have access to motor vehicle records protected by the Motor
9 Vehicle Records Disclosure Act, and unauthorized disclosure may result in significant consumer harm.

§215.177

11 An adopted amendment to §215.177(a)(2) adds the term “legible” to clarify sign-lettering
12 requirements and ensure that the public and the department can readily identify the license holder.

§215.181

14 Adopted amendments to §215.181 revise a sentence to modernize the rule and improve
15 readability without changing meaning.

Subchapter F. Advertising

§215.241

19 This section describing the purpose and scope of the chapter is repealed because it is
20 unnecessary, as relevant statutory references are incorporated into the applicable rules throughout the
21 chapter.

§215.242

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1 Adopted amendments to §215.242 delete unnecessary phrases to improve readability without
2 changing meaning.

3 §215.243

4 This section is repealed because it is unnecessary and redundant to treat a violation of an
5 advertising rule as a prima facie violation of Occupations Code, Chapter 2301. Occupations Code,
6 §2301.263 provides that a license issued under Chapter 2301 is subject to both Chapter 2301 and
7 applicable board rules. Accordingly, treating an advertising rule violation as a separate prima facie
8 violation of Chapter 2301 is unnecessary because the rule merely restates existing statutory authority.

9 §215.244

10 Adopted amendments to §215.244 add and modify definitions used in the advertising rules. An
11 amendment to §215.244(1)(A)(ii) adds business cards to the list of items that constitute an advertisement.
12 Amendments add §215.244(1)(A)(vi) and (vii) to modernize the definition of advertisement by expressly
13 including statements or representations displayed on internet websites, social media platforms, other
14 digital applications or platforms, and electronic communications such as email. Electronic forms of
15 advertising have evolved significantly, and these amendments update the rule to reflect the most
16 common methods of digital advertising. Additional amendments modify punctuation and conjunctions to
17 accommodate new §215.244(1)(A)(vi) and (vii). At adoption, an amendment to §215.244(12) was altered
18 slightly for consistency with the wording of other definitions in the section without changing meaning.

19 At adoption, the department received a public comment in opposition to a proposed amendment
20 to §215.244 that would have created a new definition of the term “cure” for purposes of Occupations
21 Code, §2301.203, which requires the department to provide a license holder an opportunity to cure an
22 alleged advertising violation before issuing a notice of violation and recommended sanction. In response
23 to the comments, the department did not adopt the proposed new definition of “cure,” the proposed

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renumbering of other subparagraphs to accommodate the new definition, or the proposed amendment to the definition of “subsequent violation” in §215.244(17).

§215.246

Adopted amendments to §215.246 delete a redundant sentence because the requirement that an advertisement not be false, deceptive, or misleading is already provided by §215.242 of this title.

§215.269

This section is repealed because procedures governing the determination of violations under department rules have been moved to 43 TAC Chapter 224. The section is therefore redundant and no longer necessary.

§215.270

Adopted amendments to §215.270(a)(1) streamline rule language and modernize methods by which the department may communicate with license holders by expressly including email, while retaining the certified mail requirement.

In response to public comments, the department did not adopt proposed amendments that would have implemented revised definitions of “cure” and “subsequent violation” that were proposed but not adopted in §215.244.

Additional adopted amendments delete §215.270(c) and reletter the remaining subsection accordingly because publication of a retraction notice in a local newspaper is no longer an effective or efficient method of informing the public or curing an alleged advertising violation.

CHANGES AT ADOPTION. The department received comments on proposed §§215.84, 215.85, 215.101, 215.105, 215.107, 215.108, 215.114, 215.120, 215.121(a), 215.133(a)-(b), 215.134, 215.137, 215.141, 215.157, 215.175(a), 215.244, 215.270, 215.264, and 215.500. After consideration of the

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1 comments, the department modified §§215.84, 215.120, 215.121, 215.133, 215.134, 215.141, 215.175,
2 215.244, and 215.270 at adoption and determined to withdraw proposed new §215.107 and withdraw
3 the proposed revisions to §§215.85, 215.101, 215.105, 215.108, 215.114, 215.137, 215.157, 215.264, and
4 215.500. Additionally, after further review of the proposal and operational considerations relating to
5 license plate storage, the department revised the language of §215.159 at adoption.

6 The department received comments from stakeholders requesting reinstatement of rule
7 language the department had proposed for amendment or repeal because it was identified during the
8 review by the Texas Regulatory Efficiency Office as duplicative of statute, unnecessary, in need of
9 streamlining, or in need of modernization in §§215.84(a), 215.85, 215.101, 215.105, 215.108, 215.114,
10 215.121(a), 215.133(a)-(b), 215.134, 215.137, 215.141, 215.157, 215.175(a), and 215.500. In response,
11 the department withdrew all proposed revisions to §§215.85, 215.101, 215.105, 215.108, 215.114,
12 215.137, 215.157, and 215.500, and modified the proposed amendments in §§215.84, 215.121(a),
13 215.133(a)-(b), 215.134(a), 215.141, and 215.175(a) to remove the amendments identified by
14 stakeholders as unnecessary or unhelpful.

15 The department also received comments regarding proposed new §215.107, which the
16 department had proposed to require manufacturers and distributors to file a license amendment to
17 transfer a line-make from one manufacturer or distributor to another. After consideration of those
18 comments and further review of the proposal, the department determined not to adopt new §215.107
19 and therefore withdraws the proposed section.

20 The department also revised §215.120 at adoption in response to comments regarding standard
21 license plates. The department did not adopt the proposed amendments to §215.120(a) and (b) and
22 retained the existing references to manufacturer and converter standard license plates. The department
23 determined that retaining the existing terminology more clearly communicates the scope of the section

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1 and avoids potential confusion regarding the use of standard license plates. The department also revised
2 §215.120(g) and (h) to expressly identify manufacturers, distributors, and converters as the persons
3 subject to those provisions and to conform terminology throughout the section.

4 The department revised the amendments to §215.159(a) and (b) at adoption to allow multiple
5 dealers to use the same license plate storage location, and to exempt storage locations from the limitation
6 under §215.140(a)(7) that only four dealers can use the same location. The department made these
7 revisions in response to feedback from independent dealers who requested to be able to store license
8 plates in one centralized location, to reduce costs by allowing the dealers to share the costs of a common
9 storage location.

10 The department also revised §215.141(b)(31) at adoption to retain the parenthetical following
11 Transportation Code, §501.100 for clarity and consistency with other statutory citations appearing in the
12 rule.

13 After consideration of comments received regarding the department's proposed definitions
14 interpreting Occupations Code, §2301.203, the department revised amendments to §215.244 and
15 §215.270 at adoption to remove the proposed new definitions of "cure" and "subsequent violation," and
16 to remove proposed new text that referred to those proposed defined terms. The department also
17 corrected wording in §215.244(12) at adoption so that it is consistent with other definitions in the section
18 without changing its meaning.

19 After consideration of comments received regarding lease advertising disclosures, the
20 department determined not to adopt the proposed amendments to §215.264. The department concluded
21 that the existing provisions continue to provide an effective framework for compliance and therefore
22 retained the current rule text.

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1 Except as described in this section, the department adopts the rules as proposed. The department
2 also made nonsubstantive grammatical, formatting, and conforming revisions throughout the adoption
3 text to improve clarity and consistency.
4

SUMMARY OF COMMENTS.

6 The department received three timely written comments on the proposal from the Texas
7 Automobile Dealers Association (TADA), the Texas Independent Automobile Dealers Association (TIADA),
8 and the Texas Recreational Vehicle Association (TRVA).
9

10 **Comment.** TADA and TIADA commented in opposition to adoption of the proposed rule amendments in
11 §§215.84(a), 215.85, 215.101, 215.105, 215.108, 215.114, 215.121(a), 215.133(a)-(b), 215.134(a),
12 215.137, 215.141, 215.157, and 215.175(a), which were identified as part of the Texas Regulatory
13 Efficiency Office's review of the department's rules. The commenters asserted that the amendments are
14 unnecessary and would create confusion or add unnecessary complexity and could disrupt established
15 reliance on existing rule language without addressing a demonstrated need.
16

17 **Response.** The department agrees. As part of the Texas Regulatory Efficiency Office's review, the
18 department identified rules that contained unnecessary or unenforceable language, required
19 modernization, or duplicated statutory provisions. Throughout the review, Texas Regulatory Efficiency
20 Office staff emphasized that it was important for the department to consider stakeholder feedback as
21 part of the process. In light of the public comments indicating that stakeholders find helpful the language
22 that was proposed for deletion, the department did not adopt the proposed changes to these sections
23 that resulted from the Texas Regulatory Efficiency Office review.

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1

2 **Comment.** TADA opposed adoption of the proposed amendments to §215.107 because manufacturers
3 and distributors are aware of their licensing requirements. TADA stated that the rule should not include
4 information required for a license amendment application because it does not need to be in a rule and
5 the department may want to change it in the future. TADA also stated that the discussion of manufacturer
6 licensing requirements in the department's eLicensing User Guide eliminates the need for the department
7 to make a rule.

8

9 **Response.** The department disagrees. Texas Government Code §2001.004 requires state agencies to
10 adopt rules reflecting all formal and informal procedures, including license application requirements.
11 Under Government Code, Chapter 2001, such requirements must be adopted through notice-and-
12 comment rulemaking or are subject to being voidable. While Occupations Code, Chapter 2301 establishes
13 the general requirement for licensing, it does not provide the level of procedural detail necessary to
14 ensure consistent implementation and enforcement. Proposed new §215.107 clarified how those
15 statutory requirements apply in the context of a line-make transfer, including what information must be
16 provided and how responsibilities are to be identified. Including this information in a manufacturer license
17 application form or the eLicensing User Guides does not constitute notice-and-comment rulemaking
18 under Government Code, Chapter 2001. However, after consideration of the comments received and
19 further review of the proposal, the department has determined not to adopt proposed new §215.107 at
20 this time and therefore withdraws the proposed section.

21

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1 **Comment:** TADA commented in opposition to proposed new 215.107 because portions of the proposed
2 language, including language regarding manufacturer and dealer obligations to perform warranty repairs,
3 could create confusion.

4
5 **Response:** The department agrees. After consideration of the comments received and further review of
6 the proposal, the department has determined not to adopt proposed new §215.107 at this time and
7 therefore withdraws the proposed section.

8
9 **Comment.** TADA and TRVA opposed adoption of the term “licenses” in §215.107(a), stating that
10 manufacturers and distributors do not typically license line-makes to each other. TADA commented that
11 it is not aware of a situation in which manufacturers and distributors license line-makes to each other,
12 and both commenters asserted that such arrangements are not anticipated by statutes requiring
13 manufacturers to sell through franchise dealers.

14
15 **Response.** The department agrees. After consideration of the comments received and further review of
16 the proposal, the department has determined not to adopt proposed new §215.107 at this time and
17 therefore withdraws the proposed section.

18
19 **Comment.** TADA opposed adoption of amendments to §215.120 that remove the modifiers specifying
20 “manufacturer” and “converter” plates, because doing so could create confusion about whether standard
21 license plates are interchangeable. TADA recommended amending §215.120(g) to clarify that it applies
22 only to manufacturers or converters.

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1 **Response.** The department agrees that the removal of references to “manufacturer” and “converter”
2 license plates could create confusion. To avoid confusion, the department is not adopting the proposed
3 amendments to §215.120(a) and (b), and those subsections retain the current references to manufacturer
4 and converter standard license plates. The rule, when read as a whole, applies to manufacturers,
5 distributors, and converters. The department agrees that §215.120(g) prior to amendment could be read
6 in isolation to apply more broadly. At adoption, the department revised subsection (g) to expressly
7 reference manufacturers, distributors, and converters as the parties both requesting additional standard
8 license plates and providing the supporting business justification for the request. The department also
9 revised subsection (h) to similarly reference manufacturers, distributors and converters to better define
10 the scope of the rule. These revisions clarify the intended scope of §215.120 and eliminate potential
11 ambiguity and confirm that standard license plates are not interchangeable with other plate types.

12
13 **Comment.** TADA opposed adoption of the amendments to §215.121, and requested that TxDMV amend
14 the rule to explicitly limit its application to manufacturers, distributors, and converters.

15
16 **Response.** The department disagrees. These violations apply to all license holders addressed in this
17 subchapter and under Occupations Code, Chapter 2301, including dealers. Section 215.121 expressly
18 applies to a license applicant, license holder, or a person engaged in a business for which a license is
19 required, and is not limited to manufacturers, distributors, or converters. References in prior rulemaking
20 materials to specific license types only explained specific amendments related to those license types and
21 do not limit the scope of the rule.

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1 **Comment.** TADA commented in support of proposed amendments to §215.140, which allow dealers to
2 affix signs to doors or windows without requiring permanent installation in the ground and to store license
3 plates at a physical location listed in the license record other than a licensed sales and service location.
4

5 **Response.** The department agrees that the proposed amendments to §215.140 provide dealers with
6 greater flexibility by allowing signage to be affixed to doors or windows without permanent installation
7 and by allowing license plate storage at approved locations listed in the license record.
8

9 **Comment.** TADA commented in support of new §215.159, stating that it will allow dealers greater
10 flexibility in storing and managing plate inventory.
11

12 **Response.** The department agrees that new §215.159 provides dealers with greater flexibility in storing
13 and managing license plate inventory while maintaining appropriate oversight of plate control.
14

15 **Comment.** TADA commented in opposition to the proposed amendments to §215.244 that define “cure”
16 and “subsequent violation” to establish a two-year period during which a license holder may be subject
17 to enforcement for a subsequent violation of the same advertising provision, and proposed amendments
18 to §215.270 that implement the revised definitions. TADA argued that courts have interpreted the statute
19 to require the department to give a separate opportunity to cure each advertising violation.
20

21 **Response.** The department agrees. The Texas Legislature will have an opportunity to decide whether to
22 clarify Occupations Code, §2301.203(c) during the 90th Legislative Session. The department therefore will

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1 not adopt rule amendments on this issue at this juncture to prevent any conflict with potential future
2 legislation.

3
4 **Comment.** TADA opposed adoption of the proposed amendments to §215.264. TADA stated that the rule
5 should be amended to track Federal Regulation M, 12 C.F.R. §213.7(f), to ensure consistency with federal
6 lease disclosure requirements and avoid potential inconsistencies.

7
8 **Response.** The department agrees that removing the option to publish information in a written
9 advertisement would remove an option for dealers that remains possible despite the decline of print
10 media. The potential revision to §215.264(h)–(j) was identified as part of the Texas Regulatory Efficiency
11 Office’s review as an opportunity to modernize and streamline the rule language. However, the
12 department understands that dealers are familiar with the current language and prefer to maintain it as
13 an option. Accordingly, the department is not adopting amendments to these subsections and will retain
14 the existing language.

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SUBCHAPTER A. GENERAL PROVISIONS.

STATUTORY AUTHORITY. The department adopts amendments 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 license holder who is unfit, makes a material misrepresentation, violates Occupations Code, Chapter 2301 or a board rule or order, violates any law relating to the sale, distribution, financing, or insuring of motor vehicles, fails to maintain qualifications for a license, willfully defrauds a purchaser, fails to fulfill a written agreement with a retail purchaser of a motor vehicle, or violates the requirements of Transportation Code, §503.0631; 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,

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1 Chapters 2301 and 2302; Occupations Code, §55.004, as amended by House Bill (HB) 5629, 89th
2 Legislature, Regular Session, which requires the department to adopt rules for the issuance of a license to
3 military service members, military veterans, or military spouses that allow licensure if the applicant holds
4 a current license issued by another state that is similar in scope to the license in Texas and is in good
5 standing with that state's licensing authority, or has held a license in Texas within the preceding five years;
6 Occupations Code, §2302.051, which authorizes the board to adopt rules as necessary to administer
7 Occupations Code, Chapter 2302; Transportation Code, §503.002, which authorizes the board to adopt
8 rules for the administration of Transportation Code, Chapter 503; Transportation Code, §503.009, which
9 authorizes the board to adopt rules for certain contested cases; Transportation Code, §503.0296, which
10 requires the board to adopt a rule requiring that an applicant for an original or renewal general
11 distinguishing number who proposes to be an independent motor vehicle dealer complete web-based
12 education and training developed or approved by the department; Transportation Code, §503.033, which
13 authorizes the board to adopt rules to prescribe the form of the notice of a surety bond and the procedure
14 by which a claimant may recover against the surety bond; Transportation Code, §503.061, which allows
15 the board to adopt rules regulating the issuance and use of dealer's license plates; Transportation Code,
16 §503.063, which establishes requirements governing dealer-issued buyer's license plates and authorizes
17 actions to be taken in accordance with department rules; Transportation Code, §503.0631, which requires
18 the department to adopt rules to implement and manage the department's database of dealer-issued
19 buyer's license plates; Transportation Code, §503.0633, which authorizes the department by rule to
20 establish the maximum number of license plates or sets of license plates that a dealer may obtain under
21 Transportation Code, §503.063 and §503.065; Transportation Code, §730.014, which authorizes state
22 agencies to adopt rules to implement and administer the Motor Vehicle Records Disclosure Act;
23 Transportation Code §1001.002, which provides that the department shall administer and enforce

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Occupations Code, Chapter 2301; 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, as well as the statutes referenced throughout this preamble.

The department also adopts amendments under the authority of Transportation Code, §501.0041 and §502.0021, and Government Code, §§2001.004, 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.

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 review and 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. The adopted amendments, new sections, and repeals implement Government Code, Chapters 411 and 2001; Occupations Code, Chapters 53, 55, and 2301; and Transportation Code, Chapters 501–503, 730, 1001, and 1002.

Text.

§215.2. Definitions; Conformity with Statutory Requirements.

(a) The definitions contained in Occupations Code, Chapters 2301 and 2305, and Transportation Code, Chapters 503, 520, 730, and 1001-1005 govern this chapter. In the event of a conflict, the definition or procedure referenced in Occupations Code, Chapter 2301 controls.

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(b) The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Board--The Board of the Texas Department of Motor Vehicles, including department staff to whom the board delegates a duty.

(2) Day--The word "day" refers to a calendar day.

(3) Director--The director of the division that regulates the distribution and sale of motor vehicles, including any department staff to whom the director delegates a duty assigned under this chapter.

(4) Employee--A natural person employed directly by the license holder for wages or a salary.

(5) GDN--General distinguishing number, a license issued under Transportation Code, Chapter 503.

(6) Governmental agency--A state agency other than the department, all local governmental agencies, and all agencies of the United States government, whether executive, legislative, or judicial.

(7) Standard license plate--A motor vehicle license plate issued by the department to a license holder for use by the license holder that is not a personalized prestige dealer's license plate issued under Transportation Code §503.0615 or a dealer's temporary license plate issued under Transportation Code, §503.062.

STATUTORY AUTHORITY. The department adopts a repeal 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;

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1 Occupations Code, §2301.152, which authorizes the board to establish the qualifications of license
2 holders, ensure that the distribution, sale, and lease of motor vehicles is conducted as required by statute
3 and board rules, to prevent fraud, unfair practices, discrimination, impositions, and other abuses in
4 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, revoke or suspend a license, place on probation,
9 or reprimand a licensee if the applicant or license holder is unfit, makes a material misrepresentation,
10 violates any law relating to the sale, distribution, financing, or insuring of motor vehicles, willfully defrauds
11 a purchaser, or fails to fulfill a written agreement with a retail purchaser of a motor vehicle; Government
12 Code, §411.122(d), which authorizes department access to criminal history record information
13 maintained by DPS; Government Code, §411.12511, as amended by Senate Bill (SB) 2587, 89th Legislature
14 (2025), which authorizes the department to obtain criminal history record information from DPS and the
15 FBI for license applicants, license holders, and representatives whose act or omission would be cause for
16 denying, revoking, or suspending a general distinguishing number or license issued under Transportation
17 Code, Chapter 503, or Occupations Code, Chapters 2301 and 2302; Occupations Code, §55.004, as
18 amended by House Bill (HB) 5629, 89th Legislature, Regular Session, which requires the department to
19 adopt rules for the issuance of a license to military service members, military veterans, or military spouses
20 that allow licensure if the applicant holds a current license issued by another state that is similar in scope
21 to the license in Texas and is in good standing with that state's licensing authority, or has held a license in
22 Texas within the preceding five years; Occupations Code, §2302.051, which authorizes the board to adopt
23 rules as necessary to administer Occupations Code, Chapter 2302; Transportation Code, §503.002, which

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1 authorizes the board to adopt rules for the administration of Transportation Code, Chapter 503;
2 Transportation Code, §503.009, which authorizes the board to adopt rules for certain contested cases;
3 Transportation Code, §503.0296, which requires the board to adopt a rule requiring that an applicant for
4 an original or renewal general distinguishing number who proposes to be an independent motor vehicle
5 dealer complete web-based education and training developed or approved by the department;
6 Transportation Code, §503.033, which authorizes the board to adopt rules to prescribe the form of the
7 notice of a surety bond and the procedure by which a claimant may recover against the surety bond;
8 Transportation Code, §503.061, which allows the board to adopt rules regulating the issuance and use of
9 dealer's license plates; Transportation Code, §503.0631, which requires the department to adopt rules to
10 implement and manage the department's database of dealer-issued buyer's license plates; and
11 Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and
12 appropriate to implement the powers and the duties of the department, as well as the statutes referenced
13 throughout this preamble.

14 The department also adopts a repeal under the authority of Government Code, §2001.039, in
15 addition to the statutory authority referenced throughout this preamble. Government Code, §2001.039
16 requires state agencies to readopt, readopt with amendments, or repeal a rule as the result of reviewing
17 the rule.

18 **CROSS REFERENCE TO STATUTE.** This repeal implements Government Code, Chapters 411 and 2001;
19 Occupations Code, Chapters 53, 55, and 2301; and Transportation Code, Chapters 501–503, and 1002.

20
21 ~~[\$215.1. Purpose and Scope.]~~

22 ~~[Occupations Code, Chapters 2301 and 2305, and Transportation Code, Chapters 503, 504, 520,~~
23 ~~and 1001–1005 require the Texas Department of Motor Vehicles to license and regulate the vehicle~~

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~~industry to ensure a sound system of distributing and selling vehicles; provide for compliance with manufacturers' warranties; and to prevent fraud, unfair practices, discrimination, impositions, and other abuses of the people of this state in connection with the distribution and sale of vehicles. This chapter describes licensing requirements and the rules governing the vehicle industry.]~~

SUBCHAPTER B. LICENSES, GENERALLY.

STATUTORY AUTHORITY. The department adopts amendments 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

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1 FBI for license applicants, license holders, and representatives whose act or omission would be cause for
2 denying, revoking, or suspending a general distinguishing number or license issued under Transportation
3 Code, Chapter 503, or Occupations Code, Chapters 2301 and 2302; Occupations Code, §55.004, as
4 amended by House Bill (HB) 5629, 89th Legislature, Regular Session, which requires the department to
5 adopt rules for the issuance of a license to military service members, military veterans, or military spouses
6 that allow licensure if the applicant holds a current license issued by another state that is similar in scope
7 to the license in Texas and is in good standing with that state's licensing authority, or has held a license in
8 Texas within the preceding five years; Occupations Code, §2302.051, which authorizes the board to adopt
9 rules as necessary to administer Occupations Code, Chapter 2302; Transportation Code, §503.002, which
10 authorizes the board to adopt rules for the administration of Transportation Code, Chapter 503;
11 Transportation Code, §503.009, which authorizes the board to adopt rules for certain contested cases;
12 Transportation Code, §503.0296, which requires the board to adopt a rule requiring that an applicant for
13 an original or renewal general distinguishing number who proposes to be an independent motor vehicle
14 dealer complete web-based education and training developed or approved by the department;
15 Transportation Code, §503.033, which authorizes the board to adopt rules to prescribe the form of the
16 notice of a surety bond and the procedure by which a claimant may recover against the surety bond;
17 Transportation Code, §503.061, which allows the board to adopt rules regulating the issuance and use of
18 dealer's license plates; Transportation Code, §503.0631, which requires the department to adopt rules to
19 implement and manage the department's database of dealer-issued buyer's license plates; Transportation
20 Code, §730.014, which authorizes state agencies to adopt rules to implement and administer the Motor
21 Vehicle Records Disclosure Act; and Transportation Code, §1002.001, which authorizes the board to adopt
22 rules that are necessary and appropriate to implement the powers and the duties of the department, as
23 well as the statutes referenced throughout this preamble.

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1 The department also adopts amendments under the authority of Transportation Code, §501.0041
2 and §502.0021, and Government Code, §§2001.004, 2001.039, and 2001.054, in addition to the statutory
3 authority referenced throughout this preamble.

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

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

12 **CROSS REFERENCE TO STATUTE.** The adopted amendments implement Government Code, Chapters 411
13 and 2001; Occupations Code, Chapters 53, 55, and 2301; and Transportation Code, Chapters 501–503,
14 730, 1001, and 1002.

15
16 Text.

17 §215.82. Replacement Standard and Dealer's Temporary License Plates and Stickers.

18 A license holder may receive a replacement [~~dealer's, converter's, drive-a-way in transit, or~~
19 ~~manufacturer's~~] standard license plate or a dealer's temporary license plate or assigned sticker, as
20 applicable, at no charge if the license holder:

21 (1) did not receive the applicable [~~standard~~] license plate or sticker;

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(2) makes the request within 45 days of the date the applicable ~~[standard]~~ license plate or sticker was mailed to the license holder; and

(3) submits a request electronically in the licensing system designated by the department.

§215.83. License Applications, Amendments, or Renewals.

(a) An applicant for a new license must register for an account in the department-designated licensing system by:

(1) accessing the licensing system through the department's website;

(2) designating the account administrator, which must be an owner, officer, manager, or bona fide employee;

(3) providing the name and email address for the account administrator; and

(4) providing the applicant's business telephone number, name, business type, and social security number or employer identification number, as applicable.

(b) 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;

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(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

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

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

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

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

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

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

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

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1 (g) ~~(f)~~ If an applicant, license holder, or authorized representative does not provide the
2 information or documentation required by the department, the department will issue a written notice
3 of deficiency. The information or documentation requested in the written notice of deficiency must be
4 received by the department within 20 calendar days of the date of the notice of deficiency, unless the
5 department issues a written extension of time. If an applicant, license holder, or authorized
6 representative fails to respond or fully comply with all deficiencies listed in the written notice of
7 deficiency within the time prescribed by this subsection, the application will be deemed withdrawn and
8 will be administratively closed.

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

14 (i) ~~(h)~~ The department will process an application for a new license, license amendment, or
15 license renewal filed by a military service member, military spouse, or military veteran in accordance
16 with Occupations Code, Chapter 55 and §215.91 of this title (relating to License Processing for Military
17 Service Members, Spouses, and Veterans).

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

21 (k) ~~(j)~~ A license holder who fails to timely file a sufficient license renewal application in
22 accordance with subsection (d) of this section is not authorized to continue licensed activities after the

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1 date the license expires. A license holder may dispute a decision that a license renewal application was
2 not timely or sufficient by submitting evidence to the department demonstrating that the license
3 renewal application was timely and sufficient. Such evidence must be received by the department within
4 15 days of the date the department issues notice that a timely or sufficient license renewal application
5 was not received by the department.

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

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

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

19
20 §215.84. Brokering, New Motor Vehicles.

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1 (a) Unless excluded from the definition of "Broker" in Occupations Code, §2301.002, a person
2 may not act, offer to act, or claim to be a broker.

3 (b) For purposes of this chapter, the phrase "arranges or offers to arrange a transaction," as
4 used in the definition of broker in Occupations Code, §2301.002, includes the practice of arranging or
5 offering to arrange a transaction involving the sale of a new motor vehicle for a fee, commission, or
6 other valuable consideration. Advertising is not acting as a broker, provided the person's business
7 primarily is broadcasting, printing, publishing, or advertising for others in their own names.

8 (c) A buyer referral service, program, plan, club, or any other entity that accepts a fee for
9 arranging a transaction involving the sale of a new motor vehicle is a broker. The payment of a fee to
10 such entity is aiding and abetting brokering. However, a referral service, program, plan, club, or other
11 entity that forwards a referral to a franchised dealership may lawfully operate in a manner that includes
12 all [of] the following conditions:

13 (1) There is no exclusive market area offered to a dealer by the program. All dealers are
14 allowed to participate in the program on equal terms.

15 (2) Participation by a dealer in the program is not restricted by conditions, such as
16 limiting the number of line-makes or discrimination by size of dealership or location. The total number
17 of participants in the program may be restricted if the program is offered to all dealers at the same time,
18 with no regard to the line-make.

19 (3) All participants pay the same fee for participation in the program. The program fee
20 shall be a weekly, monthly, or annual fee, regardless of the size, location, or line-makes sold by the
21 franchised dealer.

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(4) A person is not to be charged a fee on a per referral fee basis or any other basis that could be considered a transaction-related fee.

(5) The program does not set or suggest to the dealer any price of a motor vehicle or a trade-in.

(6) The program does not advertise or promote its plan in a manner that implies that the buyer, as a customer of that program, receives a special discounted price that cannot be obtained unless the customer is referred through that program.

(7) A program must comply with Subchapter F of this chapter (related to Advertising).

(d) This section does not apply to a person who is not a broker as defined in Occupations Code, §2301.002.

§215.89. Fitness.

(a) In determining a person's fitness for a license ~~[issued or to be issued by the department]~~ under Transportation Code, Chapter 503 or Occupations Code, Chapter 2301, the board will consider:

(1) the requirements of Occupations Code, Chapter 53;

(2) the provisions of Occupations Code, §2301.651 and Transportation Code §503.034;

(3) any specific statutory licensing criteria or requirements;

(4) mitigating factors; and

(5) other evidence of a person's fitness, as allowed by law, including the standards identified in subsection (b) of this section.

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(b) The board may determine that a person is unfit to perform the duties and discharge the responsibilities of a license holder and may, following notice and an opportunity for hearing, deny a person's license application or revoke or suspend a license if the person:

(1) fails to meet or maintain the qualifications and requirements of licensure;

(2) is convicted, or considered convicted under Occupations Code §53.021(d), by any local, state, federal, or foreign authority of an offense that directly relates to the duties or responsibilities of the licensed occupation as described in §211.10 [~~§211.3~~] of this title (relating to Criminal Offense Guidelines) or is convicted, or considered convicted under Occupations Code §53.021(d), of an offense that is independently disqualifying under Occupations Code §53.021;

(3) omits information or provides false, misleading, or incomplete information on an initial application, renewal application, or application attachment, for a license or other authorization issued by the department or by any local, state, or federal regulatory authority;

(4) is found to have violated an administrative or regulatory requirement based on action taken on a license, permit, or other authorization, including disciplinary action, revocation, suspension, denial, corrective action, cease and desist order, or assessment of a civil penalty, administrative fine, fee, or similar assessment, by the board, department, or any local, state, or federal regulatory authority;

(5) is insolvent or fails to obtain or maintain financial resources sufficient to meet the financial obligations of the license holder causing consumer harm;

(6) is a corporation or other legal entity that fails to maintain its charter, certificate, registration, or other authority to conduct business in Texas;

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(7) is assessed a civil penalty, administrative fine, fee, or similar assessment, by the board, department, or a local, state, or federal regulatory authority, for violation of a requirement governing or impacting the distribution or sale of a vehicle or a motor vehicle, or the acquisition, sale, repair, rebuild, reconstruction, or other dealing of a salvage motor vehicle or nonrepairable motor vehicle, and fails to comply with the terms of a final order or fails to pay the penalty pursuant to the terms of a final order;

(8) ~~[was or]~~ is a person described in §211.9 of this title (relating to Application of Subchapter B) ~~[\$211.2 of this title (relating to Application of Subchapter)]~~ whose actions or omissions could be considered unfit, who is ineligible for licensure, or whose current or previous license, permit, or other authorization issued by any local, state, or federal regulatory authority has been subject to disciplinary action including suspension, revocation, denial, corrective action, cease and desist order, or assessment of a civil penalty, administrative fine, fee, or similar assessment;

(9) has an ownership, organizational, managerial, or other business arrangement, that would allow a person the power to direct or cause the direction of the management, policies, and activities, of an applicant or license holder, whether directly or indirectly, when the person could be considered unfit, ineligible for licensure, or whose current or previous license, permit, or other authorization issued by any local, state, or federal regulatory authority, has been subject to disciplinary action, including suspension, revocation, denial, corrective action, cease and desist order, or assessment of a civil penalty, administrative fine, fee, or similar assessment, by the board, department, or any local, state, or federal regulatory authority;

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(10) is found in a final order issued after a contested case hearing to be unfit or acting in a manner detrimental to the system of distribution or sale of motor vehicles in Texas, the economy of the state, the public interest, or the welfare of Texas residents.

§215.91. 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, or military veteran may engage in a business or occupation for which a department-issued license is required if the person ~~[military service member or military spouse]~~ meets the requirements of Occupations Code, §55.004 or §55.0041 and this section.

(1) To receive a provisional license a [A] military service member, ~~or~~ military spouse, or military veteran must submit to the department a completed provisional license application. The applicant may download the provisional license application form from the department website or contact the department to request the form. The applicant must submit the completed application to the department email address listed in the application form and attach the following:

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

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1 (A) ~~[(B)]~~ if the applicant is a military service member or a military spouse, proof
2 of the military service member being stationed in Texas and a copy of the military service member or
3 military spouse's military identification card;

4 (B) ~~[(C)]~~ if the applicant is a military spouse, a copy of the military spouse's
5 marriage license; ~~[and]~~

6 (C) if the applicant is a military veteran, a copy of the applicant's discharge
7 certificate or other official document verifying military service and an identification document listed in
8 the applicable license application rule; and

9 (D) if the applicant is licensed by another state, a notarized affidavit that meets
10 the requirements of [as required by] Occupations Code, §55.0041(b)(3).

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

13 (A) confirm with the other state that the military service member, ~~[or]~~ military
14 spouse, or military veteran is currently licensed and in good standing for the relevant business or
15 occupation; and

16 (B) conduct a comparison of the other state's license requirements, statutes,
17 and rules with the department's licensing requirements to confirm ~~[determine]~~ if the requirements are
18 similar in scope of practice; and

19 (C) if both subparagraphs (A) and (B) of this paragraph are confirmed, promptly
20 issue a provisional license and notify the applicant to submit a sufficient application as described in
21 §215.83(f) of this title (relating to License Applications, Amendments, or Renewals).

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(3) The department shall issue a license, or notify the applicant why the department is currently unable to issue a license, within 10 days of receiving a complete application as described in §215.83(f) of this title (relating to License Applications, Amendments, or Renewals) if the applicant:

(A) has been issued a provisional license;

(B) is currently licensed in good standing in another state with licensing requirements that are similar in scope and practice; or

(C) was licensed in good standing in Texas in the last five years.

~~[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, §55.0041(b-1), within 10 days.]~~

(c) The license is subject to the requirements of this chapter and Occupations Code, Chapter 2301, and Transportation Code, Chapter 503, in the same manner as a license issued under the standard application process, unless exempted or modified under Occupations Code, Chapter 55.

(d) ~~[(e)]~~ 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.

STATUTORY AUTHORITY. The department adopts a repeal to Chapter 215 under Occupations Code, §2301.151, which gives the board authority to regulate the distribution, sale, and lease of motor vehicles

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1 and the authority to take any action that is necessary or convenient to exercise that authority;

2 Occupations Code, §2301.152, which authorizes the board to establish the qualifications of license

3 holders, ensure that the distribution, sale, and lease of motor vehicles is conducted as required by statute

4 and board rules, to prevent fraud, unfair practices, discrimination, impositions, and other abuses in

5 connection with the distribution and sale of motor vehicles, and to enforce and administer Occupations

6 Code, Chapter 2301 and Transportation Code, Chapter 503; Occupations Code, §2301.155, which

7 authorizes the board to adopt rules as necessary or convenient to administer Occupations Code, Chapter

8 2301, and to govern practice and procedure before the board; Occupations Code, §2301.651, which gives

9 the board authority to deny an application for a license, revoke or suspend a license, place on probation,

10 or reprimand a licensee if the applicant or license holder is unfit, makes a material misrepresentation,

11 violates any law relating to the sale, distribution, financing, or insuring of motor vehicles, willfully defrauds

12 a purchaser, or fails to fulfill a written agreement with a retail purchaser of a motor vehicle; Government

13 Code, §411.122(d), which authorizes department access to criminal history record information

14 maintained by DPS; Government Code, §411.12511, as amended by Senate Bill (SB) 2587, 89th Legislature

15 (2025), which authorizes the department to obtain criminal history record information from DPS and the

16 FBI for license applicants, license holders, and representatives whose act or omission would be cause for

17 denying, revoking, or suspending a general distinguishing number or license issued under Transportation

18 Code, Chapter 503, or Occupations Code, Chapters 2301 and 2302; Occupations Code, §55.004, as

19 amended by House Bill (HB) 5629, 89th Legislature, Regular Session, which requires the department to

20 adopt rules for the issuance of a license to military service members, military veterans, or military spouses

21 that allow licensure if the applicant holds a current license issued by another state that is similar in scope

22 to the license in Texas and is in good standing with that state's licensing authority, or has held a license in

23 Texas within the preceding five years; Occupations Code, §2302.051, which authorizes the board to adopt

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1 rules as necessary to administer Occupations Code, Chapter 2302; Transportation Code, §503.002, which
2 authorizes the board to adopt rules for the administration of Transportation Code, Chapter 503;
3 Transportation Code, §503.009, which authorizes the board to adopt rules for certain contested cases;
4 Transportation Code, §503.0296, which requires the board to adopt a rule requiring that an applicant for
5 an original or renewal general distinguishing number who proposes to be an independent motor vehicle
6 dealer complete web-based education and training developed or approved by the department;
7 Transportation Code, §503.033, which authorizes the board to adopt rules to prescribe the form of the
8 notice of a surety bond and the procedure by which a claimant may recover against the surety bond;
9 Transportation Code, §503.061, which allows the board to adopt rules regulating the issuance and use of
10 dealer's license plates; Transportation Code, §503.0631, which requires the department to adopt rules to
11 implement and manage the department's database of dealer-issued buyer's license plates; and
12 Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and
13 appropriate to implement the powers and the duties of the department, as well as the statutes referenced
14 throughout this preamble.

15 The department also adopts a repeal under the authority of Government Code, §2001.039, in
16 addition to the statutory authority referenced throughout this preamble. Government Code, §2001.039
17 requires state agencies to readopt, readopt with amendments, or repeal a rule as the result of reviewing
18 the rule.

19 **CROSS REFERENCE TO STATUTE.** This repeal implements Government Code, Chapters 411 and 2001;
20 Occupations Code, Chapters 53, 55, and 2301; and Transportation Code, Chapters 501–503, and 1002.

21
22 [~~§215.81. Purpose and Scope.~~]

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[This subchapter implements Occupations Code, Chapter 2301 and Transportation Code, Chapter 503, regarding licenses required under those chapters.]

SUBCHAPTER C. FRANCHISED DEALERS, MANUFACTURERS, DISTRIBUTORS, AND CONVERTERS.

STATUTORY AUTHORITY. The department adopts amendments 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; Transportation Code, §503.061, which allows the board to adopt rules regulating the issuance and use of dealer's license plates; Transportation Code, §503.0631, which requires the department to adopt rules to implement and manage the department's database of dealer-issued buyer's license plates; Transportation Code, §503.0633, which allows the department to establish the maximum number of license plates or sets of

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1 license plates a dealer may obtain annually under Transportation Code, §503.063 and §503.065;
2 Transportation Code, §504.0011, which allows the board to adopt rules to implement and administer
3 Chapter 504; Transportation Code, §520.0071, which requires the board to adopt rules classifying
4 deputies performing titling and registration duties, the duties and obligations of these deputies, the type
5 and amount of bonds that may be required by a county tax assessor-collector for a deputy performing
6 titling and registration duties, and the fees that may be charged or retained by deputies; Transportation
7 Code, §520.021, which allows the department to adopt rules and policies for the maintenance and use of
8 the department's automated registration and titling system; Transportation Code, §730.014, which
9 authorizes state agencies to adopt rules to implement and administer the Motor Vehicle Records
10 Disclosure Act; and Transportation Code, §1002.001, which authorizes the board to adopt rules that are
11 necessary and appropriate to implement the powers and the duties of the department, as well as the
12 statutes referenced throughout this preamble.

13 The department also adopts amendments under the authority of Transportation Code,
14 §§501.0041, 502.0021, 503.002, 504.0011, and 520.003; and Government Code, §2001.004 and
15 §2001.054, in addition to the statutory authority referenced throughout this preamble.

16 Transportation Code, §501.0041 authorizes the department to adopt rules to administer Transportation
17 Code, Chapter 501. Transportation Code, §502.0021 authorizes the department to adopt rules to
18 administer Transportation Code, Chapter 502. Transportation Code, §503.002 authorizes the board to
19 adopt rules for the administration of Transportation Code, Chapter 503. Transportation Code, §504.0011
20 authorizes the board to adopt rules to implement and administer Chapter 504. Transportation Code,
21 §520.003 authorizes the department to adopt rules to administer Chapter 520.

22 Government Code, §2001.004 requires state agencies to adopt rules of practice stating the nature
23 and requirements of all available formal and informal procedures. Government Code, §2001.054 specifies

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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.

§215.104. Changes to Franchised Dealer’s License.

(a) In accordance with Occupations Code, §2301.356, a franchised dealer must file an amendment application [~~to amend the franchised dealer's license~~] to add a line-make [~~request an additional line-make~~] at the dealer's currently licensed showroom. The amendment application must be filed electronically in the licensing system designated by the department.

(1) In accordance with §215.110 of this title (relating to Evidence of Franchise), the franchised dealer must attach to the amendment application a legible and accurate electronic image of:

(A) the executed franchise agreement;

(B) the required excerpt from the executed franchise agreement; or

(C) an evidence of franchise form completed by the manufacturer, distributor, or representative.

(2) The amendment application for an additional franchise at the showroom is considered an original application and is subject to protest, in accordance with Occupations Code,

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Chapter 2301, this chapter, and Chapter 224 of this title [~~(relating to)~~](relating to Adjudicative Practice and Procedure)[~~}]~~.

(b) A franchised dealer may propose to sell or assign to another any interest in the licensed entity, whether a corporation or otherwise, provided the physical location of the licensed entity remains the same.

(1) The franchised dealer shall notify the department in writing within 10 days of the sale or assignment of interest by filing a license amendment application [~~an application to amend the franchised dealer's license~~] electronically in the licensing system designated by the department.

(2) If the sale or assignment of any portion of the business results in a change of business entity, then the purchasing entity or assignee must apply for and obtain a new license in the name of the new business entity.

(3) A publicly-held corporation must file an amendment application if one person or entity acquires 10% or greater interest in the licensed entity.

(c) A franchised dealer must file an amendment application electronically in the licensing system designated by the department within 10 days of a license change, including:

(1) deletion of a line-make from the dealer's license;

(2) a change of assumed name on file with the Office of the Secretary of State or county clerk;

(3) a change of mailing address;

(4) a change of telephone number; [~~or~~]

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1 (5) a change of email address; or[-]

2 (6) a change in the person responsible for a franchised dealer's business activities due to

3 a receiver being appointed or a dealer filing bankruptcy.

4 (d) A franchised dealer must file an [~~a business entity~~] amendment application electronically in
5 the licensing system designated by the department within 10 days of a business [~~an~~] entity change,
6 including:

7 (1) a change in management, dealer principal, or change of other person who oversees a
8 franchised dealer's business activities, including a managing partner, officer, director of a corporation, or
9 similar person; or

10 (2) a change of legal entity name on file with the Office of the Secretary of State.

11 (e) If a franchised dealer changes or converts from one type of business entity to another type of
12 business entity without changing ownership of the dealership, the submission of a franchise agreement
13 in the name of the new entity is not required in conjunction with an amendment application. The
14 franchise agreement on file with the department prior to the change or conversion of the dealer's
15 business entity type applies to the successor entity until the parties agree to replace the franchise
16 agreement. This subsection does not apply to a sole proprietorship or general partnership.

17 (f) If a franchised dealer adopts a plan of conversion under a state or federal law that allows one
18 legal entity to be converted into another legal entity, only an amendment application is necessary to be
19 filed with the department. The franchise agreement on file with the department continues to apply to
20 the converted entity. If a license holder becomes another legal entity by any means other than by
21 conversion, a new application is required, subject to subsection (e) of this section.

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(g) In addition to obtaining permission from the manufacturer or distributor, a franchised dealer must obtain department approval prior to opening a supplemental location or relocating an existing location by filing an amendment application electronically in the licensing system designated by the department. A franchised dealer must notify the department electronically in the licensing system designated by the department when closing an existing location.

§215.110. Evidence of Franchise.

(a) Upon application for a franchised dealer's license or an amendment of an existing franchised dealer's license to add a line-make, the applicant must submit a legible and accurate electronic image of the franchise agreement pages that reflect:

(1) the parties,

(2) the authorized signatures of the parties,

(3) each line-make listed in the application, and

(4) the address of the franchised dealership's physical location.

(b) To meet this requirement temporarily for the purpose of application processing, a form prescribed by the department and completed by the manufacturer or distributor may be electronically submitted with the application in lieu of the information described in subsection (a) of this section.

(c) The applicant must submit the required franchise agreement pages described in this section immediately upon the applicant's receipt of the franchise agreement as the department will not issue a license without verifying that the franchise agreement has been executed.

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(d) Upon application to relocate a franchised dealership, the franchised dealer applicant must submit a form prescribed by the department and completed by the manufacturer or distributor that identifies the license holder and the new franchised dealership location.

§215.113. Manufacturer Ownership of Franchised Dealer; Good Cause Extension; Dealer Development.

(a) In the absence of a showing of good cause, an application for a franchised dealer's license of which a manufacturer or distributor owns any interest in or has control of the dealership entity must be submitted to the department electronically in the licensing system designated by the department no later than 30 days before:

(1) the opening of the dealership;

(2) close of the buy-sell agreement; or

(3) the expiration of the current license.

(b) If a manufacturer or distributor applies for a franchised dealer's license of which the manufacturer or distributor holds an ownership interest in or has control of the dealership entity in accordance with Occupations Code, §2301.476(d) - (f), the license application must contain a sworn statement from the manufacturer or distributor that the dealership was purchased from a franchised dealer and is for sale at a reasonable price and under reasonable terms and conditions, and that the manufacturer or distributor intends to sell the dealership to a person not controlled or owned by the manufacturer or distributor within 12 months of acquiring the dealership, except as provided by subsection (h) of this section.

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(c) A request for an extension of the initial 12-month period for manufacturer or distributor ownership or control of a franchised dealership, in accordance with Occupations Code, §2301.476(e), must be submitted to the department in accordance with subsection (a) of this section along with a sufficient application to renew the new motor vehicle dealer's license. The request must contain a detailed explanation, including appropriate documentary support, to show the manufacturer's or distributor's good cause for failure to sell the dealership within the initial 12-month period. The director shall evaluate the request and determine whether the license should be renewed for a period not to exceed 12 months or deny the renewal application. If the renewal application is denied, the manufacturer or distributor may request a hearing on the denial in accordance with Occupations Code, Chapter 2301, Subchapter O and the matter will be referred to SOAH for a hearing under Chapter 224, Subchapter B [C] of this title (relating to Motor Vehicle, Salvage Vehicle, and Trailer Industry [License] Enforcement).

(d) Requests for extensions after the first extension is granted, as provided by Occupations Code, §2301.476(e), must be submitted at least 120 days before the expiration of the current license electronically in the licensing system designated by the department. Upon receipt of a subsequent request, the department shall initiate a hearing in accordance with Occupations Code, Chapter 2301, Subchapter O, at which the manufacturer or distributor will be required to show good cause for the failure to sell the dealership. The manufacturer or distributor has the burden of proof and the burden of going forward on the sole issue of good cause for the failure to sell the dealership.

(e) The department shall give notice of the hearing described in subsection (d) of this section to all other franchised dealers holding franchises for the sale and service or service only of the same line-make of new motor vehicles that are located in the same county in which the dealership owned or controlled by the manufacturer or distributor is located or in an area within 15 miles of the dealership

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owned or controlled by the manufacturer or distributor. Such dealers, if any, will be allowed to intervene and protest the granting of the subsequent extension. Notices of intervention by dealers afforded a right to protest under Occupations Code, §2301.476(e) must be filed with the department electronically in the licensing system designated by the department within 15 days of the date of mailing of the notice of hearing, and a copy must be provided to the manufacturer or distributor. The department shall reject a notice of intervention if the notice is not filed at least 30 days before:

(1) the opening of the dealership;

(2) close of the buy-sell agreement; or

(3) the expiration of the current license.

(f) A hearing under subsection (d) of this section will be referred to SOAH for a hearing under Chapter 224, Subchapter C of this title (relating to Contested Cases Between Motor Vehicle Industry License Holders or Applicants). The franchised dealer's license that is the subject of the hearing will continue in effect until a final decision on the request for a subsequent extension is issued by the board.

(g) The procedures described in subsections (d) - (f) of this section will be followed for all extensions requested by the manufacturer or distributor after the initial extension.

(h) An application for a new motor vehicle dealer's license of which a manufacturer or distributor owns any interest in the dealership entity in accordance with Occupations Code, §2301.476(g) must contain sufficient documentation to show that the applicant meets the requirements of Occupations Code, §2301.476(g).

§215.115. Manufacturer, Distributor, and Converter Vehicle Sales Records.

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1 (a) A manufacturer or distributor must maintain, for a minimum period of 48 months, a record
2 of each vehicle sold to any person in this state. The manufacturer or distributor shall make the record
3 available during business hours for inspection and copying by the department or be available to submit
4 electronically to the department upon request.

5 (b) A converter must maintain, for a minimum period of 48 months, a record of each vehicle
6 converted for a person in this state, including a Texas franchised dealer. The converter shall make the
7 record available during business hours for inspection and copying by the department or be available to
8 submit electronically to the department upon request.

9 (c) A manufacturer, distributor, or converter is required to maintain at its licensed location a
10 record reflecting each purchase, sale, or conversion for a minimum period of 24 months. Records for
11 prior time periods may be kept off-site.

12 (d) Within 15 days of receipt of a request sent by mail or electronic document transfer from the
13 department, a manufacturer, distributor, or converter must submit a copy of specified records to the
14 address listed in the request.

15 (e) Records required to be maintained and made available to the department must include the
16 following, if applicable:

17 (1) the date of sale or conversion of the motor vehicle;

18 (2) the VIN;

19 (3) the name and address of the person purchasing the motor vehicle;

20 (4) a copy of or a record with the information contained in the manufacturer's
21 certificate of origin or title;

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1 (5) information regarding the prior status of the motor vehicle such as the Reacquired
2 Vehicle Disclosure Statement;

3 (6) the repair history of any motor vehicle subject to a warranty complaint;

4 (7) technical service bulletin or equivalent advisory; and

5 (8) any audit of a franchised dealership.

6 (f) Any record required by the department may be maintained in an electronic format, if the
7 electronic record can be printed at the licensed location upon request by the department or be available
8 to submit electronically to the department upon request.

9
10 §215.120. Standard License Plates.

11 (a) A manufacturer, distributor, or converter may apply for a manufacturer or converter
12 standard license plate for use on a new unregistered vehicle of the same vehicle type assembled or
13 modified in accordance with Transportation Code §503.064 or §503.0618, as applicable:

14 (1) when applying for a new or renewal license, or

15 (2) by submitting a standard license plate request application electronically in the
16 system designated by the department.

17 (b) A manufacturer may use a manufacturer's standard license plate to test a prototype motor
18 vehicle on a public street or highway including a commercial motor vehicle prototype designed to carry
19 a load. A manufacturer's standard license plate may not be used on a commercial motor vehicle

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1 prototype or new commercial motor vehicle to carry a load for which the manufacturer or other person
2 receives compensation.

3 (c) A manufacturer, distributor, or converter shall attach a standard license plate to the rear of a
4 vehicle in accordance with §217.27 of this title (relating to Vehicle Registration Insignia).

5 (d) A manufacturer, distributor, or converter shall maintain a record of each standard license
6 plate issued to the license holder [~~manufacturer, distributor, or converter~~] by the department either in
7 the license holder's recordkeeping system or in the department-designated system. The license plate
8 record must contain:

9 (1) the license plate number;

10 (2) the year and make of the vehicle to which the license plate is secured [~~affixed~~];

11 (3) the VIN of the vehicle, if one has been assigned; and

12 (4) the name of the person in control of the license plate.

13 (e) If a manufacturer, distributor, or converter cannot account for a standard license plate or a
14 standard license plate is damaged, the manufacturer, distributor, or converter shall:

15 (1) document the license plate as "void" in the department-designated system; and

16 (2) within three days of discovering that the license plate is missing or damaged, report
17 the license plate as lost, stolen, or damaged electronically in the system designated by the department;
18 and

19 (3) if found after reported missing, cease use of the license plate.

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(f) A standard license plate is no longer valid for use after the manufacturer, distributor, or converter reports to the department that the license plate is lost, stolen, or damaged. A manufacturer, distributor, or converter must render a void license plate unusable by permanently marking the front of the plate with the word "VOID" or a large "X" and once marked, shall destroy or recycle the license plate, or return the license plate to the department within 10 days.

(g) In evaluating requests for additional standard license plates from any eligible manufacturer, distributor, or converter [~~license holder, including a franchised or other GDN dealer~~], the department shall consider the business justification provided by that manufacturer, distributor, or converter, [~~a license holder~~] including the following:

(1) the number of vehicles assembled or modified in the prior 12 months at facilities in or serving the Texas market;

(2) the highest number of motor vehicles in inventory in the prior 12 months;

(3) the size and type of business;

(4) how the license holder typically uses standard license [~~licenses~~] plates;

(5) the license holder's record of tracking and reporting missing or damaged license plates to the department; and

(6) any other factor the department [~~Department~~] in its discretion deems necessary to support the number of license plates requested.

(h) A manufacturer, distributor, or converter [~~a license holder~~] shall return a department-issued license plate to the department within 10 days of the license holder closing the associated license or the associated license being revoked, canceled, or closed by the department.

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1

2 §215.121. Sanctions.

3 (a) The board or department may take the following actions against a license applicant, a license
4 holder, or a person engaged in business for which a license is required:

5 (1) deny an application;

6 (2) revoke a license;

7 (3) suspend a license;

8 (4) assess a civil penalty;

9 (5) issue a cease and desist order; or

10 (6) take other authorized action.

11 (b) The board or department may take action described in subsection (a) of this section if a
12 license applicant, a license holder, or a person engaged in business for which a license is required:

13 (1) fails to maintain records required under this chapter;

14 (2) refuses or fails within 15 days to comply with a request for records made by a
15 representative of the department;

16 (3) sells or offers to sell a motor vehicle to a retail purchaser other than through a
17 licensed or authorized dealer;

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(4) 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;

(5) fails to timely submit a license amendment application in the electronic licensing system designated by the department to notify the department of a license holder's business or assumed name change, deletion of a line-make, or management or ownership change;

(6) fails to notify the department or pay or reimburse a franchised dealer as required by law;

(7) misuses or fails to display a license plate as required by law, or fails to report a lost, stolen, or damaged license plate within the time designated by rule;

(8) is a manufacturer or distributor and fails to provide a manufacturer's certificate for a new vehicle;

(9) fails to remain regularly and actively engaged in the business of manufacturing, assembling, or modifying a new motor vehicle of the type and line make for which a license has been issued by the department;

(10) violates a provision of Occupations Code, Chapter 2301; Transportation Code Chapters 501-504 [~~501-503~~] or 520 [~~1001-1005~~]; a board order or rule; or a regulation of the department relating to the manufacture, assembly, sale, lease, distribution, financing, or insuring of vehicles, including advertising rules under Subchapter F of this chapter (relating to Advertising);

(11) is convicted of an offense that directly relates to the duties or responsibilities of the occupation in accordance with §211.10 [~~§211.3~~] of this title (relating to Criminal Offense Guidelines);

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1 (12) is determined by the board or department, in accordance with §215.89 of this title

2 (relating to Fitness), to be unfit to hold a license;

3 (13) omits information or makes a material misrepresentation in any application or

4 other documentation filed with the department including providing a false or forged identity document

5 or a false or forged photograph, electronic image, or other document;

6 (14) fails to remit payment as ordered for a civil penalty assessed by the board or

7 department;

8 (15) violates any state or federal law or regulation relating to the manufacture,

9 distribution, modification, or sale of a motor vehicle;

10 (16) fails to issue a refund as ordered by the board or department;

11 (17) fails to participate in statutorily required mediation without good cause; [or]

12 (18) fails to keep or maintain records required under Occupations Code, Chapter 2305,

13 Subchapter D; or [-]

14 (19) violates a provision of Transportation Code, Chapter 730, Motor Vehicle Records

15 Disclosure Act, including a violation by an employee or other agent.

16

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

18 **STATUTORY AUTHORITY.** The department adopts amendments to Chapter 215 under Occupations Code,

19 §2301.151, which gives the board authority to regulate the distribution, sale, and lease of motor vehicles

20 and the authority to take any action that is necessary or convenient to exercise that authority;

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1 Occupations Code, §2301.152, which authorizes the board to establish the qualifications of license
2 holders, ensure that the distribution, sale, and lease of motor vehicles is conducted as required by statute
3 and board rules, to prevent fraud, unfair practices, discrimination, impositions, and other abuses in
4 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, revoke or suspend a license, place on probation,
9 or reprimand a licensee if the applicant or license holder is unfit, makes a material misrepresentation,
10 violates any law relating to the sale, distribution, financing, or insuring of motor vehicles, willfully defrauds
11 a purchaser, or fails to fulfill a written agreement with a retail purchaser of a motor vehicle; Transportation
12 Code, §503.061, which allows the board to adopt rules regulating the issuance and use of dealer's license
13 plates; Transportation Code, §503.0631, which requires the department to adopt rules to implement and
14 manage the department's database of dealer-issued buyer's license plates; Transportation Code,
15 §503.0633, which allows the department to establish the maximum number of license plates or sets of
16 license plates a dealer may obtain annually under Transportation Code, §503.063 and §503.065;
17 Transportation Code, §504.0011, which allows the board to adopt rules to implement and administer
18 Chapter 504; Transportation Code, §520.0071, which requires the board to adopt rules classifying
19 deputies performing titling and registration duties, the duties and obligations of these deputies, the type
20 and amount of bonds that may be required by a county tax assessor-collector for a deputy performing
21 titling and registration duties, and the fees that may be charged or retained by deputies; Transportation
22 Code, §520.021, which allows the department to adopt rules and policies for the maintenance and use of
23 the department's automated registration and titling system; Transportation Code, §730.014 which

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1 authorizes state agencies to adopt rules to implement and administer the Motor Vehicle Records
2 Disclosure Act; and Transportation Code, §1002.001, which authorizes the board to adopt rules that are
3 necessary and appropriate to implement the powers and the duties of the department, as well as the
4 statutes referenced throughout this preamble.

5 The department also adopts amendments under the authority of Transportation Code,
6 §§501.0041, 502.0021, 503.002, 504.0011, and 520.003; and Government Code, §2001.004 and
7 §2001.054, in addition to the statutory authority referenced throughout this preamble.

8 Transportation Code, §501.0041 authorizes the department to adopt rules to administer
9 Transportation Code, Chapter 501. Transportation Code, §502.0021 authorizes the department to adopt
10 rules to administer Transportation Code, Chapter 502. Transportation Code, §503.002 authorizes the
11 board to adopt rules for the administration of Transportation Code, Chapter 503. Transportation Code,
12 §504.0011 authorizes the board to adopt rules to implement and administer Chapter 504. Transportation
13 Code, §520.003 authorizes the department to adopt rules to administer Chapter 520.

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

18 **CROSS REFERENCE TO STATUTE.** These adopted new sections and amendments implement Government
19 Code, Chapter 2001; Occupations Code, Chapters 2301 and 2305; and Transportation Code, Chapters 501–
20 504, 520, 730, and 1002.

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1 Text.

2 §215.132. Definitions.

3 The following words and terms, when used in this subchapter, shall have the following meanings,
4 unless the context clearly indicates otherwise.

5 ~~[(1) Barrier--A material object or set of objects that separates or demarcates.]~~

6 (1) [(2)] Buyer's license plate--A general issue license plate or set of license plates issued
7 by a dealer to a vehicle buyer under Transportation Code, §503.063 for a vehicle that will be titled and
8 registered in Texas. [This term also includes a buyer's provisional license plate that a dealer issues when
9 the general issue license plate or set of license plates for that vehicle or motor vehicle type is not in a
10 dealer's license plate inventory at the time of retail sale.]

11 (2) Buyer's provisional license plate--A license plate that a dealer issues when at the time
12 of a retail sale:

13 (A) the general issue license plate for that vehicle or motor vehicle type is not in
14 a dealer's license plate inventory;

15 (B) the dealer has submitted an application for an exempt license plate for the
16 vehicle and that application is pending department approval; or

17 (C) a retail buyer requires a commercial fleet specific use license plate and will
18 obtain that license plate from the department.

19 (3) Buyer's temporary license plate--A temporary license plate issued by a dealer to a
20 non-resident vehicle buyer for a vehicle that will be titled and registered out-of-state in accordance with
21 Transportation Code, §503.063(i).

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1 (4) Consignment sale--The owner-authorized sale of a motor vehicle by a person other
2 than the owner.

3 (5) Dealer's temporary license plate--A license plate that a dealer may purchase and use
4 for the purposes allowed under Transportation Code, §503.062.

5 (6) House trailer--A nonmotorized vehicle designed for human habitation and for
6 carrying persons and property on its own structure and for being drawn by a motor vehicle. A house
7 trailer does not include manufactured housing. A towable recreational vehicle, as defined by
8 Occupations Code, §2301.002, is included in the terms "house trailer" or "travel trailer."

9 (7) Municipality--As defined according to the Local Government Code, Chapter 1.

10 (8) Person--Has the meaning assigned by Occupations Code, §2301.002.

11 (9) Sale--With regard to a specific vehicle, the transfer of possession of that vehicle to a
12 purchaser for consideration.

13 (10) Towable recreational vehicle--Has the same meaning as "house trailer" defined by
14 this section.

15 (11) Travel Trailer--Has the same meaning as "house trailer" defined by this section.

16 (12) Vehicle--Has the meaning assigned by Transportation Code, §503.001.

17 (13) VIN--Vehicle identification number.

18

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1 §215.133. GDN Application Requirements for a Dealer or a Wholesale Motor Vehicle Auction.

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

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

8 (c) A GDN dealer or wholesale motor vehicle auction license application must be on a form
9 prescribed by the department and properly completed by the applicant as required under §215.83
10 of this title (relating to License Applications, Amendments, or Renewals). A GDN dealer or
11 wholesale motor vehicle auction application must include all required information, required
12 supporting documents, and required fees and must be submitted to the department electronically
13 in the licensing system designated by the department. A GDN dealer or wholesale motor vehicle
14 auction GDN holder renewing or amending its GDN, or a dealer or wholesale motor vehicle auction
15 reapplying for a GDN, must enter or verify current license information, provide related information
16 and documents for any new requirements or changes to the GDN, and pay required fees including
17 any outstanding civil penalties owed the department under a final order. An applicant for a new
18 dealer or wholesale motor vehicle auction GDN must provide the following:

19 (1) Required information:

20 (A) type of GDN requested;

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

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

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

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

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

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

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

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

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(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

(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;

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(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;

(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

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

3 (3) Required fees:

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

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

8 (d) An applicant for a dealer or wholesale auction GDN must also comply with fingerprint
9 requirements in §211.13 [~~§211.6~~] of this title (relating to Fingerprint Requirements for Designated
10 License Types), as applicable.

11 (e) An applicant for a GDN operating under a name other than the applicant's business
12 name shall use the assumed name under which the applicant is authorized to do business, as filed
13 with the Secretary of State or county clerk, and the assumed name of such legal entity shall be
14 recorded by the applicant on the application using the letters "DBA." The applicant may not use a
15 name or assumed name that may be confused with or is similar to that of a governmental entity or
16 that is otherwise deceptive or misleading to the public.

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

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

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

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

~~[(1) act as a salvage vehicle dealer or rebuilder; or]~~

~~[(2) store or display a motor vehicle as an agent or escrow agent of an insurance company.]~~

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

(j) ~~[(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.

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

4
5 §215.134. Requirements for a Drive-a-way Operator In-Transit License.

6 (a) No drive-a-way operator may engage in business in Texas unless that person has a
7 currently valid drive-a-way operator in-transit license issued by the department.

8 (b) A drive-a-way operator in-transit license application must be on a form prescribed by
9 the department and properly completed by the applicant as required under §215.83 of this title
10 (relating to License Applications, Amendments, or Renewals). A drive-a-way operator in-transit
11 application must include all required information, required supporting documents, and required
12 fees, and must be submitted to the department electronically in the licensing system designated
13 by the department.

14 (c) A drive-a-way operator in-transit license holder renewing or amending its license must
15 verify current license information, provide related information and documents for any new
16 requirements or changes to the license, and pay required fees.

17 (d) An applicant for a new license must register for an account in the department-
18 designated licensing system by selecting the licensing system icon on the dealer page of the
19 department website. An applicant must designate the account administrator and provide the name
20 and email address for that person, and provide the business telephone number, name, business
21 type, and social security number or employer identification number, as applicable. The applicant's
22 licensing account administrator must be an owner, officer, manager, or bona fide employee.

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(e) Once registered, an applicant may apply for a new license and must provide the following:

(1) Required information:

(A) type of license requested;

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

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

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

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

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

(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) 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;

(I) military service status;

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1 (J) licensing history required to evaluate fitness for licensure under §215.89

2 of this title (relating to Fitness);

3 (K) signed Certification of Responsibility, which is a form provided by the

4 department; and

5 (L) any other information required by the department to evaluate the

6 application under current law and board rules.

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

8 (A) the certificate of filing, certificate of incorporation, or certificate of

9 registration on file with the Secretary of State, as applicable;

10 (B) each assumed name certificate on file with the Secretary of State or

11 county clerk;

12 (C) one of the following unexpired identity documents for each natural

13 person listed in the application:

14 (i) driver license;

15 (ii) Texas Identification Card issued by the Texas Department of

16 Public Safety under Transportation Code, Chapter 521, Subchapter E;

17 (iii) license to carry a handgun issued by the Texas Department of

18 Public Safety under Government Code, Chapter 411, Subchapter H;

19 (iv) passport; or

20 (v) United States military identification card;

21 (D) a list of manufacturers, distributors, dealers, or auctions for which the

22 applicant provides drive-a-way services;

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(E) a description of the business model or business process, transportation methods, compensation agreements, products, and services used or offered sufficient to allow department to determine if the license type applied for is appropriate under Texas law; and

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

(3) Required fees:

(A) the license fee as prescribed by law; and

(B) the fee, including any taxes, for each drive-a-way in-transit standard license plate requested by the applicant as prescribed by law.

(f) An applicant for a drive-a-way operator in-transit license must also comply with fingerprint requirements in §211.13 [~~§211.6~~] of this title (relating to Fingerprint Requirements for Designated License Types).

(g) An applicant operating under a name other than the applicant's business name shall use the 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 name or assumed name that may be confused with or is similar to that of a governmental entity or that is otherwise deceptive or misleading to the public.

§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.

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1 (1) Business hours for retail dealers.

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

4 (B) The retail dealer's business hours for each day of the week must be posted at
5 the main entrance of the retail dealer's office in a manner and location that is accessible to the public.
6 The owner or a bona fide employee of the retail dealer shall be at the retail dealer's licensed location
7 during the posted business hours for the purposes of buying, selling, exchanging, or leasing vehicles. If
8 the owner or a bona fide employee is not available to conduct business during the retail dealer's posted
9 business hours due to special circumstances or emergencies, a separate sign must be posted indicating
10 the date and time the retail dealer will resume operations. Regardless of the retail dealer's business
11 hours, the retail dealer's telephone must be answered from 8:00 a.m. to 5:00 p.m. weekdays by a bona
12 fide employee, owner, answering service, voicemail service, or answering machine. A caller must be able
13 to speak to a natural person or leave a message during these hours.

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

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1 answering machine. A caller must be able to speak to a natural person or leave a message during these
2 hours.

3 (3) Business sign requirements for retail dealers.

4 (A) A retail dealer must display a conspicuous, permanent sign with legible
5 letters at least six inches in height showing the retail dealer's business name or assumed name
6 substantially similar to the name reflected on the retail dealer's GDN under which the retail dealer
7 conducts business. A business sign is considered conspicuous if it is easily visible to the public within 100
8 feet of the main entrance of the business office. A business sign is considered permanent only if it is
9 made of durable, weather-resistant material.

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

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

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

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

21 (A) Exterior Sign

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(i) A wholesale motor vehicle dealer must display a conspicuous, permanent sign with legible 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.

(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, or permanently affixed or etched on an exterior window, wall, or door. 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 legible letters at least two inches in height is acceptable.

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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.

(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.

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

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

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

9 (F) The physical address of the dealer's office must be in Texas and recognized by
10 the U.S. Postal Service, be capable of receiving U.S. mail, and have an assigned emergency services
11 property address. The department will not mail a dealer's or buyer's license plate to an out-of-state
12 address and will only mail or deliver a license plate to a dealer's licensed physical location or other
13 physical location listed in the dealer's license record and approved by the department.

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

16 (H) The dealer's office space must:

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

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

20 (iii) accommodate required office equipment; and

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(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 safe or steel cabinet cannot be readily removed and of sufficient size to store all ~~dealer's and buyer's~~ license plates ~~[in a dealer's possession including unissued and unassigned buyer's license plates]~~.

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

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

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(9) Office sharing prohibition for retail dealers and wholesale motor vehicle dealers.

Unless otherwise authorized by the Transportation Code, a retail dealer and a wholesale motor vehicle dealer licensed after September 1, 1999, may not be located in the same building.

(10) Dealer housed with other business.

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

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

(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.

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(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.

(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 permanent signage identifying the area as reserved display space for that retail dealer's inventory. ~~[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

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1 may not be part of the parking area for fuel or charging station customers and may not interfere with
2 access to or from the gasoline pumps, fuel tanks, charging station, or fire prevention equipment.

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

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

12 (C) A GDN holder may maintain a storage lot only if the storage lot is not
13 accessible to the public and no sales activity occurs at the storage lot. A sign stating the license holder's
14 name, contact information, and the fact the property is a storage lot is permissible. A storage lot must be
15 fenced or in an access-controlled location to be considered not accessible to the public. A GDN holder or
16 applicant must disclose the address of a storage lot or the location of a vehicle in inventory upon request
17 by the department.

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

21 (13) Lease requirements. If the premises from which a dealer conducts business,
22 including any display area, is not owned by the dealer, the dealer must maintain a lease that is

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1 continuous during the period of time for which the dealer's license will be issued. The lease agreement
2 must be on a properly executed form containing at a minimum:

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

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

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

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

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

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

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

19 (14) Dealer must display GDN and bond notice. A dealer must display the dealer's GDN
20 issued by the department at all times in a manner that makes the GDN easily readable by the public and
21 in a conspicuous place at each place of business for which the dealer's GDN is issued. A dealer required

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1 to obtain a surety bond must post a bond notice adjacent to and in the same manner as the dealer's
2 GDN is displayed. The notice must include the bond company name, bond identification number, and
3 procedure by which a claimant can recover under the bond. The notice must also include the
4 department's website address and notify a consumer that a dealer's surety bond information may be
5 obtained by submitting a request to the department. If the dealer's GDN applies to more than one
6 location, a copy of the GDN and bond notice must be displayed in each supplemental location.

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

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

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

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

20 (A) The sign must be a conspicuous, permanent sign with legible letters at least
21 six inches in height showing the business name or assumed name substantially similar to the name
22 reflected on the GDN under which the GDN holder conducts business. A business sign is considered

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1 conspicuous if it is easily visible to the public within 100 feet of the main entrance of the business office.

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

3 (B) The sign must be permanently mounted at the physical address listed on the

4 application for the wholesale motor vehicle auction GDN. A business sign is considered permanently

5 mounted if bolted to an exterior building wall, ~~or~~ bolted or welded to a dedicated sign pole or sign

6 support permanently installed in the ground, or permanently affixed or etched on an exterior window,

7 wall, or door.

8 (C) An applicant may use a temporary sign or banner if the applicant can show

9 proof that a sign that meets the requirements of this paragraph has been ordered and provides a written

10 statement that the sign will be promptly and permanently mounted upon delivery.

11 (D) An applicant or holder is responsible for ensuring that the business sign

12 complies with municipal ordinances, and that any lease signage requirements are consistent with the

13 signage requirements in this paragraph.

14 (4) The business office of a wholesale motor vehicle auction GDN applicant and holder

15 must meet the following requirements:

16 (A) The office must be located in a building with a permanent roof and

17 connecting exterior walls on all sides.

18 (B) The office must comply with all applicable municipal ordinances, including

19 municipal zoning ordinances. The wholesale motor vehicle auction is responsible for obtaining a

20 certificate of occupancy, certificate of compliance, or other required document issued by a municipal

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1 government to show compliance, including a new certificate or document when the building is altered or
2 remodeled, or when the building use changes.

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

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

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

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

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

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

18 (A) a desk;

19 (B) a chair;

20 (C) internet access; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (iii) the street address or legal description of the property, provided that
18 if only a legal description of the property is included, a wholesale motor vehicle auction must attach a
19 statement verifying that the property description in the lease agreement is the physical street address
20 identified on the application as the physical address for the established and permanent place of
21 business;

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(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;

(2) revoke a license;

(3) suspend a license;

(4) assess a civil penalty;

(5) issue a cease and desist order; or

(6) take other authorized action.

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(b) The board or department may take action described in subsection (a) of this section if a license applicant, a license holder, or a person engaged in business for which a license is required:

(1) fails to maintain a good and sufficient bond or post the required bond notice if required under Transportation Code §503.033 (relating to Security Requirement);

(2) fails to meet or maintain the requirements of §215.140 of this title (relating to Established and Permanent Place of Business Premises Requirements);

(3) fails to maintain records required under this chapter;

(4) refuses or fails to comply with a request by the department for electronic records or to examine and copy electronic or physical records during the license holder's business hours at the licensed business location:

(A) sales records required to be maintained by §215.144 of this title (relating to Vehicle Records);

(B) ownership papers for a vehicle owned by that dealer or under that dealer's control;

(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;

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(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;

(12) misuses a dealer's license plate, or a temporary tag before July 1, 2025;

(13) fails to display a dealer's license plate, or temporary tag before July 1, 2025, as required by law;

(14) holds open a title or fails to take assignment of a certificate of title, manufacturer's certificate, or other basic evidence of ownership for a vehicle acquired by the dealer, or fails to assign the certificate of title, manufacturer's certificate, or other basic evidence of ownership for a vehicle sold;

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(15) fails to remain regularly and actively engaged in the business of buying, selling, or exchanging vehicles of the type for which the GDN is issued by the department;

(16) violates a provision of Occupations Code, Chapter 2301; Transportation Code Chapters 501 - 504, or 520 ~~[503 and 1001-1005]~~; a board order or rule; or a regulation of the department relating to the sale, lease, distribution, financing, or insuring of vehicles, including advertising rules under Subchapter F of this chapter (relating to Advertising);

(17) is convicted of an offense that directly relates to the duties or responsibilities of the occupation in accordance with §211.10 ~~[§211.3]~~ of this title (relating to Criminal Offense Guidelines);

(18) is determined by the board or department, in accordance with §215.89 of this title (relating to Fitness), to be unfit to hold a license;

(19) has not assigned at least five vehicles in the prior 12 months, provided the dealer has been licensed more than 12 months;

(20) files or provides a false or forged:

(A) title document, including an affidavit making application for a certified copy of a title; or

(B) tax document, including a sales tax statement or affidavit;

(21) uses or allows use of that dealer's license or location for the purpose of avoiding a provision of Occupations Code, Chapter 2301, 2302, and 2305; Transportation Code, Chapters 503 ~~[and 1001-1005]~~; or other laws;

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(22) omits information or makes a material misrepresentation in any application or other documentation filed with the department including providing a false or forged identity document or a false or forged photograph, electronic image, or other document;

(23) fails to remit payment as ordered for a civil penalty assessed by the board or department;

(24) sells a new motor vehicle without a franchised dealer's license issued by the department;

(25) fails to comply with a dealer responsibility under §215.150 of this title (relating to Dealer Authorization to Issue License Plates);

(26) ~~[on or after July 1, 2025,]~~ fails to securely store a license plate or fails to destroy a ~~[previously issued but currently unassigned]~~ license plate within the time prescribed by statute;

(27) fails to maintain a record of dealer license plates as required under §215.138 of this title (relating to Use of Dealer's License Plates);

(28) ~~[on or after July 1, 2025,]~~ fails to file or enter a vehicle transfer notice;

(29) fails to enter a lost, stolen, or damaged license plate in the electronic system designated by the department within the time limit prescribed by rule;

(30) violates any state or federal law or regulation relating to the sale of a motor vehicle;

(31) knowingly fails to disclose that a motor vehicle has been repaired, rebuilt, or reconstructed and issued a title under Transportation Code, §501.100 (relating to Application for Regular Certificate of Title for Salvage Vehicle);

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(32) fails to issue a refund as ordered by the board or department;

(33) fails to acquire or maintain a required certificate of occupancy, certificate of

compliance, business license or permit, or other official documentation for the licensed location

confirming compliance with county or municipal laws or ordinances or other local requirements for a

vehicle business;

(34) ~~[on or after July 1, 2025,]~~ fails to remove a license plate from a vehicle as required

by statute or rule; ~~[or]~~

(35) fails to keep or maintain records required under Occupations Code, Chapter 2305,

Subchapter D or to allow an inspection of these records by the department; ~~[-]~~

(36) violates a provision of Transportation Code, Chapter 730, Motor Vehicle Records

Disclosure Act, including a violation by an employee or other agent; or

(37) issues the wrong type of license plate based on the transaction or vehicle type;

(38) secures a license plate to a sold vehicle but fails to assign the license plate to the

vehicle in the system designated by the department; or

(39) voids and reissues the same license plate to a buyer to extend a title or registration

filing deadline.

§215.144. Vehicle Records.

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(a) Purchases and sales records. A dealer and wholesale motor vehicle auction shall maintain a complete record of all vehicle purchases and sales for a minimum period of 48 months and make the record available for inspection and copying by the department during business hours.

(b) Independent mobility motor vehicle dealers. An independent mobility motor vehicle dealer shall keep a complete written record of each vehicle purchase, vehicle sale, and any adaptive work performed on each vehicle for a minimum period of 36 months after the date the adaptive work is 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;

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- 1 (3) the VIN;
- 2 (4) the name and address of the person selling the vehicle to the dealer;
- 3 (5) the name and address of the person purchasing the vehicle from the dealer;
- 4 (6) the name and address of the consignor if the vehicle is offered for sale by
- 5 consignment;
- 6 (7) except for a purchase or sale where the Tax Code does not require payment of motor
- 7 vehicle sales tax, a county tax assessor-collector receipt marked paid;
- 8 (8) a copy of all documents, forms, and agreements applicable to a particular sale,
- 9 including a copy of:
 - 10 (A) the title application;
 - 11 (B) the work-up sheet;
 - 12 (C) the front and back of the manufacturer's certificate of origin or
 - 13 manufacturer's statement of origin, unless the dealer obtains the title through webDEALER as defined in
 - 14 §217.71 of this title (relating to Automated and Web-Based Vehicle Registration and Title Systems);
 - 15 (D) the front and back of the title for the purchase and the sale, unless the
 - 16 dealer enters or obtains the title through webDEALER as defined in §217.71 of this title;
 - 17 (E) the factory invoice, if applicable;
 - 18 (F) the sales contract;
 - 19 (G) the retail installment agreement;

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- 1 (H) the buyer's order;
- 2 (I) the bill of sale;
- 3 (J) any waiver;
- 4 (K) any other agreement between the seller and purchaser;
- 5 (L) the purchaser's photo identification, unless prohibited by federal law;
- 6 (M) the odometer disclosure statement properly executed by the motor vehicle
- 7 seller and acknowledged by the purchaser ~~signed by the buyer~~, unless the vehicle is exempt; ~~and~~
- 8 (N) the rebuilt salvage disclosure, if applicable; and [-]
- 9 (O) the dealer's copy of the buyer's license plate receipt.

10 (9) the original manufacturer's certificate of origin, original manufacturer's statement of

11 origin, or original title for a motor vehicle offered for sale by a dealer which must be properly stamped if

12 the title transaction is entered into webDEALER as defined in §217.71 of this title by the dealer;

13 (10) the dealer's monthly Motor Vehicle Seller Financed Sales Returns, if any; and

14 (11) if the vehicle sold is a motor home or a towable recreational vehicle subject to

15 inspection under Transportation Code, Chapter 548, a copy of the written notice provided to the buyer at

16 the time of the sale, notifying the buyer that the vehicle is subject to inspection requirements.

17 (f) Title assignments.

18 (1) For each vehicle a dealer acquires or offers for sale, the dealer must properly take

19 assignment in the dealer's name of any:

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1 (A) title;

2 (B) manufacturer's statement of origin;

3 (C) manufacturer's certificate of origin; or

4 (D) other evidence of ownership.

5 (2) Unless not required by Transportation Code, §501.0234(b), a dealer must apply in the
6 name of the purchaser of a vehicle for the title and registration, as applicable, of the vehicle with a
7 county tax assessor-collector.

8 (3) To comply with Transportation Code, §501.0234(f), a title or registration is considered
9 filed within a reasonable time if filed within:

10 (A) 30 days of the vehicle sale date; or

11 (B) 45 days of the vehicle sale date for a dealer-financed transaction; or

12 (C) 60 days of the vehicle sale date for a vehicle purchased by a member or
13 reserve member of the United States armed forces, Texas National Guard, or National Guard of another
14 state serving on active duty.

15 (4) The dealer is required to provide to the purchaser the receipt for the title and
16 registration application.

17 (5) The dealer is required to maintain a copy of the receipt for the title and registration
18 application in the dealer's sales file.

19 (g) Out-of-state sales. For a sale involving a vehicle to be transferred out of state, the dealer
20 must:

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(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 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 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

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1 (C) must make application for title on behalf of the purchaser and remit motor
2 vehicle sales tax within a reasonable time as defined in subsection (f) of this section.

3 (3) A GDN holder may not sell another GDN holder's vehicle at a public motor vehicle
4 auction.

5 (j) Wholesale motor vehicle auction records. A wholesale motor vehicle auction license holder
6 shall maintain, for a minimum of 48 months, a complete record of each vehicle purchase and sale
7 occurring through the wholesale motor vehicle auction. The wholesale motor vehicle auction license
8 holder shall make the record available for inspection and copying by the department during business
9 hours.

10 (1) A wholesale motor vehicle auction license holder shall maintain at the licensed
11 location a record reflecting each purchase and sale for at least the preceding 24 months. Records for
12 prior time periods may be kept off-site.

13 (2) Within 15 days of receiving a department request, a wholesale motor vehicle auction
14 license holder shall deliver a copy of the specified records to the address listed in the request.

15 (3) A wholesale motor vehicle auction license holder's complete record of each vehicle
16 purchase and sale must, at a minimum, contain:

17 (A) the date of sale;

18 (B) the VIN;

19 (C) the name and address of the person selling the vehicle;

20 (D) the name and address of the person purchasing the vehicle;

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1 (E) the dealer's license number of both the selling dealer and the purchasing
2 dealer, unless either is exempt from holding a license;

3 (F) all information necessary to comply with the federal odometer disclosure
4 requirements in 49 CFR Part 580;

5 (G) auction access documents, including the written authorization and
6 revocation of authorization for an agent or employee, in accordance with §215.148 of this title (relating
7 to Dealer Agents);

8 (H) invoices, bills of sale, checks, drafts, or other documents that identify the
9 vehicle, the parties, or the purchase price;

10 (I) any information regarding the prior status of the vehicle such as the
11 Reacquired Vehicle Disclosure Statement or other lemon law disclosures; and

12 (J) a copy of any written authorization allowing an agent of a dealer to enter the
13 auction.

14 (k) Electronic records. A license holder may maintain a record in an electronic format if the
15 license holder can print the record at the licensed location upon request by the department, except as
16 provided by subsection (I) of this section.

17 (l) Use of department electronic titling and registration systems:

18 (1) webDEALER. A license holder utilizing the department's web-based title application
19 known as webDEALER, as defined in §217.71 of this title [~~(relating to Automated and Web-Based Vehicle~~
20 ~~Registration and Title Systems)~~], shall comply with §217.74 of this title (relating to Access to and Use of

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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 License Plate ~~[Buyer's License Plates]~~ General Use Requirements) regarding requirements to enter information into the department-designated electronic system for license plates.

§215.145. Change of Dealer's Status.

(a) A dealer's name change requires a new bond or a rider to the existing bond reflecting the new name, unless the dealer is not otherwise required to purchase a bond.

(b) A dealer shall notify the department in writing within 10 days of a change of ownership by submitting a license amendment application in the department-designated electronic licensing system. A licensed dealer that proposes to sell or assign to another any interest in the licensed entity, whether a corporation or otherwise, and provided the physical location of the licensed entity remains the same, shall notify the department in writing within 10 days of the change by filing an application to amend the license in the department-designated electronic licensing system. If the sale or assignment of any portion of the business results in a change of entity, then the new entity must apply for and obtain a new license. A publicly held corporation only needs to inform the department of a change in ownership if one person or entity acquires a 10% or greater interest in the licensed entity.

(c) Upon the death of a dealer operating as a sole proprietor, either the surviving spouse of the deceased dealer or other individual deemed qualified by the department shall submit to the department a bond rider adding the name of the surviving spouse or other qualifying person to the bond for the

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1 remainder of the bond and license term. The surviving spouse or other qualifying person may continue
2 operating under the current dealer license until the end of the license term.

3 (d) For purposes of subsection (c) of this section, the sole proprietor's surviving spouse may
4 change the ownership of the dealership at the time the license is renewed without applying for a new
5 GDN. At the time the renewal application is filed, the sole proprietor's surviving spouse must submit to
6 the department:

7 (1) an amendment application [~~to amend the business entity~~];

8 (2) a copy of the sole proprietor's certificate of death, naming the surviving spouse;

9 (3) the required ownership information; and

10 (4) if applicable, a bond in the name of the surviving spouse.

11 (e) For purposes of subsection (c) of this section, a qualifying person who is not the surviving
12 spouse may operate the sole proprietorship business during the term of the license. The qualifying
13 person must file with the department:

14 (1) an amendment application [~~to amend the business entity~~], identifying the qualifying
15 person as the manager;

16 (2) an ownership information form, indicating that the qualifying person has no
17 ownership interest in the business; and

18 (3) a bond rider adding the qualified person's name to the existing bond.

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(f) For purposes of subsection (c) of this section, a qualifying person who is not the surviving spouse must file with the department an application for a new GDN on or before the expiration of the license term in the department-designated electronic licensing system.

(g) A determination made under this section does not impact a decision made by the board under Occupations Code, §2301.462 (relating to Succession Following Death of Franchised Dealer).

(h) A dealer shall notify the department in writing within 10 days of a change in dealer principal or other person who oversees a dealer's business activities, including a change resulting from a receiver being appointed or a dealer filing bankruptcy, by submitting a license amendment application in the electronic licensing system designated by the department.

§215.152. Obtaining Dealer-Issued Buyer's License Plates.

(a) A dealer or governmental agency is required to have internet access to connect to webDEALER and the license plate system maintained by the department and is responsible for verifying receipt of license plates in the license plate system.

(b) Except as provided by §215.157 of this title (relating to Issuing Buyer's License Plates and License Plate Receipts When Internet Not Available) before a license plate may be issued or secured on a vehicle, a dealer or governmental agency must enter in the license plate system true and accurate information about:

(1) the vehicle;

(2) the buyer; and

(3) the license plate number issued or assigned to the vehicle.

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(c) The department will inform each dealer annually of the maximum number of new buyer's license plates the dealer is authorized to obtain during the calendar year under Transportation Code, §503.063, including:

(1) an allotment of 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 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

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(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

(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 department shall determine the initial allocations ~~[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.

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(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:

(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;

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(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

(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);

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(5) the dealer license expires during that quarter and the dealer has not submitted a license renewal application to the department;

(6) a dealer does not have an owner or bona fide employee at the licensed location during posted business hours to accept a license plate delivery and the delivery service has notified the department that a license plate shipment is undeliverable; [or]

(7) a dealer fails to keep license plates or the license plate system secure; or [-]

(8) an applicant or licensed dealer has filed a change of address with the department for the licensed location and the new location has not been approved by the department.

(j) A dealer with an active license and access to the license plate database who is ineligible to receive a quarterly allocation under subsection (i) of this section may request the department conduct a compliance review under Transportation Code, §503.063(d) to determine if the dealer is eligible to receive a future allocation by submitting a request to DealerCompliance@txdmv.gov. The department will conduct the compliance review within 14 days of the dealer's request.

(k) A dealer who has an active license but is not eligible to receive a quarterly allocation under subsection (i) of this section may obtain buyer's license plates from a county tax assessor-collector or department regional service center, as directed by the department.

(l) A dealer may request more buyer's license plates or buyer's temporary license plates:

(1) after using 50 percent of the quarterly allocation of buyer's license ~~[general issue]~~ plates or buyer's ~~[buyer]~~ temporary plates, a dealer may request an advance on the next quarter's allotment; or

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1 (2) after using 50 percent of the allotted annual maximum number of buyer's license

2 [~~general issue~~] plates or buyer's [~~buyer~~] temporary plates a dealer may request an increase in the annual

3 allotted number of license plates.

4 (m) A dealer may request fewer buyer's license plates or buyer's temporary license plates:

5 (1) after using less than 50 percent of the quarterly allocation of buyer's [~~general issue~~]

6 license plates or buyer's [~~buyer~~] temporary license plates in a quarter; or

7 (2) after using less than 50 percent of the allotted annual maximum number of buyer's

8 [~~general issue~~] license plates or buyer's [~~buyer~~] temporary license plates in a year.

9 (n) To request [~~receive~~] more buyer's license plates or buyer's temporary license plates or to

10 request a decrease in a quarterly or annual allocation, a dealer must submit a request in the

11 department's designated license plate system.

12 (o) A dealer requesting an increase or decrease in the maximum annual allotment of buyer's

13 license plates or buyer's temporary license plates must provide information demonstrating the need for

14 additional license plates results from business operations, including anticipated needs, as required by

15 Transportation Code, §503.0633(c). Information may include documentation of sales and tax reports

16 filed as required by law, information of anticipated need, or other information of the factors listed in

17 Transportation Code, §503.0633(b).

18 (1) The department shall consider the information presented and may consider

19 information not presented that may weigh for or against granting the request that the department in its

20 sole discretion determines to be relevant in making its determination. Other relevant information may

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1 include information of the factors listed in Transportation Code, §503.0633(b), the timing of the request,
2 and the dealer's [~~requestor's~~] license plate activity.

3 (2) The department may allocate a lesser or greater number of license plates than the
4 amount requested. Allocation of a lesser or greater number of license plates is not a denial of the
5 request. Allocation of license plates under this paragraph does not limit the dealer's ability to submit
6 additional requests.

7 (3) If a request is denied, the denial will be sent to the dealer by email to the requestor's
8 email address.

9 (A) A dealer may appeal the denial to the designated director in the Vehicle
10 Titles and Registration Division.

11 (B) The appeal must be requested through the designated license plate system
12 within 15 days of the date the department emailed the denial to the dealer.

13 (C) The appeal may discuss information provided in the request but may not
14 include additional information.

15 (D) The designated director in the Vehicle Titles and Registration Division will
16 review the appeal and any additional statements concerning the information submitted in the original
17 request and render an opinion within 15 days of receiving the appeal. The designated director in the
18 Vehicle Titles and Registration Division may decide to deny the appeal or award an amount of license
19 plates that is lesser, equal to, or greater than the request.

20 (E) The requesting dealer will be notified as follows:

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(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 license plates that is lesser, equal to, or greater than the request, 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.

(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 during that

calendar year if the dealer is able to provide additional information not considered in a prior request.

(p) A change in the allotment under subsection (l) ~~[(i)]~~ of this section does not create a dealer

base for subsequent year calculations.

(q) 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.

§215.153. Dealer's Use of Buyer's Provisional License Plates.

(a) In the license plate system designated by the department, a dealer may order buyer's

provisional license plates for the class of vehicle for which the dealer holds a GDN, and must manage

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buyer's provisional license plate inventory within the buyer's license plate allocation provided by §215.152 of this title (relating to Obtaining Dealer-Issued Buyer's License Plates). A dealer may be required to submit information supporting a request for buyer's provisional license plates, such as anticipated fleet vehicle sales based on sales history or orders in process.

(b) When a purchased vehicle is eligible for a general issue license plate and a general issue license plate for that vehicle type is not in a dealer's license plate inventory and the purchaser does not have an existing license plate eligible to be reassigned, a dealer must assign a buyer's provisional license plate to the vehicle by securing the provisional license plate to the vehicle and entering the license plate information into the license plate system designated by the department consistent with the requirements of §215.151 of this title (relating to License Plate General Use Requirements) and §215.155 of this title (relating to Buyer's License Plates).

(c) When a purchased vehicle is eligible for an exempt license plate, a dealer may issue a buyer's provisional license plate for use on the vehicle until the department processes the exempt license plate application. If the department does not approve the exempt license plate application, a dealer must issue a general issue license plate, and the retail buyer must pay the related registration fee.

(d) When a purchased vehicle is eligible for a commercial fleet license plate, such as an apportioned, forestry, token, combination, extended trailer, or multi-year license plate, a dealer may issue a buyer's provisional license plate for use on the vehicle. The retail purchaser is responsible for requesting the appropriate commercial fleet license plate in the department's designated system.

(e) Unless the sale is of a commercial fleet vehicle, the selling dealer is responsible for promptly:

(1) submitting the title and registration application to the county tax assessor-collector;

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1 (2) removing the buyer's provisional license plate if secured to the vehicle; and

2 (3) securing the assigned license plate to the vehicle if that license plate is provided to

3 the dealer by either the county tax assessor-collector or the retail buyer.

4 (f) A buyer's provisional license plate is for temporary use only and expires 14 days after a
5 general issue, exempt, commercial fleet, or other eligible license plate is assigned to the vehicle.

6 (g) A dealer must mark and destroy an expired buyer's provisional license plate in the dealer's
7 possession as provided in §215.158 of this title (relating to General Requirements for Buyer's License
8 Plates).

9
10 §215.154. Dealer's Temporary License Plate Allocation.

11 (a) The number of dealer's temporary license plates a dealer may order for business use is based
12 on the type of license for which the dealer applied and the number of vehicles the dealer sold during the
13 previous year.

14 (b) Unless otherwise qualified under this section, the maximum number of dealer's temporary
15 license plates the department will issue to a new license applicant during the applicant's first license
16 term is indicated in the following table.

17 [Attached Graphic](#)

18 ~~[(c) A person holding a dealer license on July 1, 2025, is eligible to receive the following~~
19 ~~maximum number of dealer's temporary plates:]~~

20 ~~[(1) the number designated for that license type in subsection (b) of this section; and]~~

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1 ~~[(2) the number designated in subsection (e) of this section based on vehicle sales in the~~
2 ~~last 12-month period.]~~

3 (c) ~~[(d)]~~ A dealer that applies for a license is not subject to the initial allotment limits described in
4 this section and may rely on that dealer's existing allocation of dealer's temporary license plates if that
5 dealer is:

6 (1) a franchised dealership subject to a buy-sell agreement, regardless of a change in the
7 entity of ownership;

8 (2) any type of dealer that is relocating and has been licensed by the department for a
9 period of one year or longer; or

10 (3) any type of dealer that is changing its business entity type and has been licensed by
11 the department for a period of one year or longer.

12 (d) ~~[(e)]~~ A dealer may obtain more than the maximum number of dealer's temporary license
13 plates provided by this section by submitting to the department proof of sales for the previous 12-month
14 period that justifies additional license plates.

15 (1) The number of additional dealer's temporary license plates the department will issue
16 to a dealer that demonstrates need through proof of sales is indicated in the following table.

17 [Attached Graphic](#)

18 (2) For purposes of this section, proof of sales for the previous 12-month period may
19 consist of a copy of the most recent vehicle inventory tax declaration or monthly statements filed with
20 the taxing authority in the county of the dealer's licensed location. Each copy must be stamped as
21 received by the taxing authority.

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1 (e) ~~[(f)]~~ A wholesale motor vehicle dealer may obtain more than the maximum number of
2 dealer's temporary license plates provided by this section by submitting to the department proof of the
3 number of vehicles the dealer has purchased in the previous 12-month period that justifies additional
4 license plates.

5 (1) Evidence of the wholesale motor vehicle dealer's vehicle purchases for the previous
6 12-month period must include the date of purchase, VIN of the vehicle purchased, and the selling
7 dealer's name, and any other information the department in its discretion deems necessary to
8 determine the need for additional dealer's temporary license plates for the wholesale motor vehicle
9 dealer.

10 (2) Upon review and approval of a wholesale motor vehicle dealer's proof of vehicle
11 purchases documentation, the department shall issue up to 5 additional dealer's temporary license
12 plates to the dealer.

13 (f) ~~[(g)]~~ The Director of the Motor Vehicle Division may waive the dealer's temporary license
14 plate issuance restrictions if the waiver is essential for the continuation of the business. The director will
15 determine the number of dealer's temporary license plates the department will issue based on the
16 dealer's past sales, dealer's inventory, and any other factor the Director determines pertinent.

17 (1) A request for a waiver must be submitted to the director in writing and specifically
18 state why the additional dealer's temporary license plates are necessary for the continuation of the
19 dealer's business.

20 (2) A request for a waiver must be accompanied by proof of the dealer's sales and the
21 number of vehicles transported for the previous 12-month period, if applicable.

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1

2 §215.155. Buyer's License Plates.

3 (a) A dealer may issue and secure a buyer's license plate or a buyer's temporary license plate
4 only on a vehicle:

5 (1) from the selling dealer's inventory;

6 (2) that can be legally operated on the public streets and highways;

7 (3) for which a sale or lease has been consummated; and

8 (4) that has a valid inspection in accordance with Transportation Code Chapter 548,

9 unless:

10 (A) an inspection is not required under Transportation Code §503.063(i) or (j); or

11 (B) the vehicle is exempt from inspection under Chapter 548.

12 (b) A dealer may not issue a buyer's license plate or a buyer's [general-issue or] temporary
13 license plate to the buyer of a vehicle that is to be titled but not registered.

14 (c) For a wholesale transaction, a dealer may not issue a buyer's license plate; rather the
15 purchasing dealer places on the motor vehicle its own:

16 (1) dealer's temporary license plate; or

17 (2) dealer's standard or personalized prestige license plate.

18 (d) A buyer's temporary license plate is valid until the earlier of:

19 (1) the date on which the vehicle is registered; or

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1 (2) the 60th day after the date of purchase.

2 (e) A dealer shall charge a buyer a fee of \$10, unless the vehicle is exempt from payment of
3 registration fees under Transportation Code, §502.453 or §502.456. A dealer shall remit the fee to the
4 county ~~[with the title transfer application]~~ for deposit to the credit of the Texas Department of Motor
5 Vehicles fund. If the vehicle is sold by a dealer to an out-of-state resident:

6 (1) the dealer shall remit the entire fee to the department for deposit to the credit of the
7 Texas Department of Motor Vehicles fund if payment is made through the department's designated
8 electronic system; or

9 (2) the dealer shall remit the fee to the county for deposit to the credit of the Texas
10 Department of Motor Vehicles fund.

11 (f) A governmental agency may charge a buyer a fee of \$10 unless the vehicle is exempt from
12 payment of registration fees under Transportation Code, §502.453 or §502.456. If collected by a
13 governmental agency, the fee must be sent to the county for deposit to the credit of the Texas
14 Department of Motor Vehicles fund.

15
16 §215.158. General Requirements for Buyer's License Plates

17 (a) A dealer or governmental agency is responsible for the safekeeping of all license plates in the
18 dealer's or governmental agency's possession consistent with the requirements in §215.150 of this title
19 (relating to Dealer Authorization to Issue License Plates). A dealer or governmental agency shall report
20 any loss, theft, or destruction of a ~~[buyer's license plate or buyer's temporary]~~ license plate to the

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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 void a previously assigned buyer's license plate or other type of license plate from a vehicle, 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;

(2) recycle the license plate using a metal recycler registered under Occupations Code, Chapter 1956; or

(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.

§215.159. License Plate Storage Away from the Licensed Location.

(a) Application Requirements. A dealer may store and manage license plate inventory at one of its licensed locations or at another location if, in a license application, the dealer:

(1) discloses the physical address of the license plate storage location; and

(2) certifies that the license plate storage location satisfies all requirements in subsection

(b) of this section.

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(b) Location Requirements.

(1) If the license plate storage location is at a licensed location, the location must comply with the requirements of §215.140 of this title (related to Established and Permanent Place of Business Premises Requirements).

(2) If the license plate storage location is not at a licensed location, notwithstanding §215.140 of this title, the location may be shared with other dealers and must:

(A) be located in Texas at an address recognized by the U.S. Postal Service which is capable of receiving U.S. mail, and has an assigned emergency services property address;

(B) be located in a building with a permanent roof and connecting exterior walls on all sides;

(C) be equipped with:

(i) a computer;

(ii) internet access;

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

(iv) 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 safe or steel cabinet cannot be readily removed and of sufficient size to store all license plates in a dealer's possession;

(D) be organized so the license plate inventory for each dealer and licensed location is separate and easily identifiable and is properly assigned to a location in the license plate management system;

(E) have the address clearly visible from the street;

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1 (F) have business hours posted at the main entrance in a manner and place
2 accessible to delivery services and department staff;

3 (G) be open at least four days per week for at least four consecutive hours per
4 day and may not be open solely by appointment, with the owner or a bona fide employee at the license
5 plate storage location during the posted business hours for purposes of processing license plates,
6 including acceptance of license plate deliveries;

7 (H) have a telephone that is answered from 8:00 a.m. to 5:00 p.m. weekdays by
8 a bona fide employee, owner, answering service, voicemail service, or answering machine, so that a caller
9 is able to speak to a natural person or leave a message during these hours;

10 (I) not be in a residence, apartment, hotel, motel, rooming house, provided by a
11 subscription for office or storage space, or in a rented storage unit, but it may be in a portable-type office
12 building if the building meets the requirements of this subsection and is not a readily moveable trailer or
13 other vehicle; and

14 (J) not be in a restaurant, gas station, or convenience store, unless the location
15 has a separate entrance door that does not require a person to pass through the other business.

16 (c) Site Visit. The department may visit the location prior to approving a dealer's application to
17 add a license plate storage location and during the term of the license to monitor compliance with
18 department rules as authorized under Occupations Code, §2301.256 and Transportation Code,
19 §503.063(d).

20
21 **STATUTORY AUTHORITY.** The department adopts a repeal to Chapter 215 under Occupations Code,
22 §2301.151, which gives the board authority to regulate the distribution, sale, and lease of motor vehicles
23 and the authority to take any action that is necessary or convenient to exercise that authority;

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1 Occupations Code, §2301.152, which authorizes the board to establish the qualifications of license
2 holders, ensure that the distribution, sale, and lease of motor vehicles is conducted as required by statute
3 and board rules, to prevent fraud, unfair practices, discrimination, impositions, and other abuses in
4 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, revoke or suspend a license, place on probation,
9 or reprimand a licensee if the applicant or license holder is unfit, makes a material misrepresentation,
10 violates any law relating to the sale, distribution, financing, or insuring of motor vehicles, willfully defrauds
11 a purchaser, or fails to fulfill a written agreement with a retail purchaser of a motor vehicle; Government
12 Code, §411.122(d), which authorizes department access to criminal history record information
13 maintained by DPS; Government Code, §411.12511, as amended by Senate Bill (SB) 2587, 89th Legislature
14 (2025), which authorizes the department to obtain criminal history record information from DPS and the
15 FBI for license applicants, license holders, and representatives whose act or omission would be cause for
16 denying, revoking, or suspending a general distinguishing number or license issued under Transportation
17 Code, Chapter 503, or Occupations Code, Chapters 2301 and 2302; Occupations Code, §55.004, as
18 amended by House Bill (HB) 5629, 89th Legislature, Regular Session, which requires the department to
19 adopt rules for the issuance of a license to military service members, military veterans, or military spouses
20 that allow licensure if the applicant holds a current license issued by another state that is similar in scope
21 to the license in Texas and is in good standing with that state's licensing authority, or has held a license in
22 Texas within the preceding five years; Occupations Code, §2302.051, which authorizes the board to adopt
23 rules as necessary to administer Occupations Code, Chapter 2302; Transportation Code, §503.002, which

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1 authorizes the board to adopt rules for the administration of Transportation Code, Chapter 503;
2 Transportation Code, §503.009, which authorizes the board to adopt rules for certain contested cases;
3 Transportation Code, §503.0296, which requires the board to adopt a rule requiring that an applicant for
4 an original or renewal general distinguishing number who proposes to be an independent motor vehicle
5 dealer complete web-based education and training developed or approved by the department;
6 Transportation Code, §503.033, which authorizes the board to adopt rules to prescribe the form of the
7 notice of a surety bond and the procedure by which a claimant may recover against the surety bond;
8 Transportation Code, §503.061, which requires the board to adopt rules regulating the issuance of
9 dealer's license plates; Transportation Code, §503.0631, which requires the department to adopt rules to
10 implement and manage the department's database of dealer-issued buyer's license plates; Transportation
11 Code, §503.0633, which allows the department to establish the maximum number of license plates or sets
12 of license plates a dealer may obtain annually under Transportation Code and Transportation Code,
13 §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement
14 the powers and the duties of the department, as well as the statutes referenced throughout this
15 preamble.

16 The department also adopts a repeal under the authority Government Code, §2001.039, in
17 addition to the statutory authority referenced throughout this preamble. Government Code, §2001.039
18 requires state agencies to readopt, readopt with amendments, or repeal a rule as the result of reviewing
19 the rule.

20 **CROSS REFERENCE TO STATUTE.** This repeal implements Government Code, Chapters 411 and 2001;
21 Occupations Code, Chapters 53, 55, and 2301; and Transportation Code, Chapters 501–503, and 1002.

22
23 ~~§215.131. Purpose and Scope.~~

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1 ~~[This subchapter implements Transportation Code, Chapters 503, 504, 520, and 1001-1005, and~~
2 ~~Occupations Code, Chapters 2301 and 2305, and applies to general distinguishing numbers and drive-a-~~
3 ~~way operator in transit licenses issued by the department.]~~

4

5 **SUBCHAPTER E. LESSORS AND LEASE FACILITATORS.**

6

7 **STATUTORY AUTHORITY.** The department adopts amendments to Chapter 215 under Occupations Code,
8 §2301.151, which gives the board authority to regulate the distribution, sale, and lease of motor vehicles
9 and the authority to take any action that is necessary or convenient to exercise that authority;
10 Occupations Code, §2301.152, which authorizes the board to establish the qualifications of license
11 holders, ensure that the distribution, sale, and lease of motor vehicles is conducted as required by statute
12 and board rules, to prevent fraud, unfair practices, discrimination, impositions, and other abuses in
13 connection with the distribution and sale of motor vehicles, and to enforce and administer Occupations
14 Code, Chapter 2301 and Transportation Code, Chapter 503; Occupations Code, §2301.155, which
15 authorizes the board to adopt rules as necessary or convenient to administer Occupations Code, Chapter
16 2301, and to govern practice and procedure before the board; Occupations Code, §2301.651, which gives
17 the board authority to deny an application for a license, revoke or suspend a license, place on probation,
18 or reprimand a licensee if the applicant or license holder is unfit, makes a material misrepresentation,
19 violates any law relating to the sale, distribution, financing, or insuring of motor vehicles, willfully defrauds
20 a purchaser, or fails to fulfill a written agreement with a retail purchaser of a motor vehicle; Government
21 Code, §411.122(d), which authorizes department access to criminal history record information
22 maintained by DPS; Government Code, §411.12511, which authorizes the department to obtain criminal
23 history record information from DPS and the FBI for license applicants, license holders, and

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1 representatives whose act or omission would be cause for denying, revoking, or suspending a general
2 distinguishing number or license issued under Transportation Code, Chapter 503, or Occupations Code,
3 Chapters 2301 and 2302; Occupations Code, §2302.051, which authorizes the board to adopt rules as
4 necessary to administer Occupations Code, Chapter 2302; Transportation Code, §503.002, which
5 authorizes the board to adopt rules for the administration of Transportation Code, Chapter 503;
6 Transportation Code, §503.009, which authorizes the board to adopt rules for certain contested cases;
7 Transportation Code, §503.061, which requires the board to adopt rules regulating the issuance of
8 dealer's license plates; Transportation Code, §503.0631, which requires the department to adopt rules to
9 implement and manage the department's database of dealer-issued buyer's license plates; Transportation
10 Code, §503.0633, which allows the department to establish the maximum number of license plates or sets
11 of license plates a dealer may obtain annually under Transportation Code Transportation Code, §730.014,
12 which authorizes state agencies to adopt rules to implement and administer the Motor Vehicle Records
13 Disclosure Act; and Transportation Code, §1002.001, which authorizes the board to adopt rules that are
14 necessary and appropriate to implement the powers and the duties of the department, as well as the
15 statutes referenced throughout this preamble.

16 The department also adopts amendments under the authority of Transportation Code, §501.0041
17 and §502.0021; and Government Code, §§2001.004, 2001.039, and 2001.054, in addition to the statutory
18 authority referenced throughout this preamble.

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

22 Government Code, §2001.004 requires state agencies to adopt rules of practice stating the nature and
23 requirements of all available formal and informal procedures. Government Code, §2001.039 requires

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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. These adopted amendments implement Government Code, Chapters 411 and 2001; Occupations Code, Chapters 53, 55, 2301, and 2302; and Transportation Code, Chapters 501–503, 730, 1001–1003, and 1005.

Text.

§215.175. Sanctions.

(a) The board or department may:

(1) deny a vehicle lessor or vehicle lease facilitator application;

(2) revoke or suspend a vehicle lessor or vehicle lease facilitator license; or

(3) assess a civil penalty or take other action on a vehicle lessor or vehicle lease

facilitator applicant or license holder, or a person engaged in business for which a vehicle lessor or vehicle lease facilitator license is required.

(b) The board or department may take action described in subsection (a) of this section if a vehicle lessor or vehicle lease facilitator applicant, or license holder, or a person engaged in business for which a vehicle lessor or vehicle lease facilitator license is required:

(1) fails to maintain an established and permanent place of business required by

§215.177 of this title (relating to Established and Permanent Place of Business Premises Requirements);

(2) fails to maintain records required under this subchapter;

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(3) refuses or fails to comply with a request by a representative of the department to examine during the vehicle lessor's or vehicle lease facilitator's posted business hours at the vehicle lessor's or vehicle lease facilitator's licensed location:

(A) a vehicle leasing record required to be maintained by §215.178 of this title (relating to Records Required for Vehicle Lessors and Vehicle Lease Facilitators);

(B) ownership papers for a vehicle owned, leased, or under that vehicle lessor's or vehicle lease facilitator's control; or

(C) evidence of ownership or a current premises lease agreement for the property upon which the business is located;

(4) refuses or fails to timely comply with a request for records made by a representative of the department;

(5) fails to notify the department in writing by electronically submitting a license amendment in the licensing system designated by the department within 10 days of a change of the vehicle lessor or vehicle lease facilitator license holder's:

(A) mailing address;

(B) physical address;

(C) telephone number; or

(D) email address;

(6) fails to notify the department in writing by electronically submitting a license amendment in the licensing system designated by the department within 10 days of a change of the vehicle lessor or vehicle lease facilitator license holder's name, assumed name, management, or ownership;

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(7) fails to comply with the fee restrictions or other requirements under Occupations

Code, §2301.357 or Chapter 2301, Subchapter L. Vehicle Lessors and Vehicle Lease Facilitators;

(8) fails to maintain advertisement records or otherwise fails to comply with the advertising requirements of:

(A) §215.178; or

(B) Subchapter F of this chapter (relating to Advertising);

(9) violates any law relating to the sale, lease, distribution, financing, or insuring of motor vehicles;

(10) is convicted of an offense that, in accordance with Occupations Code, Chapter 53 and with §211.10 [~~§211.3~~] of this title (relating to Criminal Offense Guidelines), directly relates to the duties or responsibilities of the licensed occupation;

(11) is determined by the board or department, in accordance with §215.89 of this title (relating to Fitness), to be unfit to hold a vehicle lessor or vehicle lease facilitator license;

(12) uses or allows use of a vehicle lessor or vehicle lease facilitator license in violation of any law or for the purpose of avoiding any provision of Occupations Code, Chapter 2301; ~~or~~

(13) omits material information or makes a material misrepresentation in any application or other documentation filed with the department including providing a false or forged identity document or a false or forged photograph, electronic image, or other document; or [-]

(14) violates a provision of Transportation Code, Chapter 730, Motor Vehicle Records Disclosure Act, including a violation by an employee or other agent.

(c) The board or department may take action on a vehicle lessor's license or assess civil penalties for the vehicle lessor's failure to notify the department in writing by electronically submitting a license amendment in the licensing system designated by the department within 10 days of any change,

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1 addition, or deletion to the list of vehicle lease facilitators with whom the vehicle lessor conducts
2 business, including any change to a vehicle lease facilitator's mailing address, physical address,
3 telephone number, or email address.

4 (d) The board or department may take action on a vehicle lease facilitator's license or assess civil
5 penalties for the failure to notify the department in writing within 10 days by electronically submitting a
6 license amendment in the licensing system designated by the department of any change, addition, or
7 deletion to the list of vehicle lessors for whom the vehicle lease facilitator conducts business, including
8 any change to a vehicle lessor's mailing address, physical address, telephone number, or email address.

9 (e) The board or department may take action on a vehicle lessor's or vehicle lease facilitator's
10 license if the vehicle lessor or vehicle lease facilitator accepts a fee from a dealer, directly or indirectly,
11 for referring a customer who purchases or considers purchasing a motor vehicle.

12
13 §215.177. Established and Permanent Place of Business Premises Requirements.

14 (a) A vehicle lessor or vehicle lease facilitator operating within Texas must meet the following
15 requirements at each location where vehicles are leased or offered for lease.

16 (1) Physical location requirements.

17 (A) A vehicle lessor or vehicle lease facilitator operating within Texas must be
18 open to the public. The vehicle lessor's or vehicle lease facilitator's business hours for each day of the
19 week must be posted at the main entrance of the office. The business telephone must be answered
20 from 8:00 a.m. to 5:00 p.m. weekdays by a bona fide employee, owner, answering service, voicemail
21 service, or answering machine. A caller must be able to speak to a natural person or leave a message
22 during these hours. The owner or an employee of the vehicle lessor or vehicle lease facilitator must be
23 at the location during the posted business hours for the purpose of leasing vehicles. In the event the

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owner or an employee is not available to conduct business during the posted business hours, a separate sign must be posted indicating the date and time such owner or employee will resume vehicle leasing operations.

(B) A vehicle lessor's or vehicle leasing facilitator's office structure must be of sufficient size to accommodate the following required equipment:

(i) a desk and two chairs from which the vehicle lessor or vehicle lease facilitator transacts business;

(ii) a working telephone number listed in the business name or assumed name under which the vehicle lessor or vehicle lease facilitator conducts business; and

(iii) internet access.

(C) A vehicle lessor or vehicle lease facilitator that files an application for a new license or a vehicle lessor that files an application for a satellite location must comply with the following requirements:

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

(ii) The office must comply with all applicable local zoning ordinances and deed restrictions.

(iii) The office may not be located within a residence, apartment, hotel, motel, or rooming house or building not open to the public.

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

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

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

(E) One or more licensed vehicle lessors or vehicle lease facilitators, or a combination of one or more licensed vehicle lessors and vehicle lease facilitators may occupy the same business structure and conduct vehicle leasing operations in accordance with the license held by the vehicle lessor or licensed vehicle lease facilitator. Each vehicle lessor or vehicle lease facilitator must have:

(i) a separate desk from which that vehicle lessor or vehicle lease facilitator transacts business;

(ii) a separate working telephone number listed in the vehicle lessor or vehicle lease facilitator's business name or assumed name;

(iii) a separate right of occupancy that meets the requirements of this section; and

(iv) a vehicle lessor or vehicle lease facilitator license issued by the department in the name of the vehicle lessor or vehicle lease facilitator.

(F) A vehicle lease facilitator's established and permanent place of business must be physically located within Texas.

(2) Business Sign requirements. A vehicle lessor or vehicle lease facilitator shall display a conspicuous and permanent business sign at the licensed location showing the name under which the vehicle lessor or vehicle lease facilitator conducts business. Outdoor business signs must contain legible

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1 letters that are at least six inches in height. The business name or assumed name on the sign must be
2 substantially similar to the name reflected on the license issued by the department. A business sign is
3 considered conspicuous if it is easily visible to the public within 100 feet of the main entrance of the
4 business office. A business sign is considered permanent only if it is made of durable, weather-resistant
5 material.

6 (3) Premises lease requirements. If the premises from which a licensed vehicle lessor or
7 vehicle lease facilitator conducts business is not owned by the license holder, the license holder must
8 maintain for the licensed location a valid premises lease that is continuous during the period of time for
9 which the vehicle lessor's or vehicle lease facilitator's license will be issued. The premises lease
10 agreement must be on a properly executed form containing at a minimum:

11 (A) the name of the property owner of the premises and the name of the vehicle
12 lease facilitator as the tenant or lessee of the premises;

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

17 (C) the signature of the property owner as the lessor and the signature of the
18 applicant or holder as the tenant or lessee;

19 (D) the period of time for which the premises lease is valid; and

20 (E) if the lease agreement is a sublease in which the property owner is not the
21 lessor, the applicant or holder must also obtain a signed and notarized statement from the property
22 owner including 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 license holder is
authorized to sublease the location and may operate a motor vehicle leasing business from the location.

(b) A vehicle lessor or vehicle lease facilitator shall be independent of financial institutions and
dealerships in location and in business activities, unless that vehicle lessor or vehicle lease facilitator is
an:

(1) employee or legal subsidiary of the financial institution or dealership; or

(2) entity wholly owned by the financial institution or dealership.

(c) For purposes of this section, an employee is a person who meets the requirements of
§215.173(b) of this title (relating to License).

§215.181. General Distinguishing Number Exception

A licensed vehicle lessor is not required to hold a GDN in order to sell a motor vehicle that the
vehicle lessor owns to the lessee or to a duly licensed dealer, either directly or through a licensed
wholesale motor vehicle auction. A licensed vehicle lessor may not purchase a motor vehicle at a
wholesale motor vehicle auction. The department shall cancel a vehicle lessor's GDN if the vehicle lessor
is not qualified to hold the GDN. [Any existing GDN held by a vehicle lessor that does not otherwise
qualify for a GDN shall be canceled.] A vehicle lessor whose GDN has been canceled under this section
may reapply for a GDN once all the qualifications for a GDN are met.

STATUTORY AUTHORITY. The department adopts a repeal to Chapter 215 under Occupations Code,
§2301.151, which gives the board authority to regulate the distribution, sale, and lease of motor vehicles

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1 and the authority to take any action that is necessary or convenient to exercise that authority;

2 Occupations Code, §2301.152, which authorizes the board to establish the qualifications of license

3 holders, ensure that the distribution, sale, and lease of motor vehicles is conducted as required by statute

4 and board rules, to prevent fraud, unfair practices, discrimination, impositions, and other abuses in

5 connection with the distribution and sale of motor vehicles, and to enforce and administer Occupations

6 Code, Chapter 2301 and Transportation Code, Chapter 503; Occupations Code, §2301.155, which

7 authorizes the board to adopt rules as necessary or convenient to administer Occupations Code, Chapter

8 2301, and to govern practice and procedure before the board; Occupations Code, §2301.651, which gives

9 the board authority to deny an application for a license, revoke or suspend a license, place on probation,

10 or reprimand a licensee if the applicant or license holder is unfit, makes a material misrepresentation,

11 violates any law relating to the sale, distribution, financing, or insuring of motor vehicles, willfully defrauds

12 a purchaser, or fails to fulfill a written agreement with a retail purchaser of a motor vehicle; Government

13 Code, §411.122(d), which authorizes department access to criminal history record information

14 maintained by DPS; Government Code, §411.12511, as amended by Senate Bill (SB) 2587, 89th Legislature

15 (2025), which authorizes the department to obtain criminal history record information from DPS and the

16 FBI for license applicants, license holders, and representatives whose act or omission would be cause for

17 denying, revoking, or suspending a general distinguishing number or license issued under Transportation

18 Code, Chapter 503, or Occupations Code, Chapters 2301 and 2302; Occupations Code, §55.004, as

19 amended by House Bill (HB) 5629, 89th Legislature, Regular Session, which requires the department to

20 adopt rules for the issuance of a license to military service members, military veterans, or military spouses

21 that allow licensure if the applicant holds a current license issued by another state that is similar in scope

22 to the license in Texas and is in good standing with that state's licensing authority, or has held a license in

23 Texas within the preceding five years; Occupations Code, §2302.051, which authorizes the board to adopt

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1 rules as necessary to administer Occupations Code, Chapter 2302; Transportation Code, §503.002, which
2 authorizes the board to adopt rules for the administration of Transportation Code, Chapter 503;
3 Transportation Code, §503.009, which authorizes the board to adopt rules for certain contested cases;
4 Transportation Code, §503.0296, which requires the board to adopt a rule requiring that an applicant for
5 an original or renewal general distinguishing number who proposes to be an independent motor vehicle
6 dealer complete web-based education and training developed or approved by the department;
7 Transportation Code, §503.033, which authorizes the board to adopt rules to prescribe the form of the
8 notice of a surety bond and the procedure by which a claimant may recover against the surety bond;
9 Transportation Code, §503.061, which requires the board to adopt rules regulating the issuance of
10 dealer's license plates; Transportation Code, §503.0631, which requires the department to adopt rules to
11 implement and manage the department's database of dealer-issued buyer's license plates; Transportation
12 Code, §503.0633, which allows the department to establish the maximum number of license plates or sets
13 of license plates a dealer may obtain annually under Transportation Code and Transportation Code,
14 §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement
15 the powers and the duties of the department, as well as the statutes referenced throughout this
16 preamble.

17 The department also adopts a repeal under the authority of Government Code, §2001.039, in
18 addition to the statutory authority referenced throughout this preamble. Government Code, §2001.039
19 requires state agencies to readopt, readopt with amendments, or repeal a rule as the result of reviewing
20 the rule.

21 **CROSS REFERENCE TO STATUTE.** This repeal implements Government Code, Chapters 411 and 2001;
22 Occupations Code, Chapters 53, 55, and 2301; and Transportation Code, Chapters 501–503, and 1002.

23

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1 ~~[\$215.171. Purpose and Scope.]~~

2 ~~[This subchapter implements Occupations Code, Chapter 2301 specifically, §§2301.251,~~
3 ~~2301.253, 2301.254, 2301.261, 2301.262, 2301.357, and Subchapter L. Vehicle Lessors and Vehicle Lease~~
4 ~~Facilitators, and Transportation Code Chapters 1001 – 1005.]~~

7 **SUBCHAPTER F. ADVERTISING.**

8 **STATUTORY AUTHORITY.** The department adopts amendments to Chapter 215 under Occupations Code,
9 §2301.151, which gives the board authority to regulate the distribution, sale, and lease of motor vehicles
10 and the authority to take any action that is necessary or convenient to exercise that authority;
11 Occupations Code, §2301.152, which authorizes the board to establish the qualifications of license
12 holders, ensure that the distribution, sale, and lease of motor vehicles is conducted as required by statute
13 and board rules, to prevent fraud, unfair practices, discrimination, impositions, and other abuses in
14 connection with the distribution and sale of motor vehicles, and to enforce and administer Occupations
15 Code, Chapter 2301 and Transportation Code, Chapter 503; Occupations Code, §2301.155, which
16 authorizes the board to adopt rules as necessary or convenient to administer Occupations Code, Chapter
17 2301, and to govern practice and procedure before the board; Occupations Code, §2301.651, which gives
18 the board authority to deny an application for a license, revoke or suspend a license, place on probation,
19 or reprimand a licensee if the applicant or license holder is unfit, makes a material misrepresentation,
20 violates any law relating to the sale, distribution, financing, or insuring of motor vehicles, willfully defrauds
21 a purchaser, or fails to fulfill a written agreement with a retail purchaser of a motor vehicle; Government
22 Code, §411.122(d), which authorizes department access to criminal history record information
23 maintained by DPS; Government Code, §411.12511, which authorizes the department to obtain criminal

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1 history record information from DPS and the FBI for license applicants, license holders, and
2 representatives whose act or omission would be cause for denying, revoking, or suspending a general
3 distinguishing number or license issued under Transportation Code, Chapter 503, or Occupations Code,
4 Chapters 2301 and 2302; Occupations Code, §2302.051, which authorizes the board to adopt rules as
5 necessary to administer Occupations Code, Chapter 2302; Transportation Code, §503.002, which
6 authorizes the board to adopt rules for the administration of Transportation Code, Chapter 503;
7 Transportation Code, §503.009, which authorizes the board to adopt rules for certain contested cases;
8 Transportation Code, §503.0296, which requires the board to adopt a rule requiring that an applicant for
9 an original or renewal general distinguishing number who proposes to be an independent motor vehicle
10 dealer complete web-based education and training developed or approved by the department;
11 Transportation Code, §503.033, which authorizes the board to adopt rules to prescribe the form of the
12 notice of a surety bond and the procedure by which a claimant may recover against the surety bond;
13 Transportation Code, §503.061, which requires the board to adopt rules regulating the issuance of
14 dealer's license plates; Transportation Code, §503.0631, which requires the department to adopt rules to
15 implement and manage the department's database of dealer-issued buyer's license plates; Transportation
16 Code, §503.0633, which allows the department to establish the maximum number of license plates or sets
17 of license plates a dealer may obtain annually under Transportation Code; and Transportation Code,
18 §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement
19 the powers and the duties of the department, as well as the statutes referenced throughout this
20 preamble.

21 The department also adopts amendments under the authority of Transportation Code, §501.0041
22 and §502.0021; and Government Code, §§2001.004, 2001.039, and 2001.054, in addition to the statutory
23 authority referenced throughout this preamble.

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

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

9 **CROSS REFERENCE TO STATUTE.** These adopted amendments implement Government Code, Chapters
10 411 and 2001; Occupations Code, Chapters 2301 and 2302; and Transportation Code, Chapters 501–503,
11 730, 1001, and 1002.

12
13 Text.

14
15 §215.242. General Prohibition.

16 ~~[A person advertising motor vehicles shall not use false, deceptive, unfair, or misleading~~
17 ~~advertising.]~~ In addition to a violation of a specific advertising rule, any other advertising or advertising
18 practices found by the department to be false, deceptive, or misleading, ~~[whether herein described,]~~
19 shall be deemed a violation of Occupations Code, Chapter 2301 and ~~[shall also be deemed a violation of]~~
20 this rule.

21
22 §215.244. Definitions.

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1 The following words and terms, when used in this subchapter, shall have the following
2 meanings, unless the context clearly indicates otherwise.

3 (1) Advertisement--

4 (A) An oral, written, graphic, or pictorial statement or representation made in
5 the course of soliciting business, including, but not limited to a statement or representation:

6 (i) made in a newspaper, magazine, or other publication;

7 (ii) contained in a notice, sign, poster, display, circular, pamphlet,
8 business card, or letter;

9 (iii) aired on the radio;

10 (iv) broadcast on the internet or television; ~~[or]~~

11 (v) streamed via an online service;~~[-]~~

12 (vi) displayed on an internet website, social media platform, or other
13 digital application or platform; or

14 (vii) transmitted electronically.

15 (B) Advertisement does not include direct communication between a person or
16 person's representative and a prospective purchaser.

17 (2) Advertising provision--

18 (A) A provision of Occupations Code, Chapter 2301, relating to the regulation of
19 advertising; or

20 (B) A rule relating to the regulation of advertising, adopted pursuant to the
21 authority of Occupations Code, Chapter 2301.

22 (3) Bait advertisement--An alluring but insincere offer to sell or lease a product of which
23 the primary purpose is to obtain a lead to a person interested in buying or leasing merchandise of the

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1 type advertised and to switch a consumer from buying or leasing the advertised product in order to sell
2 or lease some other product at a higher price or on a basis more advantageous to the dealer.

3 (4) Balloon payment--Any scheduled payment made as required by a consumer credit
4 transaction that is more than twice as large as the average of all prior scheduled payments except the
5 down payment.

6 (5) Clear and conspicuous--The statement, representation, or term being disclosed is of
7 such size, color, contrast, and audibility and is presented so as to be readily noticed and understood. All
8 language and terms, including abbreviations, shall be used in accordance with their common or ordinary
9 usage and meaning.

10 (6) Dealership addendum--A form that is displayed on a window of a motor vehicle
11 when a dealership installs special features, equipment, parts, or accessories, or charges for services not
12 already compensated by the manufacturer or distributor for work required to prepare a motor vehicle
13 for delivery to a buyer.

14 (A) The purpose of the addendum is to disclose:

15 (i) that it is supplemental;

16 (ii) any added feature, service, equipment, part, or accessory, including
17 the retail price, charged and added by the dealership;

18 (iii) any additional charge to the selling price such as additional
19 dealership markup; and

20 (iv) the total dealer selling price.

21 (B) The dealership addendum form shall not be deceptively similar in
22 appearance to the Monroney label, as defined by paragraph (13) of this section.

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(7) Demonstrator--A new motor vehicle that is currently in the inventory of the automobile dealership and used primarily for test drives by customers and for other purposes designated by the dealership.

(8) Disclosure--Required information that is clear, conspicuous, and accurate.

(9) Distributor Suggested Retail Price (DSRP)--means the total price shown on the Monroney Label as specified by subparagraph (D) of paragraph (13) of this section.

(10) Factory executive/official motor vehicle--A new motor vehicle that has been used exclusively by an executive or official of the dealer's franchising manufacturer, distributor, or their subsidiaries.

(11) Limited rebate--A rebate that is not available to every consumer purchasing or leasing a motor vehicle because qualification for receipt of the rebate is conditioned or restricted in some manner. A rebate conditioned or restricted to purchasers who are residents of the contiguous United States is not a limited rebate.

(12) Manufacturer's Suggested Retail Price (MSRP)—The ~~[means the]~~ total price shown on the Monroney Label as specified by subparagraph (D) of paragraph (13) of this section.

(13) Monroney Label--The label required by the Automobile Information Disclosure Act, 15 U.S.C. §§1231 - 1233, to be affixed to the windshield or side window of certain new motor vehicles delivered to the dealer and that contains information about the motor vehicle, including, but not limited to:

(A) the retail price of the motor vehicle suggested by the manufacturer or distributor, as applicable;

(B) the retail delivered price suggested by the manufacturer or distributor, as applicable, for each accessory or item of optional equipment, physically attached to the motor vehicle at

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the time of its delivery to a dealer, which is not included within the price of the motor vehicle as stated in subparagraph (A) of this paragraph;

(C) the amount charged, if any, to a dealer for the transportation of the motor vehicle to the location at which it is delivered to the dealer; and

(D) the total of the amounts specified pursuant to subparagraphs (A), (B), and (C) of this paragraph.

(14) Online service--A network that connects computer users.

(15) Rebate or cash back--A sum of money applied to the purchase or lease of a motor vehicle or refunded after full payment has been rendered for the benefit of the purchaser.

(16) Savings claim or discount--An offer to sell or lease a motor vehicle at a reduced price, including, but not limited to, a manufacturer's or distributor's customer rebate, a dealer discount, or a limited rebate.

(17) Subsequent violation--Conduct that is the same or substantially the same as conduct the department has previously alleged in a notice of an opportunity to cure to be a violation of an advertising provision.

§215.246. Accuracy.

Advertisements shall be accurate, clear, and conspicuous. ~~Advertisements shall not be false, deceptive, or misleading.~~ For an internet advertisement, a disclosure may be considered accurate, clear, and conspicuous if:

(1) the viewer highlights, hovers a mouse or cursor over, or otherwise selects certain text or images on a screen that results in an immediate and legible visible disclosure; or

(2) only one click on select text or image(s) is required to view the disclosure; and

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(3) the internet advertisement clearly and conspicuously indicates where to hover or click for the disclosure and is in close proximity to the information being disclosed.

§215.270. Enforcement.

(a) The department may file a Notice of Department Decision against a license holder alleging a violation of an advertising provision pursuant to Occupations Code, §2301.203, provided the department can show:

(1) that the license holder who allegedly violated an advertising provision has received from the department a notice of an opportunity to cure the violation by email and certified mail, return receipt requested, and that the notice complied ~~[in compliance]~~ with subsection (b) of this section; and

(2) that the license holder

committed a subsequent violation of the same advertising provision.

(b) An effective notice of an opportunity to cure issued under subsection (a)(1) of this section must:

(1) state that the department has reason to believe that the license holder violated an advertising provision and must identify the provision;

(2) set forth the facts upon which the department bases its allegation of a violation; and

(3) state that if the license holder commits a subsequent violation of the same advertising provision, the department will file a Notice of Department Decision under §224.56 of this title (relating to Notice of Department Decision).

~~[(c) As a part of the cure procedure, the department may require a license holder who allegedly violated an advertising provision to publish a retraction notice to effect an adequate cure of the alleged violation. A retraction notice must:]~~

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1 ~~[(1) appear in a newspaper of general circulation in the area in which the alleged~~
2 ~~violation occurred;]~~

3 ~~[(2) appear in the portion of the newspaper devoted to motor vehicle advertising, if~~
4 ~~any;]~~

5 ~~[(3) identify the date and the medium of publication, print, electronic, or other, in which~~
6 ~~the advertising alleged to be a violation appeared; and]~~

7 ~~[(4) identify the alleged violation of the advertising provision and contain a statement of~~
8 ~~correction.]~~

9 (c) ~~[(d)]~~ A cure is made solely for the purpose of settling an allegation and is not an admission of
10 a violation of these rules; Occupations Code, Chapter 2301; or other law.

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

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1 violates any law relating to the sale, distribution, financing, or insuring of motor vehicles, willfully defrauds
2 a purchaser, or fails to fulfill a written agreement with a retail purchaser of a motor vehicle; Government
3 Code, §411.122(d), which authorizes department access to criminal history record information
4 maintained by DPS; Government Code, §411.12511, which authorizes the department to obtain criminal
5 history record information from DPS and the FBI for license applicants, license holders, and
6 representatives whose act or omission would be cause for denying, revoking, or suspending a general
7 distinguishing number or license issued under Transportation Code, Chapter 503, or Occupations Code,
8 Chapters 2301 and 2302; Occupations Code, §2302.051, which authorizes the board to adopt rules as
9 necessary to administer Occupations Code, Chapter 2302; Transportation Code, §503.002, which
10 authorizes the board to adopt rules for the administration of Transportation Code, Chapter 503;
11 Transportation Code, §503.009, which authorizes the board to adopt rules for certain contested cases;
12 Transportation Code, §503.0296, which requires the board to adopt a rule requiring that an applicant for
13 an original or renewal general distinguishing number who proposes to be an independent motor vehicle
14 dealer complete web-based education and training developed or approved by the department;
15 Transportation Code, §503.033, which authorizes the board to adopt rules to prescribe the form of the
16 notice of a surety bond and the procedure by which a claimant may recover against the surety bond;
17 Transportation Code, §503.061, which requires the board to adopt rules regulating the issuance of
18 dealer's license plates; Transportation Code, §503.0631, which requires the department to adopt rules to
19 implement and manage the department's database of dealer-issued buyer's license plates; Transportation
20 Code, §503.0633, which allows the department to establish the maximum number of license plates or sets
21 of license plates a dealer may obtain annually under Transportation Code; and Transportation Code,
22 §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement

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1 the powers and the duties of the department, as well as the statutes referenced throughout this
2 preamble.

3 The department also adopts repeals under the authority of Transportation Code, §501.0041 and
4 §502.0021; and Government Code, §§2001.004, 2001.039, and 2001.054, in addition to the statutory
5 authority referenced throughout this preamble.

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

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

14 **CROSS REFERENCE TO STATUTE.** These repeals implements Government Code, Chapters 411 and 2001;
15 Occupations Code, Chapters 2301 and 2302; and Transportation Code, Chapters 501–503, 1001–1003,
16 and 1005.

17
18 Text.

19 [~~§215.241. Purpose and Scope.~~]

20 [~~This subchapter implements Occupations Code, Chapter 2301 by regulating the advertising of~~
21 ~~persons under the jurisdiction of the department by requiring truthful and accurate advertising practices~~
22 ~~for the benefit of the citizens of this state.~~]

23
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1 ~~[\$215.243. Specific Rules]~~

2 ~~[The violation of an advertising rule shall be considered by the department as a prima facie~~

3 ~~violation of Occupations Code, Chapter 2301.]~~

4

5 ~~[\$215.269. Finding of Violation]~~

6 ~~[A person shall not be held in violation of the rules, including the general prohibition, except~~

7 ~~upon a finding of a violation made by the department after the filing of a Notice of Department Decision~~

8 ~~and an opportunity to request a hearing as provided in Occupations Code, Chapter 2301.]~~

9

Figure: 43 TAC §215.154(b)

If a new license applicant is:	Maximum number of dealer's temporary license plates issued during the first license term is:
1. a franchised motor vehicle dealer	200
2. a franchised motorcycle dealer	50
3. an independent motor vehicle dealer	25
4. an independent motorcycle dealer	10
5. a franchised or independent travel trailer dealer	10
6. a trailer or semitrailer dealer	<u>15</u> [5]
7. an independent mobility motor vehicle dealer	5
8. a wholesale motor vehicle dealer	10
9. a wholesale motor vehicle dealer who also holds a <u>wholesale motor vehicle auction GDN</u>	<u>40</u>

Figure: 43 TAC §215.154(d)(1)[(e)(1)]

If a vehicle dealer is:	Maximum number of additional dealer's temporary license plates issued with a demonstrated need through proof of sales is:
1. A dealer selling 26 to 50 during the previous 12-month period	5
2. A dealer selling 51 to 100 during the previous 12-month period	10
3. A dealer selling 101 to 150 during the previous 12-month period	15
4. A dealer selling 151 to 199 during the previous 12-month period	20
5. A dealer selling 200-299 during the previous 12-month period	25
6. A dealer selling more than 300 vehicles during the previous 12-month period	30



May 26, 2026

Laura Moriaty
General Counsel
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, TX 78731

Re: Comments to Proposed Amendments Published in 51 TexReg 2797 to 2798

Dear Ms. Moriaty:

The Texas Independent Automobile Dealers Association (TIADA) appreciates the opportunity to submit comments on the Texas Department of Motor Vehicles' (TxDMV's) proposed amendments. TIADA represents more than 1,000 independent automobile dealers across Texas. While TIADA applauds TxDMV's goal of updating its rules, TIADA strongly urges TxDMV to withdraw proposed amendments that alter rules that are already functioning effectively.

The rule preambles cite intentions to "streamline language," "improve readability," and "modernize phrasing" without changing the underlying meaning. However, TIADA believes both TxDMV and stakeholders benefit far more from the preservation of existing language where it has already developed a stable operational meaning through consistent use by dealers, county tax offices, compliance personnel, and TxDMV enforcement staff.

This continuity protects critical reliance interests. Over many years, stakeholders have invested substantial resources into compliance training and operational procedures built around the current phrasing. Altering familiar language solely for stylistic or organizational purposes diminishes regulatory certainty. Even minor adjustments intended to "streamline" text can:

- Trigger conflicting interpretations among the 254 county tax assessor-collectors.
- Generate false signals that a substantive policy shift was intended.
- Disrupt established compliance training and organizational procedures.
- Produce inconsistent application by TxDMV field staff and regulated parties.

Administrative stability provides independent value to both regulators and the regulated community. When longstanding rule language is altered, enforcement staff and courts reasonably infer that the revision was intended to have a new legal effect. Consequently, edits made solely to "modernize phrasing" often create the very ambiguity they seek to resolve.

TIADA Comments to TxDMV

January 5, 2026

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Accordingly, unless a specific amendment is necessary to implement a new statute, resolve a demonstrated conflict, or address a documented regulatory failure, TIADA recommends retaining the existing language to preserve market predictability.

Accordingly, unless a specific amendment is necessary to implement a new statute, resolve a demonstrated conflict, or address a documented regulatory failure, TIADA recommends retaining the existing language to preserve market predictability.



Earl Cooke

Director of Regulatory Affairs

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May 26, 2026

Texas Department of Motor Vehicles
Office of General Counsel
4000 Jackson Avenue
Austin, TX 78731

Sent via email: rules@txdmv.gov

Re: Proposed TxDMV Rules & Proposed Repeals, Amendments, Deletions,
and Re-lettering of Current Rules
51 *TexReg* 2638 - 2684;
Figures: 51 *TexReg* 2797 - 2798

Office of General Counsel:

On behalf of the Texas Automobile Dealers Association (TADA), the following comments are offered regarding the current proposed Texas Department of Motor Vehicle (TxDMV) rules and the proposed repeals, amendments, deletions, and re-lettering of adopted rules as published in the April 24, 2026, *Texas Register*.

Rules can clarify and inform. Re-writing, amending, repealing, deleting, and re-lettering rules should be carefully considered as an alteration may create confusion for the industry and change an understanding of a previously adopted rule that may not be necessary as well as serve no significant purpose.

The April 24, 2026, proposals before the board amend many of the rules previously adopted in 2024 with the stated aim to clarify the 2024 adoptions. Licensees request continuity in the many rules for which they are subject. Unless there is a material need or a legislative amendment requiring a rule modification, re-adoption of a current rule is requested (51 *TexReg* 2638 - 2684; 51 *TexReg* 2797 - 2798).

Subchapter B. Licenses, Generally

43 TAC §215.84. *Brokering, New Motor Vehicles.*

The TxDMV proposed the current language to the motor vehicle brokering rule, §215.84(a)¹ in the December 29, 2023, *Texas Register*. The amendment was adopted by the board as proposed and published in the April 26, 2024, *Texas Register*. This same 2024 amendment is now proposed for repeal.

The 2024 explanation for §215.84(a) stated that the new introductory paragraph is added:

. . .to enable a person to more easily determine whether the section applies and to clarify the basic statutory prohibition against brokering. . .
(48 *TexReg* 8204)

The 2026 explanation for repealing §215.84(a) states that it “unnecessarily duplicates language in Occupations Code, §2301.002(3) and §2301.006” (51 *TexReg* 2639).

TADA requests that the current 2024 adopted language remain in the rule as it assists the public as well as the industry and persons who are not familiar with the broker statutes to understand who is considered a broker and the statutory prohibition for new motor vehicle brokering.

The TxDMV 2024 explanation for the subsection remains as relevant in 2026 as in 2024.

As the industry is periodically confronted with who or what is a broker and this State’s prohibition with respect to new motor vehicles, TADA requests that subsection (a) not be repealed and §215.84 be retained in its current 2024 adopted form.

¹“(a) Unless excluded from the definition of “Broker” in Occupations Code, §2301.002, a person may not act, offer to act, or claim to be a broker ”

43 TAC §215.85. *Brokering, Used Motor Vehicles.*

The TxDMV proposed in the December 29, 2023, *Texas Register*, changes to §215.85 so as to make punctuation corrections and “move language” from one subsection to another subsection, delete redundant subsections and words, and re-letter the section (48 *TexReg* 8204). These corrections and deletions and re-letterings were adopted by the board, as proposed, in the April 26, 2024, *Texas Register* (49 *TexReg* 2704).

The proposed 2026 amendments to the rule are “to streamline language and delete language found in the statute, clarify requirements, and modernize phrasing” (51 *TexReg* 2639 - 2640).

The legislature has made no substantive change to the broker definition nor to the broker prohibition, which was adopted in 1979.²

As the broker definition and broker prohibition have remained constant, TADA requests that the current rule as adopted in its amended form in 2024, remain in its present form as the proposed 2026 amendments are not necessary.

Subchapter C. Franchised Dealers, Manufacturers, Distributors, and Converters

43 TAC §215.101. *Purpose and Scope.*

In 2023, the TxDMV proposed an amendment to this section to delete an incorrect reference to a non-existent Transportation Code Chapter and to include the license types “for clarity” to the subchapter (48 *TexReg* 8204, 8220).

The board adopted the amendments, as proposed, in the *Texas Register* on April 26, 2024 (48 *TexReg* 8204, 8220, proposed; 49 *TexReg* 2704, 2707).

²The “broker” definition, adopted in 1979, was amended by the legislature in 1999 to repeal “for purposes other than resale.” (Act of September 1, 1979, 66th Leg., R.S., ch. 709, §1, 1979; Act of June 18, 1999, 76th Leg., R.S., ch. 1047, §1, 1999).

Today, this same 2024 adopted section is proposed for repeal as it is now considered unnecessary because statutory references may be in each rule (51 *TexReg* 2640).

The need for clarity has not changed since the board adopted the 2024 amendment and TADA requests that this rule remain in its current form and that the board not adopt the proposed 2026 amendment.

43 TAC §215.105. *Notification of License Application; Protest Requirements.*

Amendments to this section were proposed and adopted approximately 2 years ago. According to the 2023 published explanation, phrases were added and deleted for consistency and clarity and to modernize the process for a franchised dealer to file a protest electronically (48 *TexReg* 8205) with the board adopting the published amendments in the April 26, 2024, *Texas Register*, (49 *TexReg* 2704).

The explanation for the 2026 amendment to this section is to “modernize and simplify text and to improve readability without changing the meaning” (51 *TexReg* 2641).

As the proposed new language does not change the meaning of the rule and as there is no legislative amendment creating a need for a rule change, it is preferable to maintain the status quo of the current rule language so that licensees and counsel have settled rules with which to work.

TADA requests that the rule not be amended in order to maintain the status quo of the 2024 amended rules.

43 TAC §215 .107. *Sale or Transfer of a Line-Make.*

This new rule proposal provides that if a manufacturer or distributor sells, licenses, or otherwise transfers an existing line-make to another person, the acquiring person is to apply for a manufacturer or distributor license or amend their current license.

The stated explanation for the new proposed subsection (a) is to describe the licensing requirements for a manufacturer or distributor (51 *TexReg* 2641). Yet, there is no indication that a manufacturer or distributor is not aware of their TxDMV licensing requirements.

No statutory amendments have been made to a manufacturer's or distributor's required TxDMV license and TADA requests that the proposed §215.107 not be adopted.

Subsection (b) of the proposal describes information that is on a manufacturer's or distributor's TxDMV application or license. Such information as to what is asked is unnecessary to include within a rule as the TxDMV may determine in the future to change the application's requirements, which may create another unnecessary rule amendment.

In addition, the 203 page "TxDMV eLICENSING User Guide for Manufacturer and Manufacturer's Representative Licenses" provides ample licensing information for a manufacturer. Sections 2.1 - 2.10 of the Guide discuss applying for a manufacturer's license without the need for a separate rule.

The new subsection (a) also includes a statement that if a manufacturer or distributor "licenses" an existing line-make to another person, that person must apply for a license or amend an existing license (51 *TexReg* 2656). TADA requests that if (a) is adopted that "licensing" be omitted as there is no provided explanation as to when a manufacturer or distributor licenses a line-make to another (51 *TexReg* 2641).

Proposed subsection (b)(3), if adoption is necessary, should include additional language to reflect Occupations Code, Chapter 2301 and TADA suggests the following underlined language:

(b) As part of the application or license amendment application process, the person acquiring the line-make must:

...

(3) identify the person responsible for warranty payment to the franchised dealer and the franchised dealer obligations incurred prior to the transfer; and

...

The underlined TADA suggested language above removes any confusion as to the dealer's obligation to perform warranty work as well as to receive payment for warranty work.

Whether the proposed §215.107 rule is necessary is unclear as it creates confusion in its current proposed form as manufacturers and distributors currently appear to be aware of their licensing obligations. In addition, the 203 page "TxDMV eLICENSING User Guide for Manufacturer" as well as the TxDMV "Distributor Agreement Questionnaire" should provide the necessary information for licensing by the TxDMV to any manufacturer or distributor.

43 TAC §215.108. *Addition or Relocation of Line-Make*

The 2024 adopted amendment to this rule added "franchised" and deleted a phrase "for consistency in describing a dealer under this subchapter" (48 *TexReg* 8205, 8224, proposal; 49 *TexReg* 2705, 2708, adopted).

The explanation for the proposed 2026 amendment is to "modernize and simplify text" "without changing meaning" (51 *TexReg* 2641, 2656 - 2657).

Presumed simplification and modernization are agreeable goals; however, maintaining the current text is preferable for the licensees who must comply with the many TxDMV rules.

Frequent nonessential re-wording of rules is not in the interest of licensees who must comply with the numerous state and federal agency rules.

43 TAC §215.114. *Sale of a Vehicle by a Manufacturer or Distributor at a Wholesale Motor Vehicle Auction.*

The stated rationale to amend this rule is "to modernize and simplify without changing the meaning" (51 *TexReg* 2641, 2657-2658).

Industry prefers to maintain rules as previously adopted unless the legislature makes a statutory change or a compelling need requires a new rule or rule amendment.

TADA requests that this rule remain in its current form as the 2026 proposal is not necessary.

43 TAC §215.120. *Standard License Plates.*

This rule was proposed in 2023 (48 *TexReg* 8206, 8226) and adopted by the board as published in the April, 26, 2024, *Texas Register*, (49 *TexReg* 2704).

The general purpose for the rule, as stated in the December 29, 2023, *Texas Register*, is to “set out the requirements for manufacturers, distributors, and converters using license plates issued by the department” (48 *TexReg* 8206).

A manufacturer is eligible for a “manufacturer’s license plate” as discussed in Transportation Code, §503.064.³ This specific plate is issued to a licensed manufacturer to use on a new vehicle that a manufacturer intends to test on a public street or highway as allowed by the Transportation Code, or for use on a vehicle to loan to a consumer as allowed by Occupations Code, Subchapter M, specifically §2301.605(c), under the “lemon law.”

The “lemon law” allows that a rebuttable presumption that a reasonable number of attempts have been undertaken to conform a motor vehicle and the nonconformity still exists after the vehicle is out-of-service for repair for a cumulative total of 30 or more days under Occupations Code, §2301.605(a)(3).

The 30-day time period is tolled if the manufacturer or distributor loans a motor vehicle to the owner while the franchised dealer repairs the vehicle:

³§503.064. Manufacturer’s License Plates

- (a) Instead of registering a new vehicle that a manufacturer intends to test on a public street or highway or to loan to a customer for the purpose described by Section 2301.605, Occupations Code, the manufacturer may apply for, receive, and attach manufacturer’s plates to the vehicle.
- (b) If the vehicle to which the manufacturer’s license plates are attached is a commercial motor vehicle, the vehicle may not carry a load. (TEX. TRANSP. CODE ANN. §503.064 (Vernon 2018)).

The 30 days do not include any period during which the manufacturer or distributor lends the owner a comparable motor vehicle while the owner's vehicle is being repaired by a franchised dealer.

(Occupations Code, §2301.605(c))

Therefore, a “manufacturer’s” plate may be used on a vehicle that is loaned to a customer while the franchised dealer is repairing the customer’s vehicle.



A converter is eligible for a “converter’s license plate” as expressed in Transportation Code, §503.0618.⁴ In lieu of registering a vehicle, the converter may apply for a converter’s license plate for a vehicle if it is the type of vehicle that the converter is engaged in the business of assembling or modifying. The fee for this plate is \$20 for one year.



⁴§503.0618. Converter’s License Plates

- (a) In this section, “converter” means a person who holds a converter’s license issued under Chapter 2301, Occupations Code.
 - (b) Instead of registering under Chapter 502 a vehicle that a converter operates or permits to be operated on a public street or highway, the converter may apply for, receive, and attach converter’s license plates to the vehicle if it is the type of vehicle that the converter is engaged in the business of assembling or modifying.
 - (c) The fee for a converter’s license plate is \$20 a year.
 - (d) A fee collected under this section shall be deposited to the credit of the Texas Department of Motor Vehicles fund.
- (TEX. TRANSP. CODE ANN. §503.0618 (Vernon Supp. 2025)).

The manufacturer's and converter's plates are specific to those licensees and TADA requests that the proposed deletion of the "manufacturer or converter" description of the plate type in subsections (a), (b), and (d), not be adopted for exclusion because removing the "manufacturer" and "converter" before "standard license plate" may cause confusion with other types of TxDMV plates.

As a manufacturer's plate and a converter's plate are provided for in the Transportation Code, this plate description should be retained within the rule.

The rule heading "Standard License Plates" should also be amended to reflect that the rule applies to a manufacturer or converter plate .

As a manufacturer or distributor is eligible for a "manufacturer" plate and a converter is eligible for a "converter" plate, the proposal deletes the franchised dealer and GDN dealer's discussion for additional standard license plates in subsection (g). The proposal in subsection (g) is recommended to read:

§215.120(g):

In evaluating requests for additional manufacturer or converter ~~standard~~ license plates [~~from any eligible license holder, including franchised or other GDN dealer,~~] the department shall consider the business justification provided by a manufacturer or converter [~~license holder~~] including the following:

...

(4) how the manufacturer or converter [~~license holder~~] typically uses manufacturer or converter [~~standard licenses~~] license plates;

(5) the manufacturer's or converter's [~~license holder's~~] record of tracking and reporting missing or damaged license plates to the department; and

...

The proposal should be clarified so that it is understood that the rule is only applicable regarding a manufacturer or a converter plate and that the plates available to a manufacturer, distributor, and a converter should be described as "manufacturer" and "converter" throughout §215.120 so as not to be confused with any other TxDMV issued plates.

TADA requests that the rule, as proposed, not be adopted as the deletion of the “manufacturer” and “converter” descriptions may create misunderstandings in that a manufacturer’s and a converter’s plate is only available for the specific purposes as provided in the Transportation Code, §503.064 and §503.0618.

§215.121. *Sanctions*

This rule was proposed December 29, 2023, with the explanation that the new rule would set out the powers of the board and department to sanction a manufacturer, distributor, or converter; describe existing administrative sanctions; and, provide which actions may result in a sanction (48 *TexReg* 8206; 48 *TexReg* 8226-8227, as proposed).

The rule was subsequently adopted by the board, with changes, April 26, 2024. The April 26, 2024, explanation for the rule adoption provides:

Adopted new §215.121 describes the powers of the board and department to sanction a manufacturer, distributor, or converter. This adopted new section provides these license holders with information about which violations may result in civil penalties or may affect licensing eligibility. Adopted new §215.121(a) describes existing administrative sanctions that the board or department may take if a manufacturer, distributor, or converter violates a law or rule enforced by the department.

...

(49 *TexReg* 2709)

The April 24, 2026, proposed rule lists 19 reasons to sanction “a license applicant, a license holder, or a person engaged in business for which a license is required” (51 *TexReg* 2658 - 2659).

As written, the rule does not limit its application to a manufacturer, distributor, or converter. The rule is also shown to be in Subchapter C. Franchised Dealers, Manufacturers, Distributors, and Converters.

In the April 24, 2026, Sanctions rule proposal to Subchapter D. General Distinguishing Numbers and In-Transit Licenses, §215.141 *Sanctions*, there are 39 reasons to sanction a “license applicant, a license holder, or a person engaged in business for which a license is required” (51 *TexReg* 2668).

TADA requests that the §215.121 rule incorporate the rule’s explanation for its application as discussed in 2023 and 2026, as being applicable to a manufacturer, distributor, or converter.

If this §215.121 sanctions rule is to apply to a franchised dealer, as is provided for in the heading to Subchapter C., clarification regarding its application is requested as “license applicant, license holder, or a person engaged in business for which a license is required” is broader than the explanation for the rule in 2024.

The rule states that “[T]he board or department may sanction a license applicant, a license holder, or a person engaged in business for which a license is required . . .” The rule is written to include any license applicant, any license holder, or any person for which a TxDMV license is required—not just a manufacturer, distributor, or converter.

Neither the 2023 proposed §215.121 “Sanctions” rule (48 *TexReg* 8226 - 8227), the 2024 adopted rule (49 *TexReg* 2725) nor the proposed 2026 proposed rule (51 *TexReg* 2658 -2659) limit the rule to a manufacturer, distributor, or converter, in accordance with the rule’s explanation (48 *TexReg* 8206, proposed; 49 *TexReg* 2709, adopted).

TADA requests that:

(1) the listed actions in §215.121(a), i.e., denying an application, revoking a license, suspending a license, assessing a civil penalty, issuing a cease and desist order, or taking other authorized action that the board or department may take for a violation, remain in the rule as it gives notice of the various actions that the board or department may take for a violation listed in subsection (b);

(2) the rule be amended to state which licensees the stated violations apply. As written, §215.121 applies to “a license applicant, a license holder, or a person engaged in business for which a license is required” and it is not

limited to a manufacturer, distributor, or converter as provided in the 2023 and 2024 explanation (48 *TexReg* 8206; 49 *TexReg* 2709).

Subchapter D. General Distinguishing Numbers and In-Transit Licenses

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

This rule was amended in the 2023-2024 time period and subsequently adopted by the board (48 *TexReg* 8229-8230, proposed; 49 *TexReg* 2727 - 2728, adopted).

TxDMV's 2023 explanation for the 2024 adopted amendments include: re-titling, clarifications, re-lettering, and modernizing phrases (48 *TexReg* 8206, proposed; 49 *TexReg* 2705, adopted with amendments).

In 2026, the proposal deletes subsection (a). This subsection explains that “no person may engage in business as a dealer or as a wholesale motor vehicle auction without a valid GDN assigned by the department for each person’s business location and the requirement that a dealer must hold a GDN for a consignment location unless a wholesale motor vehicle auction” (51 *TexReg* 2642, 2661).

Also proposed for deletion is subsection (b), providing that subsection (a) does not apply to a person exempt from the GDN requirement under Transportation Code §503.024 (51 *TexReg* 2642, 2661).

The explanation for the proposed deletion of subsections (a) and (b) is that they unnecessarily repeat statutory requirements (51 *TexReg* 2642). There is merit to include statutory requirements and not just a statutory reference in a rule for those licensees who are charged with complying with agency rules and regulations.

TADA requests that the language in subsections (a) and (b) remain as adopted in 2024 as it assists in clarifying that a GDN is necessary to engage in business as a dealer and that a GDN is necessary for a consignment location unless the location is a wholesale motor vehicle auction.

Subsections (a) and (b) give context to the GDN requirements and provide clarification as to the necessity to obtain a GDN.

The board previously determined subsections (a) and (b) should be maintained and TADA requests these provisions remain so as to allow for a more complete understanding of the requirement to obtain a GDN in order to engage in business as a dealer in Texas.

§215.134. *Requirement for a Drive-a-way Operator In-Transit License.*

As proposed in 2023, this rule was necessary to define the application requirements for a drive-a-way operator in-transit license and subsection (a) “defined the requirement that a person have a drive-a-way operator license to engage in the business in Texas” (48 *TexReg* 8206; 49 *TexReg* 2710).

In 2023, subsection (a) was considered necessary to “set out the requirement for a license” (48 *TexReg* 8206) in that it defined the requirement for a person to engage in business in Texas with a drive-away operator license and the Board subsequently adopted the language in 2024 (49 *TexReg* 2710).

In 2026, this same provision is proposed for deletion “because the deleted subsection unnecessarily repeats statutory requirements” (51 *TexReg* 2642).

The other amendment to this section, subsection (e), updates the fingerprint reference because the previous “Fingerprint Requirements for Designated License Types” was repealed by 50 *TexReg* 6501, effective November 1, 2025, and relocated to another TxDMV rule, 43 TAC §211.13, effective November 1, 2025, 50 *TexReg* 6501.

TADA requests that subsection (a) not be deleted as it gives notice that no drive-a-way operator may engage in business in Texas unless that person has a currently valid drive-a-way operator in-transit license issued by the department.

The discussion in subsection (a) continues to be necessary in 2026 as it was incumbent in 2024. If deleted, the board may find that it is needed for context in the future and re-propose the rule with the proposed language to be deleted.

§215.137. *Surety Bond.*

Subsection (f), which describes the dealers who are not required to obtain a surety bond, is proposed to be deleted because the Transportation Code, §503.033 describes those dealers who are not required to obtain a surety bond (51 *TexReg* 2642, 2664).

Including those GDN holders who are not required to obtain a surety bond in the TxDMV's rules gives necessary information through the department's regulatory framework to a potential dealer as to whether a surety bond is a requirement for the GDN license.

Tracking the information from the statute assists out-of-state persons who may be considering Texas as a potential business location as well as persons in-state who are determining whether to go forward with obtaining a dealer's license in Texas.

Information and departmental requirements included within a rule when tracking the statutory language may be unnecessary for those parties familiar with the licensing requirements but informative and useful for persons considering obtaining a GDN or dealer's license.

TADA requests retaining the current rule as adopted in its current form without amendment.

§215.140. *Established and Permanent Place of Business.*

TADA thanks Ms. Monique Johnston, Division Director, Motor Vehicle Division, for the proposed new sign and plate storage amendments. Specifically, TADA supports the proposal in §215.140(a)(3)(B), §215.140(a)(4)(A)(ii) and §215.140(b)(3)(B), allowing a sign to be permanently affixed or etched on an exterior window, wall, or door. This new provision allows flexibility for those dealers to open a new facility or relocate a facility who may also be waiting for a new dealership sign to be delivered (51 *TexReg* 2664 - 2667).

TADA again thanks Ms. Johnston and supports the proposed amendment to §215.140(a)(5)(F) which will authorize dealer's or buyer's license plates to be mailed

or delivered to a dealer's licensed physical location or other physical location listed in the dealer's license record that is approved by the department.

These two amendments will allow for a smoother licensing process as well as give a dealer the opportunity to centralize secure plate storage.

§215.141. *Sanctions.*

Subsection (a) was considered needed in the proposal published in the *Texas Register* on December 29, 2023, as it reordered language for consistency with §215.141(b) and added a reference to a cease-and-desist order, which is an action the board is authorized to take under Occupations Code, §2301.153 and §2301.802 (48 *TexReg* 8207).

In 2026, the listed actions that the board or department may take against a license applicant, a license holder, or a person engaged in business for which a license is required and proposed for deletion are: (1) deny an application; (2) revoke a license; (3) suspend a license; (4) assess a civil penalty; (5) issue a cease and desist order; or (6) take other authorized action (51 *TexReg* 2668).

The above-stated board and department actions are proposed to be deleted from the existing rule. The explanation for their deletion is because the actions are stated in statute and the deletion would cancel the orphaned remaining subsection designation (51 *TexReg* 2642).

Although the statutory penalties and actions can be found in the statutes, it is preferable for the public, attorneys, licensees, and potential licensees to know the actions that are allowable by the board or department if a TxDMV licensee is non-compliant with a TxDMV requirement.

The 39 listed prohibitions that are subject to board or departmental sanction can also be found in various statutes; however, it is preferable to give notice in the rule and as the 39 listed prohibitions give notice to a licensee, so do the 6 listed actions that the board or department may take (51 *TexReg* 2668 - 2669).

This rule allows that it is applicable to a “license applicant, license holder, or a person engaged in business for which a license is required,” if the person fails one of the 39 listed sanctions (51 *TexReg* 2668-2669). Although the listed sanctions are included within Subchapter D., *General Distinguishing Numbers and In-Transit Licenses*, just as §215.121 in Subchapter C., *Franchised Dealers, Manufacturers, Distributors, and Converters*, applies to a “license applicant, a license holder, or a person engaged in business for which a license is required” (51 *TexReg* 2658 - 2659), clarification is suggested as to which sanctions apply to which license applicant or licensee, especially since a franchised dealer is subject to both Subchapter C and D.

TADA requests subsection (a) be retained for information and understanding by the public, counsel, and licensees. Maintaining subsection (a) will also nullify the expressed concern regarding the alleged orphaned subsection designation.

§215.157. *Issuing Buyer’s License Plates and License Plate Receipts When Internet Not Available.*

Amendments were proposed July 12, 2024, to implement HB 718 by describing the process for a dealer to issue a license plate and a receipt when the internet is unavailable. The proposed amendments were considered to be “necessary for implementation of HB 718 and to maintain the integrity of the license plate database” (49 *TexReg* 5031, 5036).

These 2024 amendments to §215.157 were adopted by the board and published in the November 8, 2024, *Texas Register* (49 *TexReg* 8959, 8976).

In 2026, amendments are again proposed to §215.157. This time, the previously adopted necessary language is proposed for deletion in order “to streamline the text by deleting language that restates the statute and instead references the applicable Transportation Code, §503.0631(d) and 43 TAC §215.156” (51 *TexReg* 2644).

TADA requests that the language proposed for deletion remain in the rule as it explains the actions for a dealer or a governmental agency to take if the internet is unavailable. As is allowed by Transportation Code, §503.0631(d), if a dealer or governmental agency is unable to access the internet at the time of sale, the dealer

documents the issuance of a buyer's license plate or buyer's temporary license plate on a departmental receipt form and enters the information as to the sale in the license plate system not later than the close of the next business day. The buyer's receipt includes a statement that the dealer or governmental agency at the time of sale, was not able to access the internet or license plate system (51 *TexReg* 2675).

Including the process in the rule for a dealer or governmental agency to follow when the internet or license plate system is not available is instructive as well as useful to incorporate in the rule and should not be deleted.

Referencing another rule or a statutory citation in lieu of the required process for a licensee to follow is problematic, especially when a statutory cite is changed by the legislature, which may then cause a regulatory cite to be amended by an agency.

The information was considered necessary in 2024 and remains necessary going forward. TADA requests that the proposed deletion not be adopted as it describes the process to follow when the internet is not available.

§215.159. *License Plate Storage Away from the Licensed Location.*

TADA appreciates Ms. Corrie Thompson, Director, Enforcement Division and Ms. Monique Johnston, Division Director, Motor Vehicle Division, for responding to the dealer's requests for the ability to store, manage, and centralize plate inventory.

TADA supports the proposed rule with respect to license plate storage at a centralized or secondary location.

Subchapter E. Lessors and Lease Facilitators.

§215.175. *Sanctions.*

As with §215.121, §215.141, and §215.500, disclosing the penalties that may be assessed by the board or department gives notice within the rule to those licensees who can be impacted by a regulatory or statutory violation.

The explanation for their deletion is because these actions are stated in statute (51 *TexReg* 2645).

Deleting subsection (a) serves no viable purpose and TADA requests that the allowable actions that may be taken against a lessor or vehicle lease facilitator by the board or department remain in the rule as previously adopted as it provides notice to lessors and lease facilitators (51 *TexReg* 2677).

Subchapter F. Advertising.

§215.244. Definitions.

A new definition is proposed for the statutory “cure” requirement in Occupations Code, §2301.203 in which the TxDMV is required to provide a licensee with a notice of an alleged advertising violation along with an opportunity to “cure” the alleged violation prior to any TxDMV proceeding or liability.

The proposed “cure” definition requires a licensee to agree not to violate an advertising rule that is referenced in the department’s opportunity to cure notice for a two-year period plus action that the department determines is necessary to correct a consumer harm⁵ that is caused by the alleged advertising violation, including a consumer refund (51 *TexReg* 2681).

The “subsequent violation” definition is also proposed to be amended to reference the two-year period in the proposed two-year “cure” definition for notice.⁶

Background

The statutory “cure” in Occupations Code, §2301.203(c) provides:

The board may not file a complaint alleging a violation of this chapter or a board rule relating to advertising until the

⁵ The proposed cure definition discusses “a consumer harm;” however, the harm to competitors is an area that should also be considered by the board or department.

⁶The definition of “subsequent violation” leaves at issue when the two-year period begins to run.

board has notified the license holder involved of the alleged violation and given the license holder an opportunity to cure the violation without further proceedings or liability.

In a 2024 case before the State Office of Administrative Hearings (SOAH), the Presiding Administrative Law Judge (ALJ), dismissed the alleged advertising violation cause of action, *Texas Department of Motor Vehicles v. Classic Autoplex F LLC d/b/a Nissan of Boerne*, SOAH Docket No. 608-24-23923, for lack of jurisdiction, lack of statutory authorization, or failure to state a claim for which relief can be granted (*See* Ftnt. 8, 1 Tex Admin. Code §155.503(d)(1)(A), (B), (D)).

In this case, advertising rules were alleged to be violated, specifically, §215.250(e)⁷ and §215.266(a).⁸ The dealership was sent a notice in 2020 with respect to the dealership's alleged 2018 advertising violations with an opportunity to cure their 2018 advertising.

In March 2024, a Departmental Notice of Decision advising the dealership of enforcement against their February 2024 advertisements was sent.

The TxDMV argued that its 2020 Notice satisfies the TxDMV's prerequisites for statutory authority to enforce all subsequent violations of the same advertising provision, as reflected in its rules, and that the Department has discretion to interpret the statute and issue rules implementing that interpretation.

The Department also asserted that it has no time limit regarding its notice and cure letter as it could authorize enforcement of a subsequent violation as many as 10 years later; however, departmental attorney's practice varies and counsel for the TxDMV indicated a new letter would be sent if the original was from 9 years prior to the advertisement that is the subject of the violation.

⁷43 TAC §215.250(e): "A savings claim or discount offer is prohibited except to advertise a new motor vehicle. No person may advertise a savings claim or discount offer on a used motor vehicle."

⁸43 TAC §215.266(a): "Claims that represent a lowest price, best price, best deal, or similar superlative claims shall not be used in advertising."

The SOAH Order (*see* Attachment 1) provides that a state agency's powers are limited to those expressly granted by statute and necessarily implied to implement the agency's authority. The Occupations Code, §2301.203, allows the Department to go forward with enforcement for an advertising violation—but not until a notification to the licensee of the alleged violation and the licensee has an opportunity to cure the alleged violation without further TxDMV proceedings and liability.

In a similar advertising complaint, the Third Court of Appeals in *Cont'l Imports, Ltd. v. Brunke*, found that the cure statute in §2301.203 requires a separate notice and an opportunity to cure each advertising violation before that particular advertising violation can be included in a complaint from the TxDMV⁹ (*see* Attachment 2).

The *Nissan of Boerne* SOAH Order, referencing *Brunke* and the Court of Appeals, cited cases for the position that courts “do not defer to an agency interpretation when a statute is unambiguous,” quoting *Railroad Comm'n v. Texas Citizens for a Safe Future and Clean Water*, 336 S.W.3d 619, 624, n. 6 (Tex. 2011).

While *Brunke* is not a published opinion, the ALJ concurs with the Court of Appeals that the TxDMV is required to send a separate notice for each advertising violation, each time, and the agency interpretation is not at issue.

The ALJ determined that no notice letter was sent as to the February 2024 advertisements, no opportunity to cure was given, and as a result, the TxDMV cannot bring the enforcement action and subsequently dismissed the case for lack of jurisdiction, lack of statutory authorization, or failure to state a claim for which relief can be granted (1 TAC §155.503(d)(1)(A), (B), (D)). The case was thereafter dismissed from SOAH's docket.

Based upon the *Nissan of Boerne* dismissal and the *Cont'l Imports Ltd. v. Brunke* findings by the Court of Appeals, it is questionable if defining a “cure” as an agreement by a license holder not to violate for a two-year period, an advertising rule

⁹No. 03-10-00719-CV, 2011 WL, 6938439 (Tex. App.—Austin, Dec. 30, 2011, no pet.) (mem. op.).

cited in an opportunity-to-cure notice (51 *TexReg* 2681)¹⁰, that such a work-around negates the required statutory notice and opportunity to cure.

Whether a licensee can agree not to violate an advertising rule for a period of time without the TxDMV complying with Occupations Code, §2301.203(c) which requires a notice and an opportunity to cure the violation without any further proceeding or liability, is problematic, especially as the statute is unambiguous.

§215.264. *Payment Disclosures–Vehicle Lease.*

Federal Regulation M, 12 C.F.R. §213.7(f), (*see* Attachment 3) provides for alternative disclosures for a television or radio advertisement that directs the consumer to a written advertisement in a publication of general circulation in the community, including the name and date of the publication with a statement of required disclosures which is published at least 3 days before and ending at least 10 days after the broadcast.

The Regulation M alternative disclosure which is partially set forth in the current rule is, in part, proposed to be deleted (51 *TexReg* 2682).

Although the vehicle lease payment disclosure advertising rule is challenging to follow and may need to be modernized, TADA requests that any amendment to §215.264 track the required federal Regulation M advertising disclosures so that a licensee is compliant with both state and federal consumer lease advertising and is given the available alternative disclosures as provided in Regulation M.

§215.270. *Enforcement.*

The proposed amendments to the Enforcement rule are considered to streamline, improve readability, and modernize the methods to contact a licensee. Deletions are also proposed to be consistent with the proposed definitions for a “cure”

¹⁰ §214.244(6) Cure—a license holder’s agreement to not [sic] violate for a two-year period an advertising rule cited in a department opportunity-to-cure notice, and if applicable, any action necessary to correct a consumer harm caused by the alleged advertising violation, such as issuing a consumer refund.

and a “subsequent violation.” Also proposed for deletion is the provision to require a retraction to be printed in a local newspaper. The TxDMV now considers a retraction to be ineffective or inefficient for public notice (51 *TexReg* 2646).

As discussed above, the proposed “cure” definition seeks to hold a licensee to a two-year agreement not to violate an advertising rule in an opportunity to cure notice and any action that the department deems necessary to correct a consumer harm that is caused by the alleged advertising violation (51 *TexReg* 2681).

Statutorily, Occupations Code, §2301.203, provides that a licensee is to be notified of a violation of “this chapter” or a “board rule” relating to advertising and no complaint alleging a violation may be filed until notification to the licensee and an opportunity to cure the violation is given without further proceedings or liability.

It remains questionable if the TxDMV requirement of notice and an opportunity to cure an alleged violation can be circumvented by defining a cure as a two-year agreement not to violate an advertising rule cited in an opportunity-to-cure notice.

The legislature did not limit the required notice and cure to a period of time, although it could have included a limitation in the 1997 statute.

Another concern is the proposed language in subsection (a)(2) allowing the TxDMV to file a Notice of Department Decision against a licensee if the notification of an opportunity to cure is emailed and sent by certified mail and the licensee did not “timely” respond or agree to the “cure agreement.”

When is a licensee “timely” or “not timely” in responding to the notice—72 hours or 1 week from the receipt of the email or the certified mail by the licensee or is another time period to be “timely” or “not timely”?

The proposal deletes “committed a subsequent violation of the same advertising provision” in subsection (a)(2)(B) (51 *TexReg* 2682); however, “subsequent violation” is amended as a licensee’s violation of the same advertising rule cited in an opportunity to cure notice within a two-year period (§215.244 (18) (51 *TexReg* 2682).

Prior to adopting the proposal, TADA continues its concerns as to the validity and compliance of a two-year cure agreement under Occupations Code, §2301.203 as the statute “is unambiguously clear that the Department must send a separate notice for each advertising violation, each time, and there is no room for agency interpretation.”¹¹

Subchapter G. Administrative Sanctions.

§215.500. *Administrative Sanctions.*

The previously listed administrative sanctions, i.e., denial of an application for a license; suspension of a license; revocation of a license; the imposition of civil penalties; or a refund under §215.504 of this title (relating to Buyer or Lessee Refund), are proposed for deletion (51 *TexReg* 2683).

In lieu of listing the available penalties, the proposed amendment to the rule would reference that an administrative sanction may include one or more penalties under Occupations Code, Chapter 2301 or Transportation Code, Chapter 503, including a refund under §215.504 (51 *TexReg* 2683).

The explanation for no longer listing the available administrative sanctions is because the listed penalties or sanctions duplicate language that is found in statute or this proposed rule (51 *TexReg* 2646).

It is preferable to give a licensee notice of a potential penalty that the licensee may be subject to versus listing the statutory references where a penalty can be located, such as the Occupations Code, Chapter 2301 or Transportation Code, Chapter 503, or this proposed rule.

Including a statutory reference in a rule may also cause future rule amendments as the legislature may amend the statute or change the citation.

¹¹*Texas Department of Motor Vehicles v. Classic Autoplex F LLC d/b/a Nissan of Boerne*, Order Dismissing Case, SOAH Docket No. 608-24-23923, at 3, citing *Cont'l Imports, Ltd. v. Brunke*.

TADA requests that the current listing of potential administrative sanctions remain in the rule for notice and an understanding of a potential penalty, which may also serve as a deterrent.

Not every licensee is able to find the statutory administrative penalty by searching the Occupations Code, Chapter 2301 or Transportation Code, Chapter 503 or reviewing agency rules. Deleting the list of potential penalties or sanctions does not give adequate notice nor serve the license holders.

Summary

TADA supports the following proposals for adoption as published in the April 24, 2026, *Texas Register*:

SUBCHAPTER D. GENERAL DISTINGUISHING NUMBERS AND IN-TRANSIT LICENSES

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

§215.140(a)(3)(B)—amendment allowing a retail dealer to permanently affix or etch a business sign on an exterior window, wall, or door;

§215.140(a)(4)(A)(ii)—amendment allowing a wholesale motor vehicle dealer to permanently affix or etch a sign on an exterior window, wall, or door;

§215.140(b)(3)(B)—amendment allowing a wholesale motor vehicle auction GDN holder to display a business sign permanently affixed or etched on an exterior window, wall, or door;

§215.140(a)(5)(F)—amendment requiring plate delivery to a dealer's licensed location or other physical location listed in the dealer's license record and approved by the department.

§215.159. *License Plate Storage Away from the Licensed Location.*

A new rule allowing a dealer with two or more licensed locations to store and manage plate inventory from another location if the plate storage satisfies the department's stated requirements.

TADA requests the following proposals not go forward for adoption as drafted and published in the April 24, 2026, *Texas Register*:

SUBCHAPTER B. LICENSES, GENERALLY

§215.84. *Brokering, New Motor Vehicles.*

Proposed for deletion is subsection (a),¹² previously adopted by the Board and published in the April 26, 2024, *Texas Register*.

This subsection gives context to the broker prohibition.

§215.85. *Brokering, Used Motor Vehicles.*

Proposed for deletion is language adopted in 2024. The explanation for the amendment, as adopted by the Board and published in the April 26, 2024, *Texas Register*, “for clarity” remains today and TADA requests that the language not be deleted.

SUBCHAPTER C. FRANCHISED DEALERS, MANUFACTURERS, DISTRIBUTORS, AND CONVERTERS

§215.101. *Purpose and Scope.*

Proposed for repeal (51 *TexReg* 2638, 2654), are the license types, as included in the rule in 2024 for clarity and adopted by the Board in the April, 26, 2024, *Texas Register* (49 *TexReg* 2707).

TADA requests the rule remain as adopted in 2024.

§215.105. *Notification of License Application; Protest Requirements.*

The proposed language does not change the meaning of the statute (51 *TexReg* 2641); therefore, TADA requests that the current rule not be amended.

§215.107. *Sale or Transfer of a Line-Make.*

A proposed new rule. The purpose for subsection (a) is to describe licensing requirements for a manufacturer or distributor with respect to a sale, a license, or a transfer of a line-make to another, with application information listed in subsection (b) (51 *TexReg* 2641, 2656).

TADA requests the rule not be adopted as proposed.

If adopted, TADA requests the board to amend subsection (a) to delete “licenses” and amend (b)(3) to “identify the person responsible for warranty payment to the franchised dealer . . .” for clarity.

¹²Previously adopted in 2024 and in 2026, proposed for deletion: “(a) Unless excluded from the definition of ‘Broker’ in Occupations Code, §2301.002, a person may not act, offer to act, or claim to be a broker.”

§215.108. *Addition or Relocation of Line-Make.*

Adopted with amendments in 2024 (48 *TexReg* 8205, 8224, proposed; 49 *TexReg* 2705, 2708, adopted).

TADA requests that the proposal not be amended and that the rule remain in its current form for continuity (51 *TexReg* 2641, 2656 - 2657).

§215.114. *Sale of a Vehicle by a Manufacturer or Distributor at a Wholesale Motor Vehicle Auction.*

Without changing the rule's content, the proposed amendment is said to modernize, simplify, and improve readability (51 *TexReg* 2641, 2657-2658).

TADA requests the rule not be amended as the department rules should be reliable, permanent, and stable for licensees who are subject to the rules.

§215.120. *Standard License Plates.*

The proposal deletes the "manufacturer or converter" language when discussing "standard license plates" (51 *TexReg* 2641, 2658).

TADA requests the rule as proposed not be adopted. Maintaining the clarifying "manufacturer or converter" plate description should remain in the rule to avoid confusion.

§215.121. *Sanctions.*

Previous explanations for the proposal stated it applied to a manufacturer, distributor, or converter; however, the rule states a sanction may be lodged against a license applicant, a license holder, or a person engaged in business for which a license is required; the rule is in the Subchapter that includes franchised dealers, manufacturers, distributors, and converters.

TADA requests that the rule identify the licensees that are subject to the rule as well as retaining the list of penalty types that are proposed for deletion so that a licensee is aware of the penalties that may be assessed.

SUBCHAPTER D. GENERAL DISTINGUISHING NUMBERS AND IN-TRANSIT LICENSES.**§215.133. *GDN Application Requirements for a Dealer or a Wholesale Motor Vehicle Auction.***

TADA requests that subsections (a) and (b) remain as adopted by the board in 2024 for clarity.

§215.134. *Requirement for a Drive-a-way Operator In-Transit License.*

TADA requests that subsection (a) not be deleted. In 2023, the subsection was explained as "necessary" (48 *TexReg* 8206, proposed; 49 *TexReg* 2710,

adopted) because it gives notice of the necessity to obtain a license for certain licenses. As such, the language should not be deleted.

§215.137. *Surety Bond.*

Subsection (f), proposed for deletion, gives notice to those licensees not required to obtain surety bond (51 *TexReg* 2642, 2664).

TADA requests the rule remain in its current composition.

§215.141. *Sanctions.*

TADA requests the listed actions that the board or department may take in subsection (a) for a violation of one of the 39 listed prohibitions, be retained for notice purposes (51 *TexReg* 2668-2669) and that the rule state which licensees are subject to the rule in lieu of “a license applicant, a license holder, or a person engaged in business for which a license is required” (51 *TexReg* 2668).

§215.157. *Issuing Buyer’s License Plates and License Plate Receipts When Internet Not Available.*

Previously adopted language in 2024 which was considered necessary, is proposed for deletion in 2026 (49 *TexReg* 5036, 5061, proposed; 49 *TexReg* 8976, adopted).

TADA requests that the previously adopted language remain and not be deleted as it describes the process to follow when the internet is not available (51 *TexReg* 2644, 2675).

SUBCHAPTER E. LESSORS AND LEASE FACILITATORS.

§215.175. *Sanctions.*

As with previous rules regarding sanctions that propose to delete the penalties the board or department may assess, specifically, §215.121, §215.141, and §215.500, TADA requests the allowable penalties to remain for notice to licensees and counsel and requests subsection (a) remain and not be deleted.

SUBCHAPTER F. ADVERTISING.

§215.244. *Definitions.*

A definition for “cure” is proposed in §215.244(6) and “subsequent violation” in §215.244(18) is proposed to be amended based upon the proposed “cure” definition (51 *TexReg* 2645, 2681 - 2682).

As the proposed definition for “cure” does not follow the statute, specifically, Occupations Code §2301.203, or the cases that have interpreted the statute, *Cont’l Imports, Ltd. v. Brunke* and *Texas Department of Motor Vehicles v.*

Classic Autoplex F LLC d/b/a Nissan of Boerne, the proposal should not go forward. The statute is unambiguous and requires a notice and an opportunity to cure each alleged violation without further TxDMV proceedings; thus, the proposed definitions should not be adopted.

§215.264. *Payment Disclosures—Vehicle Lease.*

As dealers are required to follow the federal adopted lease disclosures in Federal Regulation M, 12 C.F.R. §213.7(f), TADA requests that the state's vehicle lease advertising payment disclosures track the federal rule for consistency (51 *TexReg* 2682).

§215.270. *Enforcement.*

Proposed language regarding the “cure” is requested to be deleted in that the new proposed “cure” definition in §215.244 is outside of the board's authority as it is not compliant with either the statute, Occupations Code 2301.203(c) or subsequent decisions.

SUBCHAPTER G. ADMINISTRATIVE SANCTIONS.

§215.500. *Administrative Sanctions.*

TADA requests that the listed penalties remain in the rule for administrative notice (51 *TexReg* 2683).

For continuity, constancy, and notice, an agency's adopted rules should remain fixed unless a statutory or court decision requires an amendment or an explication is needed. The rule proposals adopted by the board in 2024 are comprehensible and without a well-defined need for amendment, should remain as adopted by the board in 2024.

Sincerely,



Karen Phillips
General Counsel/EVP

ATTACHMENT 1

Texas Department of Motor Vehicles v. Classic Autoplex F LLC d/b/a Nissan of Boerne, Order Dismissing Case

ATTACHMENT 2

Cont'l Imiports, Ltd. v. Brunke, (2011 Tex. App. LEXIS 10242)

ATTACHMENT 3

Federal Regulation M, 12 C.F.R. §213.7(f)

ATTACHMENT 1

SOAH Docket No. 608-24-23923**Suffix: ENF**

**BEFORE THE
STATE OFFICE OF ADMINISTRATIVE
HEARINGS**

**TEXAS DEPARTMENT OF MOTOR VEHICLES,
PETITIONER
V.
CLASSIC AUTOPLEX F LLC D/B/A NISSAN OF BOERNE,
RESPONDENT**

ORDER DISMISSING CASE

On October 2, 2024, Classic Autoplex F LLC d/b/a Nissan of Boerne (Respondent) filed a Motion to Dismiss (Motion) for lack of jurisdiction, lack of statutory authorization, and failure to state a claim upon which relief may be granted. The Texas Department of Motor Vehicles (Department) responded to the Motion on October 4, 2024 (Response); and Respondent replied in support of the Motion on October 7, 2024. On October 10, 2024, the Administrative Law Judge convened a preliminary hearing and heard argument on the Motion.

This is an enforcement case alleging violations of advertising rules found at 43 Texas Administrative Code (TAC) sections 215.250(e) and 215.266(a), as reflected in Respondent's February 2024 advertisements. In 2020, the Department sent Respondent a letter (2020 Notice) giving notice and an opportunity to cure violations of those TAC sections and attaching Respondent's 2018 advertisements. In March 2024, the Department sent a Notice of Decision advising Respondent of its enforcement against Respondent's February 2024 advertisements. Respondent's position is that the Department had to send a new notice letter and provide an opportunity to cure, specifically as to the February 2024 advertisements.

The Department's position is that the 2020 Notice satisfies the agency's prerequisites for statutory authority to enforce *all subsequent violations of the same advertising provisions*.¹ The Department argues that this interpretation is reflected in its rules, and that it has discretion to interpret the statute and issue rules implementing that interpretation.²

The powers of a state agency are limited to those expressly granted by statute and necessarily implied to implement that authority.³ Texas Occupations Code section 2301.203 (Section 2301.203) grants the Department authority to

¹ Counsel for the Department stated that there is no time limit to the efficacy of such a "notice/cure letter"—allowing that it could authorize enforcement of subsequent violations as many as ten years later—although she also noted that Department attorneys' practice varies and she would probably send a new letter if the original was from nine years prior to the advertisements in question.

² Response at 7-8 (referencing 43 Tex. Admin. Code § 215.270 and citing *Tex. Comm'n on Envtl. Quality v. Maverick Cnty.*, 642 S.W.3d 537, 540 (Tex. 2022), reh'g denied (Apr. 22, 2022)).

³ See *Tex. Mun. Power Agency v. Pub. Util. Comm'n of Tex.*, 253 S.W.3d 184, 192-93 (Tex. 2007).

initiate enforcement proceedings regarding violations of motor vehicle advertising rules, but not until it “has notified the license holder involved of the alleged violation and given the license holder an opportunity to cure the violation without further proceedings or liability.”⁴

Facing an almost identical fact pattern calling for interpretation of Section 2301.203, the Third Court of Appeals found: “This language unambiguously requires separate notice and an opportunity to cure each advertising violation before that particular advertising violation can be included in any complaint filed by the Enforcement Section.”⁵ The court concluded that the agency “was not authorized to include in its complaint counts related to advertising violations for which it did not give . . . notice and an opportunity to cure.”⁶ Moreover, citing a string of cases, the court noted that courts “do not defer to an agency interpretation when a statute is unambiguous.”⁷

Although *Brunke* is an unpublished opinion and, therefore, not precedent, the ALJ agrees with the court’s finding that Section 2301.203 is unambiguously clear that the Department must send separate notice for each advertising violation, each time, and there is no room for agency interpretation. Here, no notice letter

⁴ Tex. Occ. Code § 2301.203(c).

⁵ *Cont’l Imports, Ltd. v. Brunke*, No. 03-10-00719-CV, 2011 WL 6938489, at *8 (Tex. App.—Austin, Dec. 30, 2011, no pet.) (mem. op.). *Brunke* arose from enforcement of the motor vehicle advertising rules by the Department’s predecessor agency, the Motor Vehicle Division of the Texas Department of Transportation.

⁶ *Brunke*, No. 03-10-00719-CV, 2011 WL 6938489, at *8.

⁷ *Railroad Comm’n v. Texas Citizens for a Safe Future and Clean Water*, 336 S.W.3d 619, 624, n. 6 (Tex. 2011).

was sent regarding Respondent's February 2024 advertisements, and Respondent was given no opportunity to cure them; therefore, the Department is not authorized to bring this enforcement.

The procedural rules of the State Office of Administrative Hearings (SOAH) allow the ALJ to dismiss a case for lack of jurisdiction, lack of statutory authorization, or failure to state a claim for which relief can be granted.⁸ Accordingly, the Motion is **GRANTED** and this case is **DISMISSED** from SOAH's docket.

Signed October 11, 2024.

Heath Hunter

Heather D. Hunziker

Presiding Administrative Law Judge - 42-111-1

⁸ 1 Tex. Admin. Code § 155.503(d)(1)(A), (B), (D).

ATTACHMENT 2



Neutral

As of: February 12, 2025 8:51 PM Z

Cont'l Imps., Ltd. v. Brunke

Court of Appeals of Texas, Third District, Austin

December 30, 2011, Filed

NO. 03-10-00719-CV

Reporter

2011 Tex. App. LEXIS 10242 *; 2011 WL 6938489

Continental Imports, Ltd. d/b/a Mercedes Benz of Austin, Appellant v. L. David Brunke in his Official Capacity as Acting Director of The Motor Vehicle Division of the Texas Department of Transportation, and The Motor Vehicle Division of the Texas Department of Transportation, Appellees

Subsequent History: Petition for review denied by [Castanuela v. Cont'l Imps., 2013 Tex. LEXIS 299 \(Tex., Apr. 19, 2013\)](#)

Prior History: [*1] FROM THE DISTRICT COURT OF TRAVIS COUNTY, 345TH JUDICIAL DISTRICT. NO. D-1-GN-07-000508, HONORABLE LORA J. LIVINGSTON, JUDGE PRESIDING.

Core Terms

advertising, counts, violations, notice, assumed name, retraction, opportunity to cure, alleged violation, license holder, dealer, misleading, notified, civil penalty, deceptive, material misrepresentation, license renewal, motor vehicle, omissions, name change, dealership, license, further proceedings, amended petition, final order, contends, reviewing court, rule violation, affirming, cure, substantial evidence

Case Summary

Procedural Posture

Appellant licensee sought review of a

judgment from the District Court of Travis County, 345th Judicial District (Texas), which affirmed an order from appellee, the Motor Vehicle Division of the Texas Department of Transportation, finding that the licensee had engaged in false, misleading, or deceptive conduct; directing the licensee to publish a retraction; and assessing civil penalties.

Overview

The licensee placed advertisements for its auto dealership using assumed names. The agency had not authorized the licensee to use those names. The court held that the agency could order a retraction pursuant to its general powers as set forth in [Tex. Occ. Code Ann. § 2301.153\(a\)\(20\)\(b\)](#) (2004), even though it did not cite [§ 2301.153](#) as its legal basis. Thus, it was immaterial whether the agency could order a retraction pursuant to [Tex. Occ. Code Ann. § 2301.203\(c\)](#) (2004) and former 16 Tex. Admin. Code § 105.32(c) after the proceedings had gone beyond the pre-complaint cure procedure. Moreover, [Tex. Gov't Code Ann. § 2001.052\(a\)\(3\)](#) (2008) did not require that the notice of hearing identify the specific provision authorizing the penalty imposed. The licensee's failure to report the assumed names in its license renewal applications was an omission and, as such, was not a material misrepresentation under [Tex. Occ. Code Ann. § 2301.651\(a\)\(2\)](#) (Supp. 2011). Lack of notice and opportunity to cure the advertising violations under [§ 2301.203\(c\)](#) precluded civil

2011 Tex. App. LEXIS 10242, *1

penalties as to advertising violations. There was substantial evidence that the advertisements caused confusion and were misleading.

Outcome

The court reversed the judgment of the trial court and remanded to the agency for further proceedings.

LexisNexis® Headnotes

Administrative Law > Judicial
Review > Standards of
Review > Substantial Evidence

Governments > State & Territorial
Governments > Licenses

[HN1\[↓\]](#) Standards of Review, Substantial Evidence

[Tex. Occ. Code Ann. § 2301.751](#) (2004) provides that judicial review of orders from the Motor Vehicle Division of the Texas Department of Transportation is conducted under the substantial evidence rule as set forth in [Tex. Gov't Code Ann. § 2001.174](#) (2008).

Administrative Law > Judicial
Review > Standards of Review > General
Overview

[HN2\[↓\]](#) Judicial Review, Standards of Review

In a suit for judicial review of an agency order pursuant to the Texas Administrative Procedure Act, a reviewing court may affirm the agency decision in whole or in part, and must reverse or remand the case for further proceedings if substantial rights of the

appellant have been prejudiced because the administrative findings, inferences, conclusions, or decisions are: (A) in violation of a constitutional or statutory provision; (B) in excess of the agency's statutory authority; (C) made through unlawful procedure; (D) affected by other error of law; (E) not reasonably supported by substantial evidence considering the reliable and probative evidence in the record as a whole; or (F) arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion. [Tex. Gov't Code Ann. § 2001.174\(1\), \(2\)](#) (2008). Pursuant to [§ 2001.174\(2\)](#), if the reviewing court finds any of the six categories of error listed and determines that such error prejudiced the substantial rights of the party seeking review, the court must reverse and/or remand the case for further proceedings.

Governments > State & Territorial
Governments > Licenses

[HN3\[↓\]](#) State & Territorial Governments, Licenses

See [Tex. Occ. Code Ann. § 2301.203\(c\)](#) (2004).

Governments > State & Territorial
Governments > Licenses

[HN4\[↓\]](#) State & Territorial Governments, Licenses

Former 16 Tex. Admin. Code § 105.32(c) provided that as part of the cure procedure, the Texas Motor Vehicle Board may require a licensee, who allegedly violated an advertising provision, to publish a retraction notice to effect an adequate cure of the alleged violation.

2011 Tex. App. LEXIS 10242, *1

Governments > State & Territorial
Governments > Licenses

[HN5](#) [↓] State & Territorial Governments, Licenses

See [Tex. Occ. Code Ann. § 2301.153\(a\)\(20\)\(b\)](#) (2004).

Administrative Law > Judicial
Review > Standards of Review > General
Overview

[HN6](#) [↓] Judicial Review, Standards of Review

A reviewing court is obligated to sustain an agency order on any legal basis shown in the record.

Administrative Law > ... > Hearings > Right
to Hearing > General Overview

[HN7](#) [↓] Hearings, Right to Hearing

[Tex. Gov't Code Ann. § 2001.052\(a\)\(3\)](#) (2008) requires that a notice of hearing in a contested case include, among other things, a reference to the particular sections of the statutes and rules involved. Nothing in the statute, however, requires the agency to notify a party to a contested-case hearing of the specific penalty it will impose in the event it finds a violation of a statute or rule or to apprise it of the agency's general powers. Rather, the purpose of the notice is to provide the party to a contested-case hearing with an opportunity to respond and present evidence and argument on each issue in the case by informing it of which statutes or rules it contends the party violated. [Tex. Gov't Code Ann. § 2001.051\(2\)](#).

Governments > State & Territorial

Governments > Licenses

[HN8](#) [↓] State & Territorial Governments, Licenses

See [Tex. Occ. Code Ann. § 2301.651\(a\)\(2\)](#) (Supp. 2011).

Administrative Law > Judicial
Review > Standards of Review > De Novo
Standard of Review

Governments > Legislation > Interpretation

[HN9](#) [↓] Standards of Review, De Novo Standard of Review

The construction of a statute is a question of law that is reviewed de novo.

Governments > Legislation > Interpretation

[HN10](#) [↓] Legislation, Interpretation

The primary objective of courts in construing statutes is to give effect to the legislature's intent. The plain meaning of the text is the best expression of legislative intent unless a different meaning is supplied by legislative definition or is apparent from the context, or unless the plain meaning would lead to absurd or nonsensical results that the legislature could not have intended. A court looks to the entire act in determining the legislature's intent with respect to a specific provision.

Governments > Legislation > Interpretation

[HN11](#) [↓] Legislation, Interpretation

A court should strictly construe a statute imposing a penalty and construe it against those seeking to impose the penalty and in favor of those on whom such penalties would

2011 Tex. App. LEXIS 10242, *1

be imposed.

Administrative Law > Judicial
Review > Standards of
Review > Deference to Agency Statutory
Interpretation

[HN12](#) [↓] **Standards of Review, Deference to Agency Statutory Interpretation**

When a statute is ambiguous, a court is required to give serious consideration to the construction of the statute by the administrative agency charged with its enforcement and uphold the agency's interpretation if it is reasonable. A court does not defer to an agency interpretation when a statute is unambiguous. Courts also do not defer to administrative interpretation in regard to questions which do not lie within administrative expertise, or which deal with a nontechnical question of law.

Governments > State & Territorial
Governments > Licenses

[HN13](#) [↓] **State & Territorial Governments, Licenses**

The material misrepresentation prohibited by Tex. Occ. Code Ann. § 2305.651(a)(2) (Supp. 2011) does not encompass an omission or failure to disclose.

Governments > State & Territorial
Governments > Licenses

[HN14](#) [↓] **State & Territorial Governments, Licenses**

[Tex. Occ. Code Ann. § 2301.203\(c\)](#) (2004) plainly states that the Texas Motor Vehicle Board may not file a complaint alleging a

violation relating to advertising until the Board has notified the license holder of the alleged violation and given the license holder an opportunity to cure the violation without further proceedings or liability. This language unambiguously requires separate notice and an opportunity to cure each advertising violation before that particular advertising violation can be included in any complaint filed by the Enforcement Section of the Motor Vehicle Division of the Texas Department of Transportation.

Governments > Legislation > Interpretation

[HN15](#) [↓] **Legislation, Interpretation**

A court may not rewrite a statute under the guise of construing it.

Governments > State & Territorial
Governments > Licenses

[HN16](#) [↓] **State & Territorial Governments, Licenses**

Former [16 Tex. Admin. Code § 111.11\(a\)\(7\)](#) provided that the Director of the Texas Motor Vehicle Board may deny, revoke or suspend a dealer's license (general distinguishing number) or assess civil penalties if that dealer fails to notify the Board of a dealer's name change or ownership within 10 days after such change.

Administrative Law > Judicial
Review > Standards of
Review > Substantial Evidence

[HN17](#) [↓] **Standards of Review, Substantial Evidence**

Under substantial evidence review of fact-

2011 Tex. App. LEXIS 10242, *1

based determinations, the issue for the reviewing court is not whether the agency's decision was correct, but only whether the record demonstrates some reasonable basis for the agency's action. The evidence in the record may even preponderate against the decision of the agency and nonetheless amount to substantial evidence.

Counsel: For Appellant: Mr. J. Bruce Bennett, Cardwell, Hart & Bennett, LLP, Austin, TX; Mr. William R. Crocker, Austin, TX.

For Appellee: Ms. Laura E. Miles-Valdez, Assistant Attorney General, Open Records Litigation & Administrative Law Division, Austin, TX; Ms. Linda B. Secord, Assistant Attorney General, Environmental Protection & Administrative Law Division, Austin, TX.

Judges: Before Chief Justice Jones, Justices Pemberton and Henson.

Opinion by: J. Woodfin Jones

Opinion

MEMORANDUM OPINION

Continental Imports, Ltd. d/b/a Mercedes Benz of Austin ("Continental") appeals the trial court's order affirming a final order issued by the Motor Vehicle Division of the Texas Department of Transportation ("the Division"). The Division's final order found that Continental (1) engaged in false, deceptive, unfair, or misleading advertising; (2) failed to notify the Division of a name change; (3) failed to report to the Division the use of assumed names in two of its license renewal applications; and (4) made material misrepresentations in two of its license renewal applications. See [Tex. Occ. Code Ann. § 2301.651\(a\)\(2\)](#) (West Supp. 2011) (board may reprimand license holder that

makes material misrepresentation in any application); 16 Tex. Admin. Code §§ 105.2 (2004) (Tex. Motor Vehicle Bd., General Prohibition) (person advertising motor vehicles shall not use false, deceptive, unfair, or misleading advertising), 111.3(d) (2004) (Tex. Motor Vehicle Bd., General [*2] Distinguishing Number) (dealer must record assumed name of legal entity on application for general distinguishing number), 111.11(a)(7) (2004) (Tex. Motor Vehicle Bd., Sanctions) (civil penalties may be assessed against dealer who fails to notify board of dealer's name change).¹ The final order imposed \$76,000 in civil penalties and directed Continental to publish a specific retraction in the automobile advertising section of the Austin American Statesman. We will sustain some of Continental's appellate issues and overrule others, reverse the trial court's judgment, and remand the case to the agency for further proceedings consistent with this opinion.

BACKGROUND

Continental has for many years been a franchised Mercedes-Benz dealer licensed by the Division to do business as both "Mercedes-Benz of Austin" and "Continental Cars."² Continental operates its dealership from its

¹After the contested-case hearing in this case, the Division's rules were recodified in the Texas Administrative Code. The provisions of former rule 105.2 are now found in [43 Tex. Admin. Code § 215.242 \(2011\)](#) (Tex. Dep't of Motor Vehicles, General Prohibition). The provisions of former rule 111.3(d) are now found in [43 Tex. Admin. Code § 215.133\(d\) \(2011\)](#) (Tex. Dep't of Motor Vehicles, General Distinguishing Number). The provisions of former rule 111.11(a)(7) are now found in [43 Tex. Admin. Code § 215.141\(a\)\(7\) \(2011\)](#) (Tex. Dep't of Motor [*3] Vehicles, Sanctions). Because the Administrative Law Judge's proposal for decision and the Division's final order refer to the former rules, for clarity we will do the same in this opinion.

²The recitations of fact in this section are derived primarily from unchallenged [*5] findings of fact adopted by the Division in its final order.

2011 Tex. App. LEXIS 10242, *5

licensed location at 6757 Airport Boulevard in Austin. In February 2002, Continental filed with the Texas Secretary of State a set of assumed name certificates, including "Mercedes-Benz of Georgetown" and "Georgetown Mercedes-Benz." In March 2002, Continental filed a second set of assumed name certificates that included "Mercedes-Benz of Georgetown & Round Rock" and "Round Rock & Georgetown Mercedes-Benz." Previously, in July 2001, Continental had filed for the assumed name certificate "Mercedes-Benz of Round Rock." Continental had not obtained approval from Mercedes-Benz USA for use of any of these assumed names. After filing the assumed name certificates, Continental placed advertisements in the December 2002 issue of SBC's Smart Yellow Pages and Business White Pages for the [*4] Greater Austin 5-County Metro Area using the names "Mercedes-Benz of Georgetown" and "Mercedes-Benz of Round Rock." Calls made to the telephone numbers listed for each of the names used were automatically forwarded to and answered at "Mercedes-Benz of Austin." The address listed for the telephone book listings and advertisements that Continental placed for "Mercedes-Benz of Georgetown" and "Mercedes-Benz of Round Rock" was 6757 Airport Boulevard in Austin. Continental placed similar advertisements in the July 2003 issue of SBC's Smart Yellow Pages for the Austin Northwest Suburban area and the December 2003 issue of SBC's Smart Yellow Pages and White Business Pages for the Greater Austin 5-County Metro Area. The advertisements appeared in additional telephone book publications in 2003 and 2004. Continental did not have permission from Mercedes-Benz USA to place the advertisements or telephone listings, nor was it authorized to do so by Garlyn Shelton, the owner of the dealership that in February 2002 received approval from Mercedes-Benz USA to operate as a franchised dealership in the

Georgetown area.³

In May 2004, Shelton filed a complaint with the Division's Enforcement Section to report problems with the names and telephone numbers Continental was using. Thereafter, the Enforcement Section's Chief Investigator met with Bryan Hardeman, Continental's owner and dealer operator, to inform him that the advertisements appearing in the Yellow Pages and the Business White Pages were in violation of the Division's advertising rules. On June 7, 2004, the Enforcement Section sent Continental a letter notifying it of two alleged violations of Division [*6] rule 105.2⁴ as follows:

1. Representing that Mercedes Benz of Georgetown, telephone number 868-8630, and Mercedes Benz of Round Rock, telephone number 828-3274, are authorized Mercedes Benz dealers located at 6757 Airport Blvd., Austin, TX when in fact only Continental Imports Ltd d/b/a Mercedes Benz of Austin d/b/a Continental Cars is licensed by the Board for the sale of motor vehicles at 6757 Airport Blvd.,

³ In February 2002, Shelton received approval from Mercedes-Benz USA to relocate from Temple to Georgetown, and he began construction of the Georgetown dealership in June 2003. Although Shelton reserved a telephone number for the new dealership in January 2004, Mercedes-Benz USA would not allow him to place an advertisement in the telephone book until the dealership was operational. Thus, the only listings for a Mercedes-Benz dealership in the Georgetown area were those placed by Continental, and all calls to those listings were forwarded to Continental's dealership located in Austin.

⁴ Rule 105.2 provides:

A person advertising motor vehicles shall not use false, deceptive, unfair, or misleading advertising. In addition to a violation of a specific advertising rule, any other advertising or advertising practices found by the Board to be false, deceptive, or misleading, whether or not enumerated herein, shall be deemed violations of the [Texas Occupations] Code, and shall also be considered violations of the general prohibition.

16 Tex. Admin. Code § 105.2 (2004) (Tex. Motor Vehicle Bd., General [*8] Prohibition).

2011 Tex. App. LEXIS 10242, *8

Austin, TX in violation of 16 TAC § 105.2.

2. Representing that Mercedes Benz of Austin, telephone number 868-8630 is located at 201 E[.] 10th St, Georgetown, TX when in fact Mercedes Benz of Austin is licensed by the Board for the sale of motor vehicles only at 6757 Airport Blvd., Austin, TX in violation of 16 TAC § 105.2.

The letter stated that the advertisements at issue had been published in the July 2003 issue of the SBC Austin Northwest Suburban telephone directory and the December 2003 SBC Greater Austin 5-County Metro Area telephone directory. The letter stated that its purpose was to give Continental notice of the violations and afford it an opportunity to cure them. See [Tex. Occ. Code Ann. § 2301.203\(c\)](#) (West 2004) (board may not file complaint alleging violation of board [*7] rule relating to advertising until board has notified license holder of alleged violation and given license holder "an opportunity to cure the violation without further proceedings or liability"). The letter also instructed Continental to respond in writing within 15 days to show that it "had received and understood" the letter and to "detail the affirmative steps" it was taking to cure the violation. The letter informed Continental that "[f]ailure to respond within this time period will be taken as a refusal to cure the violation, and a formal complaint will issue." The letter did not, however, specify any particular means by which Continental was to cure the asserted violations.

Continental did not respond to the letter in writing as instructed. Continental contends, however, that it responded to the notice by canceling the advertisements in July 2004 and by having the telephone numbers disconnected in August 2004. The cancellation, however, was too late to prevent the advertisements from appearing in the July 2004 and December 2004 issues of SBC's Smart Yellow Pages and Business White

Pages. Thereafter, in August 2004, the Enforcement Section filed with the agency a complaint alleging that Continental had violated rule 105.2 and seeking civil penalties and suspension or revocation of Continental's license. As exhibits to the petition, the Enforcement Section attached copies of the advertisements that appeared in the July 2003 and December 2003 telephone directories.

The case was ultimately tried on the Enforcement Section's fourth amended petition, which alleged 27 counts of acts and practices the Enforcement Section contended violated various provisions of the occupations code and the Division's rules. These included 15 counts related to advertisements in telephone directories, three counts related to internet advertising, two counts related [*9] to Continental's alleged failure to notify the Division of a name change, six counts related to Continental's alleged failure to notify the Division of assumed names in its license renewal applications, and one count related to violation of the Texas Deceptive Trade Practices Act.

After a contested-case hearing, the Administrative Law Judge (ALJ) issued a Proposal for Decision (PFD) that concluded that Continental committed five violations of rule 105.2 (alleged in counts 3, 4, 5, 8, and 9), two violations of rule 111.11(a)(7) (alleged in counts 19 and 20), four violations of rule 111.3(d) (alleged in counts 22, 23, 25, and 26), and two violations of [occupations code section 2301.651\(a\)\(2\)](#) (alleged in counts 25 and 26). The ALJ recommended that the Division assess civil penalties of \$76,000 and that Continental be ordered to publish a one-quarter page retraction in the automobile advertising section of the Austin American Statesman newspaper for three days. Subsequently, the Division's Acting Director signed a final order adopting the PFD in its entirety, including the ALJ's findings of fact and

conclusions of law. As recommended by the ALJ, the final order assessed \$76,000 in civil [*10] penalties and ordered Continental to publish a retraction. After exhausting its administrative remedies, Continental filed suit for judicial review of the Division's order. The district court affirmed the order and this appeal followed. In eight issues, Continental challenges various aspects of the Division's order and contends that the district court erred in affirming it.

STANDARD OF REVIEW

HN1 [↑] Section 2301.751 of the occupations code provides that judicial review of the Division's orders is conducted under the "substantial evidence rule" as set forth in section 2001.174 of the Administrative Procedure Act (APA). See Tex. Occ. Code Ann. § 2301.751 (West 2004); Tex. Gov't Code Ann. § 2001.174 (West 2008). **HN2** [↑] In a suit for judicial review of an agency order pursuant to the APA, a reviewing court may affirm the agency decision in whole or in part, and must:

reverse or remand the case for further proceedings if substantial rights of the appellant have been prejudiced because the administrative findings, inferences, conclusions, or decisions are:

- (A) in violation of a constitutional or statutory provision;
- (B) in excess of the agency's statutory authority;
- (C) made through unlawful procedure;
- (D) affected [*11] by other error of law;
- (E) not reasonably supported by substantial evidence considering the reliable and probative evidence in the record as a whole; or
- (F) arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion.

Tex. Gov't Code Ann. § 2001.174 (1), (2). Pursuant to section 2001.174(2), if the reviewing court finds any of the six categories of "error" listed and determines that such error prejudiced the "substantial rights" of the party seeking review, the court must reverse and/or remand the case for further proceedings. *Id.* § 2001.174(2).

DISCUSSION

In its first issue, Continental asserts that the Division did not have the authority to order it to print a retraction. The final order purported to order the printed retraction "in accordance with Tex. Occ. Code Ann. § 2301.203(c) and [16 TAC § 105.32(c)]." Section 2301.203(c) provides:

HN3 [↑] The board may not file a complaint alleging a violation of this chapter or a board rule relating to advertising until the board has notified the license holder of the alleged violation and given the license holder an opportunity to cure the violation without further proceedings or liability.

Tex. Occ. Code Ann. § 2301.203(c) [*12] (West 2004). **HN4** [↑] Rule 105.32(c) provides in pertinent part:

As part of the cure procedure, the Board may require a licensee, who allegedly violated an advertising provision, to publish a retraction notice to effect an adequate cure of the alleged violation.

16 Tex. Admin. Code § 105.32(c) (2004) (Tex. Motor Vehicle Bd., Enforcement).⁵ Continental contends that the referenced statute and rule authorize the Division to order a retraction only as part of a pre-contested case cure procedure. According to Continental, once the

⁵ The provisions of former rule 105.32 are now found in 43 Tex. Admin. Code § 215.270(c) (2011) (Tex. Dep't of Motor Vehicles, Enforcement).

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Enforcement Section has filed a complaint, this statute and rule no longer apply and, consequently, the Division had no authority to order the retraction as part of the punishment imposed on Continental after the contested-case hearing. Even assuming that Continental is correct on that point, however, authority for the Division to order a printed retraction is found in a separate provision—[occupations code section 2301.153](#). See [Tex. Occ. Code Ann. § 2301.153\(a\)\(20\)\(B\)](#) (West 2004). That section provides:

HN5^(↑) Notwithstanding any other provision of law, the board has all powers necessary, incidental, or convenient to perform a power or duty expressly granted under this chapter, **[*13]** including the power to:

....

(20) enter an order requiring a person to:

....

(B) perform an act other than the payment of money.

Id. Therefore, regardless of whether the Division was without authority to order a retraction pursuant to [2301.203\(c\)](#) and rule 105.32(c) after the proceedings had gone beyond the pre-complaint cure procedure, the Division was plainly authorized to order such a retraction pursuant to its general powers as set forth in [section 2301.153](#) once it found that Continental had engaged in false, deceptive, or misleading advertising in violation of rule 105.2. See [Tex. Occ. Code Ann. § 2301.651\(a\)\(3\)](#) (West 2004) (authorizing board to reprimand license holder that violates board rule).

In its second issue, however, Continental argues that the Division's order that it print a retraction cannot be upheld pursuant to [section 2301.153](#) because the order specifically states that the retraction was ordered "in accordance with" [section](#)

[2301.203\(c\)](#) and rule 105.32(c). Citing [City of El Paso v. El Paso Electric Co., 851 S.W.2d 896, 899 \(Tex. App.—Austin 1993, writ denied\)](#), **[*14]** and [Professional Mobile Home Transport v. Railroad Commission, 733 S.W.2d 892, 904 \(Tex. App.—Austin 1987, writ ref'd n.r.e.\)](#), Continental maintains that when an agency specifically identifies the legal basis for its decision, the reviewing court may not affirm the agency's decision on a different legal basis. The cases cited, however, employ the principle that a reviewing court may not sustain the agency's decision on a *factual* basis not addressed by the agency. See [City of El Paso, 851 S.W.2d at 899-900](#) (refusing to uphold agency order on factual basis different from that relied on by agency); [Professional Mobile Home Transport, 733 S.W.2d at 903-04](#) (addressing argument that evidence was insufficient to reasonably support agency's findings and discussing whether agency's findings show that agency considered and ascertained satisfaction of certain statutory criteria). This case presents a different issue—whether an agency order can be upheld by any *legal* basis shown in the record. It is well established that **HN6**^(↑) a reviewing court is obligated to sustain an agency order on any such legal basis. See, e.g., [Public Util. Comm'n v. Southwestern Bell Tel. Co., 960 S.W.2d 116, 121 \(Tex. App.—Austin 1997, no pet.\)](#) **[*15]** (appellate court is obligated to sustain agency order on any legal basis shown in record);⁶ [City of League City v. Texas Water](#)

⁶ In *Southwestern Bell Telephone*, this **[*16]** Court observed:

This principle is sometimes confused with the erroneous idea that a reviewing court must sustain an agency order on any "valid basis" shown in the record. This does *not* mean, however, that the reviewing court may sustain the agency upon a *factual* basis not passed upon by the agency. It means that the reviewing court may sustain the agency order upon any *legal* basis shown in the record.

[Public Util. Comm'n v. Southwestern Bell Tel. Co., 960 S.W.2d 116, 121 n.7 \(Tex. App.—Austin 1997, no pet.\)](#) (emphasis in original).

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Comm'n, 777 S.W.2d 802, 807 (Tex. App.—Austin 1989, no writ) ("We are not bound by any particular legal ground made a basis for the Commission's ruling, provided that a valid basis exists for the action taken.") (citing Texas Health Facilities Comm'n v. Charter Med.-Dallas, Inc., 665 S.W.2d 446, 452 (Tex. 1984), Railroad Comm'n v. City of Austin, 524 S.W.2d 262, 279 (Tex. 1975), and Gulf Land Co. v. Atlantic Ref. Co., 134 Tex. 59, 131 S.W.2d 73, 84 (Tex. 1939)); see also Pretzer v. Motor Vehicle Bd., 138 S.W.3d 908, 914 (Tex. 2004) ("We are mindful of the rule that '[a] reviewing court is not bound by the reasons given by an agency in its order, provided there is a valid basis for the action taken by the agency.'" (quoting Texas Health Facilities Comm'n, 665 S.W.2d at 452-53)). Having found that Continental violated one of its rules, the Division was authorized pursuant to section 2301.153(a)(20)(B) to order Continental to print a retraction. Because there is at least one valid basis for the agency action, we are obligated to uphold it.

Continental also argues that the ordered retraction cannot be upheld because, to the extent it rests on a ground not identified by the Enforcement Section or the Division in the notice of hearing, the fourth amended petition, or the final order, it violates HN7 government code section 2001.052(a)(3), which requires that a notice of hearing in a contested case include, among other things, "a reference to the particular sections of the statutes and rules involved." See Tex. Gov't Code Ann. § 2001.052(a)(3) (West 2008). Continental reads the notice statute to require the agency to include in the notice a reference to the specific statutory provision that authorizes [*17] the agency to impose the penalty it ultimately chooses to impose. Nothing in the statute, however, requires the agency to notify a party to a contested-case hearing of the specific *penalty* it will impose in the event it finds a violation of a statute or rule

or to apprise it of the agency's general powers. Rather, the purpose of the notice is to provide the party to a contested-case hearing with an opportunity to respond and present evidence and argument on each issue in the case by informing it of which statutes or rules it contends the party violated. See *id.* § 2001.051(2) (party to contested case is entitled to opportunity to respond and to present evidence and argument on each issue involved in case). The notice and attached petition that were provided to Continental gave adequate notice of the statutes and rules it was alleged to have violated as well as the factual basis for the alleged violations. This satisfied the statutory requirements. We overrule Continental's first and second issues.

In its third issue, Continental contends that the district court erred in affirming the Division's findings and conclusion that it violated occupations code section 2301.651(a)(2) when it failed [*18] to report the assumed name "Mercedes Benz of Round Rock" in its 2003 and 2004 license renewal applications.⁷ Section 2301.651(a)(2) provides:

HN8 ↑ The board may deny an application for a license, revoke or suspend a license, place on probation a person whose license has been suspended, or reprimand a license holder if the applicant or license holder:

....

(2) makes a material misrepresentation in any application or other information filed under this chapter or board rules[.]

⁷ This issue challenges the Division's findings and conclusions related to the portions of counts 25 and 26 that allege that Continental's failure to report an assumed name violated occupations code section 2301.651(a)(2). See Tex. Occ. Code Ann. § 2301.651(a)(2) (West Supp. 2011) (board may reprimand license holder that makes material misrepresentation in any application).

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Tex. Occ. Code Ann. § 2301.651(a)(2). Continental argues that its failure to report certain assumed names when filling out its application is not a material misrepresentation, but rather an omission—a failure to report, notify, or disclose. See 16 Tex. Admin. Code § 111.3(d) (dealer must record assumed name on application for general distinguishing number). Consequently, Continental maintains that while it may have violated a Division rule requiring that it inform the Division of all its assumed names, its failure to include those names on its license renewal application did not constitute a *material misrepresentation* that violated section 2301.651(a)(2). The Division counters that it reasonably interpreted this section's [*19] prohibition of material misrepresentations on license renewal applications to include material omissions. This issue, therefore, turns principally on HN9 [↑] the construction of a statute, a question of law that we review de novo. See First Am. Title Ins. Co. v. Combs, 258 S.W.3d 627, 632 (Tex. 2008).

HN10 [↑] Our primary objective in construing statutes is to give effect to the legislature's intent. Galbraith Eng'g Consultants, Inc. v. Pochucha, 290 S.W.3d 863, 867 (Tex. 2009). The plain meaning of the text is the best expression of legislative intent unless a different meaning is supplied by legislative definition or is apparent from the context, or unless the plain meaning would lead to absurd or nonsensical results that the legislature could not have intended. City of Rockwall v. Hughes, 246 S.W.3d 621, 625-26 (Tex. 2008); see Tex. Gov't Code Ann. § 311.011 [*20] (West 2005) ("Words and phrases shall be read in context and construed according to the rules of grammar and common usage."). We look to the entire act in determining the legislature's intent with respect to a specific provision. Upjohn v. Rylander, 38 S.W.3d 600, 607 (Tex. App.—Austin 2000, pet. denied). HN11 [↑] A court should strictly construe a statute

imposing a penalty and construe it against those seeking to impose the penalty and in favor of those on whom such penalties would be imposed. Howell v. Mauzy, 899 S.W.2d 690, 704-05 (Tex. App.—Austin 1994, writ denied).

HN12 [↑] When a statute is ambiguous, we are required to give "serious consideration" to the construction of the statute by the administrative agency charged with its enforcement, Railroad Comm'n v. Texas Citizens for a Safe Future & Clean Water, 336 S.W.3d 619, 624 (Tex. 2011), and uphold the agency's interpretation if it is reasonable, First Am. Title Ins. Co., 258 S.W.3d at 632 (quoting Tarrant Appraisal Dist. v. Moore, 845 S.W.2d 820, 823 (Tex. 1993)). We do not defer to an agency interpretation when a statute is unambiguous. See Texas Citizens, 336 S.W.3d at 624 & n.6. We also "'do not defer to administrative interpretation in [*21] regard to questions which do not lie within administrative expertise, or [which] deal with a nontechnical question of law.'" Rylander v. Fisher Controls Int'l, Inc., 45 S.W.3d 291, 302 (Tex. App.—Austin 2001, no pet.) (quoting 2B Singer, Sutherland Statutory Construction § 49.04, at 23-24 (6th ed. 2000)).

Employing these rules of statutory construction, we conclude that HN13 [↑] the "material misrepresentation" prohibited by section 2301.651(a)(c) does not encompass an omission or failure to disclose such as Continental's failure to disclose all of its assumed names on its license renewal application. In various places throughout the occupations code, the legislature expressly distinguishes between acts and omissions. See, e.g., Tex. Occ. Code Ann. §§ 101.201(b)(1) (West 2004) (false advertising includes advertising that "makes a *material misrepresentation* of fact or *omits a fact* necessary to make the statement as a whole not materially misleading"), 157(a) (West

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2004) ("[T]he director or a board member, hearings examiner, or division employee is not personally liable for damages resulting from an official *act or omission* unless the *act or omission* constitutes intentional or malicious malfeasance."), [*22] 803(a) (West 2004) ("[A] person who receives notice from the board of a statutory stay imposed by this chapter may not allow or commit any *act or omission* that would . . . violate this chapter.") (all emphases added). And, significantly, the Division has a separate rule that specifically covers the conduct at issue—rule 111.3(d), which requires an applicant to record its assumed name on its application. See 16 Tex. Admin. Code § 111.3(d). Indeed, in the present case the Division found that the same conduct it contends was a violation of occupations code section 2301.651(a)(2) was also a violation of rule 111.3(d) and assessed penalties pursuant to that rule.

We conclude that the unambiguous language of section 2301.651(a)(2) indicates that it covers only material misrepresentations—other statutes and rules apply to omissions and failures to notify, or disclose information to, the Division. To the extent there is any ambiguity regarding whether this section applies to omissions, we are obligated to construe the statute strictly and in favor of those upon whom it would impose a penalty. See Howell, 899 S.W.2d at 704-05. Having concluded that Continental's conduct in failing to disclose [*23] all its assumed names on its license renewal applications was not a violation of occupations code section 2301.651(a)(2), we sustain Continental's third issue.

In its fourth issue, Continental asserts that the district court erred in affirming penalties assessed for advertising violations for which it was not provided the statutorily required notice and opportunity to cure. See Tex. Occ. Code Ann. § 2301.203(c) (board may not file

complaint alleging violation of board rule relating to advertising until board has notified license holder of alleged violation and given license holder opportunity to cure violation without further proceedings or liability).⁸ Continental contends that the only notice it received was the June 2004 letter advising it that the Enforcement Section considered the July 2003 and December 2003 telephone book advertisements to be false and misleading. Consequently, Continental takes the position that the Division was not authorized to assess penalties for subsequent advertising violations for which Continental never received a notice letter giving it an opportunity to cure. The Division, however, argues that all the alleged advertising violations arose out of the same [*24] conduct—"the use of assumed names coupled with misleading phone numbers"—and that once Continental was notified that such conduct constituted an advertising violation, the Enforcement Section was not required to provide Continental notice and an opportunity to cure subsequent violations involving the same conduct.

This issue, too, turns on statutory construction. HN14 [T] The statute plainly states that the board "*may not* file a complaint alleging a violation . . . relating to advertising until the board has notified the license holder of the *alleged violation* and given the license holder an opportunity to cure *the violation* without further proceedings or liability." See *id.* (emphasis added). This language unambiguously requires separate notice and an opportunity to cure each advertising violation before that particular advertising violation can be included in any complaint filed by the Enforcement Section. In its fourth amended petition, the Enforcement Section treated each deceptive advertisement as a separate violation and sought discrete

⁸ This issue challenges the Division's findings and conclusions related to counts 5, 8, 9, 19, 20, 22, 23, 25, and 26.

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penalties for each such violation. [*25] It was therefore required to give Continental notice and an opportunity to cure each violation before including it in the complaint.

The Division argues that such a reading of the statute creates an "unworkable" scenario in which repeated violations of the same conduct require the Enforcement Section to "re-send an opportunity-to-cure letter for each of those continuing violations" and that "cases would be constantly halted and restarted." While providing notice and an opportunity to cure each violation might be inconvenient and time consuming, that is what the statute requires. [HN15](#) [↑] We may not rewrite the statute under the guise of construing it. See [Stockton v. Offenbach](#), 336 S.W.3d 610, 619 (Tex. 2011). Moreover, in the event of a repeat violator, the Division has the power to "issue cease and desist orders in the nature of temporary or permanent injunctions." See [Tex. Occ. Code Ann. § 2301.153\(a\)\(18\)](#) (West 2004). We conclude that the Enforcement Section was not authorized to include in its complaint counts related to advertising violations for which it did not give Continental notice and an opportunity to cure.

We do not, however, agree with Continental that this holding requires reversal [*26] of all of the findings of fact and conclusions of law related to the violations alleged in counts 5, 8, 9, 19, 20, 22, 23, 25, and 26 of the fourth amended petition for which no notice was given. Rather, it only affects those counts that relate to *advertising* violations. We therefore consider each of the counts to determine whether it is an advertising violation.

Counts 5, 8, and 9 relate to advertising Mercedes-Benz of Georgetown and Mercedes-Benz of Round Rock in telephone directories. These are clearly advertising violations for which no notice was given, and the Division should have dismissed those counts as

Continental requested. Thus, any findings and conclusions relating to those counts are erroneous.

Counts 19 and 20 allege that Continental failed to notify the Division of a "name change" within ten days of the change, as required by rule 111.11(a)(7). See [16 Tex. Admin. Code § 111.11\(a\)\(7\)](#). [HN16](#) [↑] This rule provides:

(a) Revocation/Denial. The director may deny, revoke or suspend a dealer's license (general distinguishing number) or assess civil penalties if that dealer:

....

(7) fails to notify the Board of a dealer's name change or ownership within 10 days after such change; . . . [*27] . .

Id. It is undisputed that Continental did not change its legal name. The Enforcement Section and the Division, however, take the position that using the assumed names "Mercedes-Benz of Georgetown" and "Mercedes-Benz of Round Rock" in the marketplace, specifically by advertising in telephone books with those names, constituted a "name change" as that term is used in the rule. In the PFD the ALJ stated that: "The plain meaning of a name change includes the use of the two additional names in operating and advertising its business." Continental disputes the Division's interpretation of the rule and asserts that "name change" means changing the entity's legal name. We need not decide which interpretation is correct, however, because under the Division's theory, Continental's violation of the statute resulted from its use of the assumed names *in its advertisements*. Consequently, those violations are ones "related to advertising" for which the Enforcement Section was required to give Continental notice and an opportunity to cure before including it in a complaint. The Division should have dismissed these violations, as Continental requested, and any

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findings and conclusions related to [*28] these alleged violations are therefore erroneous.

Counts 22, 23, 25, and 26 allege that Continental violated rule 111.3(d) by not reporting the assumed names "Mercedes-Benz of Georgetown" and "Mercedes-Benz of Round Rock" on its license renewal applications filed in April 2003 and in March 2004.⁹ These counts do not allege violations "related to advertising," and the Enforcement Section was not required to give Continental notice before including these counts in its complaint. In summary, we sustain Continental's fourth issue with regard to counts 5, 8, 9, 19, and 20 of the fourth amended petition and overrule it with regard to counts 22, 23, 25, and 26.

In its fifth issue, Continental contends that the district court erred in affirming the Division's findings [*29] and conclusion that it violated rule 111.11(a)(7) by failing to notify the Division of a "name change." The Division's allegations with regard to this rule violation were included in counts 19 and 20 of the fourth amended petition. Because we have already concluded that the Division should have dismissed these counts for lack of notice, we need not address this issue.

In its sixth issue, Continental complains of the Division's assessment of civil penalties for violations of both rule 111.3(d) and [occupations code section 2301.651\(a\)\(2\)](#). In counts 25 and 26, the Enforcement Section alleged that Continental's failure to report the assumed name "Mercedes-Benz of Round

Rock" in its April 2003 and its March 2004 license renewal applications violated both rule 111.3(d) and [section 2301.651\(a\)\(2\)](#). The Division agreed and assessed penalties under both the rule and the statute. Continental complains that this was improper "stacking" of penalties and resulted in the imposition of penalties that violated the per-violation statutory caps established by [transportation code section 503.095](#) and [occupations code section 2301.801\(a\)](#). See [Tex. Transp. Code Ann. § 503.095\(a\)](#) (West 2007) (person who violates [*30] rule adopted under this chapter is subject to civil penalty of not less than \$50 or more than \$1,000); [Tex. Occ. Code Ann. § 2301.801\(a\)](#) (West 2004) (amount of penalty may not exceed \$10,000 for each violation). We have already concluded that the Division erred in finding that the failure to report the assumed name was a "material misrepresentation" that violated [section 2301.651\(a\)\(2\)](#). Any penalties assessed for violations of [section 2301.651\(a\)\(2\)](#) as alleged in counts 25 and 26 will necessarily be eliminated. Continental's sixth issue is therefore moot.

Continental's seventh issue asserts that the Division's findings that its advertisements were false, deceptive, unfair, or misleading were not supported by substantial evidence. [HN17](#) [↑] Under substantial evidence review of fact-based determinations, "[t]he issue for the reviewing court is not whether the agency's decision was correct, but only whether the record demonstrates some reasonable basis for the agency's action." See [State v. Public Util. Comm'n, 344 S.W.3d 349, 355-56 \(Tex. 2011\)](#) (quoting [Mireles v. Texas Dep't of Pub. Safety, 9 S.W.3d 128, 131 \(Tex. 1999\)](#)). The evidence in the record may even preponderate against the decision of [*31] the agency and nonetheless amount to substantial evidence. [Texas Health Facilities Comm'n, 665 S.W.2d at 452](#).

⁹Counts 25 and 26 also include the allegations that Continental violated the occupations code's [section 2301.651\(a\)\(2\)](#) prohibition on making a material misrepresentation in any application filed with the Division. We have already concluded that the district court erred in affirming the Division's conclusion that Continental's omission of the assumed names in its license renewal application constituted a material misrepresentation.

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The record in the present case includes ample evidence that Continental's advertisements caused confusion and were misleading. For example, Shelton testified that when he first opened his dealership in 2004 he was surprised by the low call volume. Eventually a customer notified him that there was a listing for a "Mercedes-Benz of Georgetown" with a number different from his company's number. A number of customers told Shelton that they had a hard time finding his location because they would call the other number and end up speaking with someone from Continental. There was evidence that some customers arrived at Shelton's dealership for a service appointment only to find out that they had actually booked an appointment with Continental in Austin. A sales manager for Shelton's dealership testified that several customers came to the dealership upset because, although they had seen the dealership in Georgetown, when they called what they believed to be that location to ask a question or make an appointment, they were routed to Continental's Airport Boulevard location. Moreover, [*32] there is substantial evidence that the advertisements themselves are deceptive on their face as they could lead a customer to reasonably believe that they were calling an authorized Mercedes-Benz dealership located in Round Rock or Georgetown, when in fact they were calling Continental in Austin. We are unpersuaded by Continental's argument that the "net overall effect" of the advertisements was not misleading or deceptive. Applying the correct standard for reviewing agency findings, which "does not allow a court to substitute its judgment for that of the agency," Railroad Comm'n v. Torch Operating, Co., 912 S.W.2d 790, 792 (Tex. 1995), we conclude that the Division's findings that Continental's advertisements were false, misleading, or deceptive are supported by substantial evidence.

In its eighth issue, Continental complains that the Division's findings and conclusions state that Continental violated statutes and rules that "cannot be violated," specifically occupations code section 2301.651(a)(3), rule 111.11(a)(23), and transportation code section 503.038(a)(14). See Tex. Occ. Code Ann. § 2301.651(a)(3) (West Supp. 2011) (board may reprimand license holder that "violates this chapter [*33] or a board rule or order"); Tex. Transp. Code Ann. § 503.038(a)(14) (West Supp. 2011) (department may cancel dealer's general distinguishing number if dealer "otherwise violates this chapter or rule adopted under this chapter"); 16 Tex. Admin. Code § 111.11(a)(23) (2004) (Tex. Motor Vehicle Bd., Sanctions) (director may assess civil penalties if dealer "violates any state or federal law or regulation relating to the sale of a motor vehicle").¹⁰ Continental argues that these provisions each function as "catchall provisions" authorizing the Division to fine or sanction an applicant or licensee for violating its rules and, as such, cannot themselves be violated. We agree with the Division that this argument is academic because in this case there is no violation that is found to be solely of one of the "catchall provisions." Each of the challenged findings and conclusions finds violations of rules that Continental concedes can be violated. For example, as the Division observes in its brief, finding of fact 75 states that:

Respondent violated 16 TAC § 105.2 and Occupations Code § 2301.651(a)(3) by using false, deceptive, unfair, and misleading advertising related to Mercedes-Benz of Georgetown [*34] and Mercedes-Benz of Round Rock in a December 2003 SBC telephone directory. Each violation is similarly linked to a statute or

¹⁰ The provisions of former rule 111.11(a)(23) are now found in 43 Tex. Admin. Code § 215.141(a)(23) (2011) (Tex. Dep't of Motor Vehicles, Sanctions).

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rule that Continental acknowledges can be violated and can be the basis for assessing civil penalties or other punishment. The Division's recitation in a finding or conclusion of a separate provision, even if it is one that cannot be "violated," does not render the finding or conclusion erroneous. We overrule Continental's eighth issue.

Reversed and Remanded

Filed: December 30, 2011

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CONCLUSION

As set forth herein, we conclude that the trial court did not err in affirming the portion of the final order directing Continental to publish a retraction. We also conclude that the Division's findings that Continental engaged in false, misleading, or deceptive conduct are supported by substantial evidence. The trial court erred, however, in affirming the Division's order assessing civil penalties for violations of [occupations code 2301.651\(a\)\(2\)](#) as alleged in counts 25 and 26 of the fourth amended petition because that provision prohibits material misrepresentations as [*35] opposed to omissions. Additionally, we conclude that the Division should have dismissed counts 5, 8, 9, 19, and 20 of the fourth amended petition because the Enforcement Section failed to provide Continental notice and an opportunity to cure these advertising violations as required by statute. In summary, we sustain Continental's third issue and its fourth issue as to counts 5, 8, 9, 19, and 20. We overrule Continental's first and second issues, its fourth issue as to counts 22, 23, 25, and 26, and its seventh and eighth issues. Our disposition renders Continental's fifth and sixth issues moot. Consequently, we reverse the trial court's judgment and remand the case to the Division for further proceedings consistent with this opinion.

J. Woodfin Jones, Chief Justice

Before Chief Justice Jones, Justices
Pemberton and Henson

ATTACHMENT 3

12 CFR 213.7

This document is current through the May 4, 2026 issue of the Federal Register, with the exception of the amendments appearing at 91 FR 23530, 91 FR 23359 and 91 FR 23913.

LEXISNEXIS' CODE OF FEDERAL REGULATIONS > Title 12 Banks and Banking > Chapter II — Federal Reserve System > Subchapter A — Board of Governors of the Federal Reserve System > Part 213 — Consumer Leasing (Regulation M)

§ 213.7 Advertising.

(a) General rule. An advertisement for a consumer lease may state that a specific lease of property at specific amounts or terms is available only if the lessor usually and customarily leases or will lease the property at those amounts or terms.

(b) Clear and conspicuous standard. Disclosures required by this section shall be made clearly and conspicuously.

(1) Amount due at lease signing or delivery. Except for the statement of a periodic payment, any affirmative or negative reference to a charge that is a part of the disclosure required under paragraph (d)(2)(ii) of this section shall not be more prominent than that disclosure.

(2) Advertisement of a lease rate. If a lessor provides a percentage rate in an advertisement, the rate shall not be more prominent than any of the disclosures in § 213.4, with the exception of the notice in § 213.4(s) required to accompany the rate; and the lessor shall not use the term “annual percentage rate,” “annual lease rate,” or equivalent term.

(c) Catalogs or other multipage advertisements; electronic advertisements. A catalog or other multipage advertisement, or an electronic advertisement (such as an advertisement appearing on an Internet Web site), that provides a table or schedule of the required disclosures shall be considered a single advertisement if, for lease terms that appear without all the required disclosures, the advertisement refers to the page or pages on which the table or schedule appears.

(d) Advertisement of terms that require additional disclosure. —

(1) Triggering terms. An advertisement that states any of the following items shall contain the disclosures required by paragraph (d)(2) of this section, except as provided in paragraphs (e) and (f) of this section:

(i) The amount of any payment; or

(ii) A statement of any capitalized cost reduction or other payment (or that no payment is required) prior to or at consummation or by delivery, if delivery occurs after consummation.

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(2) Additional terms. An advertisement stating any item listed in paragraph (d)(1) of this section shall also state the following items:

- (i) That the transaction advertised is a lease;
- (ii) The total amount due prior to or at consummation or by delivery, if delivery occurs after consummation;
- (iii) The number, amounts, and due dates or periods of scheduled payments under the lease;
- (iv) A statement of whether or not a security deposit is required; and
- (v) A statement that an extra charge may be imposed at the end of the lease term where the lessee's liability (if any) is based on the difference between the residual value of the leased property and its realized value at the end of the lease term.

(e) Alternative disclosures — merchandise tags. A merchandise tag stating any item listed in paragraph (d)(1) of this section may comply with paragraph (d)(2) of this section by referring to a sign or display prominently posted in the lessor's place of business that contains a table or schedule of the required disclosures.

(f) Alternative disclosures — television or radio advertisements. —

(1) Toll-free number or print advertisement. An advertisement made through television or radio stating any item listed in paragraph (d)(1) of this section complies with paragraph (d)(2) of this section if the advertisement states the items listed in paragraphs (d)(2)(i) through (iii) of this section, and:

- (i) Lists a toll-free telephone number along with a reference that such number may be used by consumers to obtain the information required by paragraph (d)(2) of this section; or
- (ii) Directs the consumer to a written advertisement in a publication of general circulation in the community served by the media station, including the name and the date of the publication, with a statement that information required by paragraph (d)(2) of this section is included in the advertisement. The written advertisement shall be published beginning at least three days before and ending at least ten days after the broadcast.

(2) Establishment of toll-free number.

- (i) The toll-free telephone number shall be available for no fewer than ten days, beginning on the date of the broadcast.
- (ii) The lessor shall provide the information required by paragraph (d)(2) of this section orally, or in writing upon request.

Statutory Authority

[*Authority Note Applicable to 12 CFR Ch. II, Subch. A, Pt. 213*](#)

History

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[Reg. M, 46 FR 20951, April 7, 1981; Reg. M, [61 FR 52246](#), 52261, Oct. 7, 1996; Reg. M, [62 FR 15364](#), 15367, April 1, 1997; Reg. M, [62 FR 51006](#), Sept. 30, 1997; Reg. M, 62 FR 53733, Oct. 16, 1997; Reg. M, [63 FR 52107](#), 52109, Sept. 29, 1998; [72 FR 63456](#), 63461, Nov. 9, 2007]

Annotations

Notes

[EFFECTIVE DATE NOTE:

[72 FR 63456](#), 63461, Nov. 9, 2007, revised paragraph (c), effective Dec. 10, 2007. "The mandatory compliance date is October 1, 2008."]

Research References & Practice Aids

Hierarchy Notes:

[12 CFR Ch. II](#)

[12 CFR Ch. II, Subch. A, Pt. 213](#)

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End of Document



May 26, 2026

Texas Department of Motor Vehicles
Office of General Counsel
4000 Jackson Avenue
Austin, Texas 78731

Sent via email: rules@txdmv.gov

Re: Proposed TxDMV Repeals, Amendments, Deletions and Re-lettering of Current Rules
51 TexReg 2638 – 2798

Office of General Counsel,

On behalf of the Texas Recreational Vehicle Association (TRVA) which represents RV dealers, I wish to **object** to the suggestion that **43 TAC §215.107 Sale or Transfer of a Line-Make** proposed language be approved.

The portion of the language which we object to is found in (a) which reads “...*If a manufacturer or distributor sells, licenses, or otherwise...*” and it is the term “...*licenses...*” which concerns our industry.

RV manufacturers are notorious for their general lack of respect for our Texas statutes and rules, therefore, any change which may provide manufacturers with the ability to license another person is very bothersome. It is our view that manufacturers issue Evidence of Franchise to dealers and the term “license” should be applicable to the licensing issued by TxDMV when dealers are provided with a Motor Vehicle or Non-motorized Travel Trailer license to sell RVs.

Respectfully submitted,

A handwritten signature in black ink that reads "Phil Elam".

Executive Director
philelam@trva.org

Board Meeting Date: 10/8/2026
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Annette Quintero, Vehicle Titles and Registration Division
Agenda Item: 7
Subject: Amendments: Subchapters A, B, C, D, F, G, J, and L
Repeals: §217.37 and §217.73
(Relating to Extended Registration for Trailers; and Cleanup)

RECOMMENDATION

Action Item. Adopt amendments and repeals in 43 Texas Administrative Code Chapter 217, Vehicle Titles and Registration, with recommended changes at adoption in response to public comments as described below.

PURPOSE AND EXECUTIVE SUMMARY

The adopted amendments and repeals update Chapter 217 to streamline and modernize rule language, to update rules to account for current department processes and procedures; and to align rules with Transportation Code, §502.0024, which requires the department to develop a system of extended registration for certain trailers, semi-trailers or pole trailers.

FINANCIAL IMPACT

There will be no significant fiscal implications due to the adoption of amendments and repeals to Chapter 217.

BACKGROUND AND DISCUSSION

The department reviewed Chapter 217 in accordance with Government Code §2001.039 and determined that various provisions should be amended or repealed to:

- improve clarity,
- eliminate duplicative or unnecessary language,
- streamline and modernize rule language consistent with recommendations identified during a review of the department by the Texas Regulatory Efficiency Office,
- update rules to account for current department processes and procedures, and
- align rules with Transportation Code, §502.0024, which allows owners of trailers, semi-trailers, and pole trailers with a gross weight of 7,500 pounds or less to register such trailers for a period not to exceed five years.

COMMENTS

The proposed amendments and repeals were published for comment in the *Texas Register* on June 26, 2026. The department received comments from the Texas Automobile Dealers Association (TADA) and the Texas Independent Automobile Dealers Association (TIADA). TADA and TIADA opposed proposed rule amendments that would have removed purpose-and-scope sections from rules and rules that would have removed text that the department had identified as redundant of statute. The department had identified these sections as unnecessary during its review of Chapter 217 as part of the Texas Regulatory Efficiency Office's review of the department's rules, but the stakeholders stated that these sections are helpful to assist the public and regulated entities in understanding the rules.

RECOMMENDED CHANGES AT ADOPTION

After consideration of the comments, department staff recommend that the board at adoption modify the amendments to §§217.40, 217.41, 217.47, 217.52, 217.56, 217.83 and 217.401 and withdraw the proposed revisions of §§217.1, 217.6, 217.21, 217.43, 217.45, 217.71, 217.81, 217.121, 217.141, 217.161, 217.181, 217.201 and 217.301. As requested by stakeholders, these changes at adoption would reinstate the existing text that the department had proposed for amendment or repeal because it was identified during the department's rule review or the review by the Texas Regulatory Efficiency Office, or both, as duplicative of statute, unnecessary, in need of streamlining, or in need of modernization.

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ADOPTION OF REVISIONS TO**SUBCHAPTER A. MOTOR VEHICLE TITLES****43 TAC §§217.3 - 217.5, 217.7, AND 217.12****SUBCHAPTER B. MOTOR VEHICLE REGISTRATION****43 TAC §§217.26 - 217.28, 217.40, 217.41, 217.47, 217.52, 217.54, 217.56, AND 217.57****REPEAL****43 TAC §217.37****SUBCHAPTER C. REGISTRATION AND TITLE SYSTEMS****43 TAC §217.72 AND §217.74****REPEAL****43 TAC §217.73****SUBCHAPTER D. NONREPAIRABLE AND SALVAGE MOTOR VEHICLES****43 TAC §§217.83 AND 217.84****SUBCHAPTER. F. MOTOR VEHICLE RECORDS****43 TAC §§217.122 AND 217.124 – 217.127****SUBCHAPTER G. INSPECTIONS****43 TAC §217.143****SUBCHAPTER J. PERFORMANCE QUALITY RECOGNITION PROGRAM****43 TAC §217.204****SUBCHAPTER. L. ASSEMBLED VEHICLES****43 TAC §§217.401 ,217.402, AND 217.404**

INTRODUCTION. The Texas Department of Motor Vehicles (department) adopts amendments to 43 Texas Administrative Code (TAC) Chapter 217, Vehicle Titles and Registration, Subchapter A, Motor Vehicle

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1 Titles, §§217.3 - 217.5, §217.7, and §217.12; amendments to Subchapter B, Motor Vehicle Registration,
2 §§217.26 - 217.28, 217.40, 217.41, 217.47, 217.52, 217.54, 217.56, and 217.57, and repeal of §217.37;
3 amendments to Subchapter C, Registration and Titling Systems, §217.72 and §217.74, and repeal of
4 §217.73; amendments to Subchapter D, Nonrepairable and Salvage Motor Vehicles, §217.83 and §217.84;
5 amendments to Subchapter F, Motor Vehicle Records, §§217.122, 217.124 – 217.127; amendments to
6 Subchapter G, Inspections, §217.143; amendments to Subchapter J, Performance Quality Recognition
7 Program, §217.204; and amendments to Subchapter L, Assembled Vehicles, §§217.401, 217.402 and
8 217.404.

9 The department adopts §§217.3, 217.4, 217.5, 217.7, 217.12, 217.26, 217.27, 217.28, 217.54,
10 217.57, 217.72, 217.74, 217.84, 217.122, 217.124, 217.125, 217.126, 217.127, 217.143, 217.204, 217.402,
11 and 217.404; and adopts the repeal of §§ 217.37, and 217.73 without changes to the proposed text as
12 published in the June 26, 2026, issue of the *Texas Register* (51 TexReg 4113) and they will not be
13 republished. The department adopts amendments to §§217.40, 217.41, 217.47, 217.52, 217.56, 217.83
14 and 217.401 with changes to the proposed text as published in the in the June 26, 2026, issue of the *Texas*
15 *Register* (51 TexReg 4113). The department withdraws the proposed revisions to §§217.1, 217.6, 217.21,
16 217.32, 217.43, 217.45, 217.71, 217.81, 217.121, 217.141, 217.161, 217.181, 217.201, and 217.301, and
17 therefore retains the existing text of these sections.

18 The department adopts the amendments and repeals to update and streamline the rule text,
19 bringing it into compliance with statute and with current department procedure; to update the language
20 to remove unnecessary or obsolete requirements; to modernize language and improve readability
21 through the use of consistent terminology; and to more specifically describe the department's methods
22 and procedures.

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Amendments are also adopted to align the rules with Transportation Code, §502.0024, which requires the department to develop a system of registration allowing owners of trailers, semitrailers or pole trailers with a gross weight of 7,500 pounds or less to register such trailers for an extended registration period not to exceed five years.

REASONED JUSTIFICATION.**Subchapter A. Motor Vehicle Titles****§217.3**

Adopted amendments to §217.3 delete §217.3(2) because it is a confusing and inconsistent description of the registration requirements for tractors under Transportation Code, Chapter 502. Registration of a tractor under Transportation Code, Chapter 502 is dependent on how the tractor is used on public roads, regardless of whether it is owned by any particular entity or meets the specific definition of a “road tractor” in Transportation Code, §502.001. The remaining subparagraphs of §217.3 are adopted to be renumbered to accommodate the deletion of §217.3(2).

§217.4

An adopted amendment to §217.4(d)(2) deletes “if applicable” and replaces it with the phrase “unless exempt under Transportation Code, §502.072(c).” The adopted amendment provides clarity and ease of reference by citing the statute that details the limited circumstances when an odometer disclosure statement is not necessary in the application for a title for a motor vehicle.

§217.5

Adopted amendments to §217.5(a)(4)(C) delete “original” and replace that term with “copy of” where pertinent to eliminate the requirement to provide the original version of the bond release letter to align with Texas Transportation Code, §501.030, which does not require an applicant to produce the

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1 original version of the bond release letter. This adopted change also aligns with the department's current
2 practice of accepting a copy of the bond release letter.

3 An adopted amendment to §217.5(b) adds language limiting the department's ability to reject a
4 transaction because the supporting documents that provide evidence of ownership have been altered.
5 Under the adopted language, the department would only be able to reject documents with altered text
6 when the text was originally printed by the department, person, or governmental entity issuing the
7 document and was later altered. The current rule language could be read to imply that any alteration to
8 any portion of a registration receipt, title, or other evidence of ownership set out in §217.5(a)(2) is a valid
9 reason for rejection, which does not reflect current department practices. However, alterations to text
10 printed by the document's issuer indicate fraud. If corrections are necessary, the document's issuer can
11 reissue a new document. To prevent fraud and forgery, an adopted amendment to §217.5(b) adds a
12 sentence stating that if a digit printed on a document by the document's issuer has been altered, the
13 department will reject the transaction. On the other hand, the information provided by transferors may
14 require correction due to mistakes that do not indicate fraud, so the adopted amendments to §217.5(b)
15 allow correction to text in the document if the corrected text was not originally printed on the document
16 by the issuer. The adopted amended language aligns with the department's policy of allowing statements
17 of fact to correct alterations of portions of documents filled out by a title applicant or seller. An additional
18 adopted amendment to §217.5(b) deletes the word "other" before "evidence of ownership" to align with
19 §217.5(a)(2), which uses "evidence of ownership" rather than "other evidence of ownership."

20 An adopted amendment to §217.5 adds a new subsection (c) titled "Corrected documentation,"
21 moves language from former subsections (b)(1), (b)(3), and (b)(4) under adopted new subsection (c), and
22 rennumbers accordingly. Former subsection (b)(2) was redundant with the adopted amended language in
23 §217.5(b) regarding altered issuer-printed digits, so the adopted amendments delete subsection (b)(2).

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1 The adopted amendments reletter the remaining subsections as necessary to accommodate new
2 subsection §217.5(c). These amendments are adopted to improve organization within §217.5 because
3 current §217.5(b)(1), (b)(3), and (b)(4) all describe different forms of acceptable document correction.

4 §217.7

5 Under §217.104(d) of this title, regarding Electronic Lien Title Program, when a lien that is
6 recorded electronically instead of on a paper title is satisfied, the lienholder notifies the department and
7 specifies the address to which the department should send the paper title. In accordance with
8 §217.104(d), the address the lienholder gives the department may be for a recipient other than the owner
9 of record when a party other than the owner of record has satisfied the lien. The department then
10 removes the lien from the vehicle record, generates a paper title in the name of the owner of record, and
11 mails it to the address specified by the lienholder. An adopted amendment to §217.7 creates a new
12 subsection, §217.7(b), to address instances in which an owner or their agent requests a certified copy of
13 the vehicle title, but the department's records indicate the title was issued to a third party at the direction
14 of a lienholder following the release of an electronic lien. Adopted new §217.7(b) requires the owner or
15 their agent to provide a written statement from either the third party to whom the department sent the
16 title, disclaiming any interest in the vehicle, or a from the lienholder, stating that the title was incorrectly
17 released to the third party. Adopted new §217.7(b) aligns with current department procedures and allows
18 the department to confirm that the third party that received the title has no interest in the vehicle before
19 the department would issue a certified copy of title to the owner of record. The remaining subsections
20 under this section are re-lettered to accommodate new §217.7(b).

21 Adopted amended §217.7(c)(3) provides an additional option for submitting an application for a
22 certified copy of title under a power of attorney by allowing the use of an expired photo identification of
23 an owner or lienholder if the power of attorney is notarized by a Texas notary public. A notary public is a

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1 commissioned public officer who is required to confirm a person's identity for signature on the documents
2 they notarize. Under the adopted amendments that create a new re-lettered §217.7(c)(3)(A), the
3 notarized power of attorney submitted with an expired photo identification offers an option for people
4 applying for a certified copy of title. It guards against potential fraud while providing flexibility in situations
5 where the owner or lienholder does not have a current photo identification, such as due to illness or
6 incapacitation. The adopted amendments remove a reference to §217.7(b)(1) and (2) from re-lettered
7 §217.7(c)(3) and delete §217.7(b)(3)(C), because they are redundant with the reference to the same rule
8 provisions in adopted new re-lettered §217.7(c)(3)(A). The adopted amendments re-letter the remaining
9 subparagraphs of re-lettered §217.7(c)(3) to accommodate adopted new §217.7(c)(3)(A). Adopted
10 amendments to re-lettered §217.7(c)(3)(B) and (C) add language clarifying which requirements apply
11 when the power of attorney names an individual and which apply when it names an entity, without
12 changing the underlying identification requirements.

§217.12

14 An adopted amendment to §217.12 deletes §217.12(a) and re-letters the remaining subsections
15 accordingly. This adopted amendment eliminates text that is unnecessary because it is just a general
16 statement that summarizes the mandate provided in the statutes administered by the department and
17 county to collect required fees for services.

Subchapter B. Motor Vehicle Registration

§217.26

20 An adopted amendment to §217.26(c)(2)(B)(i) clarifies the photo identification requirements to
21 register a motor vehicle for a lessee where the lessee is not an individual but a legal entity. The adopted
22 amendments require the person signing the application for the lessee to produce a current photo
23 identification along with a letter of authorization on the lessee's letterhead or a printed business card of

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1 the lessee. Under the adopted amendments, either the letter of authorization or the business card must
2 contain the name of the person signing the application that matches their photo identification. This
3 requirement would reduce the opportunity for fraud by lessees impersonating corporate entities.

4 §217.27

5 Adopted amendments to §217.27(c)(2) align the rule with statute in Transportation Code,
6 §502.0026 and with adopted amended §217.54 of this title (relating to Extended Registration). The
7 adopted amendments capture forms of extended registration that are not currently mentioned in the
8 rule, for clarity and ease of reference for readers.

9 §217.28

10 An adopted amendment to §217.28(f) replaces “one week” with “five consecutive business days”
11 to more specifically define “a protracted period of time” for closure of a county assessor-collector’s office
12 under Transportation Code, §502.407.

13 §217.37

14 This section, describing the charging of required fees provided in statute by the department and
15 county, is adopted for repeal because it is unnecessary as it is just a general statement that summarizes
16 the mandate provided in the statutes administrated by the department and county to collect required
17 fees for services.

18 §217.40

19 In response to comments, the department did not adopt the proposed amendments to delete
20 §217.40(a) and re-letter the remaining subsections accordingly, because stakeholders stated that
21 §217.40(a) provides clarity and guidance for readers who are not familiar with all of the department’s
22 statutes. An adopted amendment to §217.40(b)(3) adds a provision requiring an applicant applying for a
23 72- or 144-hour permit for a commercial motor vehicle, motor bus, trailer, or semi-trailer to provide a

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1 United States Department of Transportation (USDOT) number. This adopted amendment aligns with
2 current department procedures that were put in place as a fraud deterrent to prevent applications using
3 false or stolen information. The adopted amendment helps to ensure the applications are from legitimate
4 applicants seeking such permits for use consistent with Transportation Code, §502.094. An adopted
5 amendment to §217.40(c)(2)(A) deletes the vehicle categories listed in subsections (i) through (v) because
6 subsections (i) - (iii) and (v) are duplicative of Texas Transportation Code, §502.095(d), and subsection (iv)
7 describes a vehicle class that is not eligible for a thirty-day license plate under the statute.

8 §217.41

9 The department received comments that the purpose statement in §217.41(a) was helpful and
10 clarifying for readers. In response to these comments, the department did not adopt the proposed
11 deletion of §217.41(a) and the relettering of the remaining subsections. An adopted amendment to
12 §217.41(b)(2)(A)(ii) deletes the reference to “Subsection (b-1)” and replaces it with the reference to
13 Transportation Code, §504.202(b-1). The adopted amendment corrects a citation error that did not
14 properly reference the provision in the Transportation Code.

15 §217.47

16 In response to comments from stakeholders that the language proposed for deletion in
17 §217.47(a) is helpful to readers, the department did not adopt the proposed amendments to §217.47(a)
18 and the relettering of other subsections in §217.47.

19 An adopted amendment to §217.47(c) deletes §217.47(c)(7) and (8) since those provisions pertain
20 to notifications and costs between the department and the Department of Public Safety and the Texas
21 Commission on Environmental Quality that are governed by written agreements as authorized under
22 Transportation Code, §502.047, and not by the department’s rules.

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1 §217.52

2 In response to comments from stakeholders that the language proposed for deletion in
3 §217.52(a) is helpful to readers, the department did not adopt the proposed amendments to §217.52(a)
4 and the relettering of other subsections in §217.52.

5 Adopted amendments to §217.52(h) delete three license plate categories (T-Plates license plates;
6 luxury license plates; and freedom license plates); rename the “custom license plates” category to
7 “custom personalized specialty license plates”; and provide new descriptions for the “custom
8 personalized specialty license plates,” “background-only license plates,” and “embossed, personalized
9 specialty license plates” categories. These adopted amendments eliminate outdated license plate
10 categories that are no longer in use and update outdated descriptions of license plate categories to ensure
11 program accuracy and to align the rule with current department practices. An adopted amendment to
12 §217.52(h)(9) deletes §217.52(h)(6)(A) as it is duplicative of Transportation Code, §504.853(c), and re-
13 letters the remaining paragraphs. Additional adopted amendments to §217.52 change cross-references
14 throughout the section to account for the re-numbering of paragraphs based on adopted amendments to
15 §217.52.

16 §217.54

17 Adopted amendments to §217.54 rename the section title and create two subsections to address
18 extended registration of commercial fleet vehicles and certain trailers. The adopted amendments align
19 the department’s rules with Transportation Code, §502.0023 and §502.0024. Transportation Code,
20 §502.0023 creates extended registration of commercial fleet vehicles registration for a period of not less
21 than one year or more than eight years. Transportation Code, §502.0024 requires the department to
22 develop an extended registration process to allow owners of trailers, semitrailers or pole trailers with a
23 gross weight of 7,500 pounds or less to register such trailers for a period not to exceed five years. An

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1 adopted amendment to §217.54 retitles the section from “Registration of Fleet Vehicles” to “Extended
2 Registration” to more accurately describe the scope of the rule as amended to include the extended
3 registration of both commercial fleet vehicles and certain trailers as provided under Transportation Code,
4 §502.0023 and §502.0024. An adopted amendment creates new §217.54(a), titled “Extended Registration
5 of Commercial Fleet Vehicles,” and renumbers the existing subsections as paragraphs under the adopted
6 new subsection (a).

7 An adopted amendment to renumbered §217.54(a)(5)(B) adds an exception to the requirement
8 that the registration receipt for a token trailer be carried in the vehicle and available to law enforcement.
9 This amendment aligns the rule with Transportation Code, §502.0023(d-1) and Transportation Code,
10 §502.255(i), which do not require that the registration receipt be maintained in the token trailer so long
11 as the trailer displays a license plate issued for the registration.

12 Adopted amendments create new §217.54(b), titled “Extended Registration of Certain Trailers,”
13 to align the rule with Transportation Code, §502.0024. Adopted new §217.54(b)(1) clarifies for ease of
14 the reader’s reference that trailers, semitrailers, or pole trailers that have an actual gross weight or
15 registered gross weight of 7,500 pounds or less are eligible for extended registration, in alignment with
16 Transportation Code, §502.0024. Adopted new §217.54(b)(2) details the contents of the application, the
17 required supporting documents to show evidence of financial responsibility as required by Transportation
18 Code, §502.046, and the required fees associated with the application. Adopted new §217.54(b)(3) details
19 an owner’s options for selecting the extended registration period, including requirements that the
20 registration period be between one and five years, begin on the first day of a calendar month, and end on
21 the last day of a calendar month, to align with Transportation Code, §502.0024 and to make data
22 processing of the registration period simpler for the department’s registration and titling system. Adopted
23 new §217.54(b)(4) details the issuance of the registration insignia, registration receipt and license plate

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1 for each extended registration trailer, while prohibiting transfer of the registration receipt or insignia
2 between vehicles, owners or registrants to prevent fraud and to make license plate tracking easier for law
3 enforcement. Adopted new §217.54(b)(5) provides that an extended registration expires if it is not
4 renewed prior to the end of the expiration period, but allows for the owner, after expiration, to either
5 register the trailer with single-year registration, or to request extended registration, to create flexibility
6 for owners.

7 §217.56

8 In response to comments from stakeholders that the language proposed for deletion in
9 §217.56(a) is helpful to readers, the department did not adopt the proposed amendments to §217.56(a)
10 and the relettering of other subsections in §217.56.

11 Adopted amendments to §217.56(b) delete the definition of “Regional Service Center” because
12 the term was only utilized in reference to an outdated physical approval process, and update the definition
13 of “temporary cab card” to more accurately describe the timing for expiration of the cards. An adopted
14 amendment to §217.56(c)(2)(B), updates the reference to the current version of the International
15 Registration Plan to align with the department’s adoption of International Registration Plan under
16 Transportation Code, §502.091.

17 Additional adopted amendments to §217.56(c) account for the department’s streamlined
18 temporary cab card process. Adopted amendments to §217.56(c)(2)(C) modernize the rule to reflect
19 electronic form submission for apportioned registration and clarify that applicants must provide the
20 department with documents and information required by the International Registration Plan. Additional
21 adopted amendments to §217.56(c)(2)(C) modernize the rule by striking language that describes the
22 calculation of IRP fees as a separate step, since the electronic system calculates the fees automatically.

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1 The adopted amendments also remove the numbering designation from the remaining subparagraph (i)
2 to accommodate the deletion.

3 Adopted amendments to §217.56(c)(2)(D) broaden the scope of the paragraph to incorporate all
4 application requirements necessary for review and issuance of registration, consolidate language
5 regarding computation of fees, eliminate unnecessary language related to an outdated paper payment
6 process since IRP applications are now submitted electronically, and include a modernizing reference to
7 the department's issuance of cab cards at the time the application is approved. The adopted amendments
8 also clarify that the issuance of license plates, temporary cab cards, and cab cards is subject to the vehicle
9 being eligible for apportioned registration.

10 Adopted amendments §217.56(c)(2)(F) allow a registrant, during an audit by the department, to
11 submit operational records in any format, removing the requirement that the records be submitted in
12 number order and sequence by date. The adopted amendments to §217.56(c)(2)(F) provide more efficient
13 and flexible document submission options for the registrant. Similarly, adopted amendments to
14 §217.56(c)(2)(J)(ii) expand the options for conducting a conference between the department and a
15 registrant to discuss an adopted fee assessment, registration cancellation, or revocation of registration.
16 The adopted amendments to §217.56(c)(2)(J)(ii) include telephonic and videoconferencing as options to
17 allow more flexibility to the registrant and to align with current department processes. The adopted
18 amendments to §217.56(c)(2)(H) substitute "registrant" for "carrier" for consistency with the terminology
19 used in the remainder of §217.56(c)(2)(J).

20 Adopted amendments delete §217.56(c)(2)(M) in its entirety because it describes an outdated
21 process that the department has eliminated. The department currently issues a temporary cab card upon
22 approval of an application for apportioned registration and no longer requires paper submission of

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original documents. An adopted amendment to §217.56(c)(2)(L) removes a cross-reference to §217.56(c)(2)(M) since the department adopted its deletion.

§217.57.

The adopted amendments to §217.57 remove language describing the department's obligation to submit an annual report to the legislature, because it is duplicative of the requirements specified in Transportation Code, §502.004(c).

Subchapter C. Registration and Title Systems

§217.72

An adopted amendment creates new §217.72(a) by transferring text from §217.73 regarding the agreement that the counties enter into with the department as a precondition to receiving automated equipment from the department. These adopted amendments consolidate and streamline all requirements pertaining to automated equipment for the registration and title system into one new subsection titled "Automated Equipment Agreement" for ease of reference. Additional adopted amendments re-letter the remaining subsections and references to subsections within §217.72 as necessary to accommodate adopted new §217.72(a).

§217.73

This section, which describes the requirement for and contents of a written agreement between the department and a county for the county to receive automated equipment, is adopted to be repealed, with its text consolidated into §217.72 to put into one rule all requirements and conditions for counties to obtain automated equipment for the registration and title system.

§217.74

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1 An adopted amendment to §217.74(c) deletes the outdated requirement for active motor vehicle
2 dealers to secure webDealer access in advance of July 1, 2025, and the department's option to secure
3 access on behalf of a motor vehicle dealer in the county in which the motor vehicle dealer is located if the
4 motor vehicle dealer is unable to obtain access to the system by April 30, 2025. This provision was adopted
5 as part of the department's implementation of HB 718, 88th Legislature, Regular Session (2023), which
6 enacted Transportation Code, §520.0055 mandating motor vehicle dealers to submit title and registration
7 applications through the department's electronic system, also known as webDealer. The provision was a
8 temporary measure to ensure motor vehicle dealers came into compliance with the statutory mandate.
9 The deadlines have since passed and the provision is no longer necessary.

10 Similarly, adopted amendments to §217.74(g) delete the outdated deadline for existing motor
11 vehicle dealers to complete webDealer training and the outdated date to define newly licensed motor
12 vehicle dealers for purposes of webDealer training, both of which passed on April 30, 2025. Another
13 adopted amendment deletes §217.74(g)(2) and renumbers the paragraphs under §217.74(g) accordingly,
14 because it reflects an outdated requirement that is no longer relevant. The dates and webDealer training
15 exemption were adopted as part of the department's implementation of HB 718, 88th Legislature, Regular
16 Session (2023), which enacted Transportation Code, §520.0055 that mandated motor vehicle dealers to
17 submit title and registration applications through webDealer. The dates and exemption were temporary
18 measures to ensure motor vehicle dealers came into compliance with the training requirements. The
19 dates have since passed, so the rule provision is no longer necessary.

20 Subchapter D. Nonrepairable and Salvage Motor Vehicles**21 §217.83**

22 The department received comments that the proposed amendments to §217.83, which
23 substituted statutory citations for descriptions and explanations of the statutory requirements, could

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1 confuse readers seeking to apply for salvage and non-repairable vehicle titles. The department therefore
2 did not adopt these amendments. The remaining adopted amendment to §217.83 fixes a cross-
3 reference in §217.83(c)(2) to correct an error.

4 §217.84

5 Adopted amendments to §217.84(d) amend §217.84(d)(2) and delete §217.84(d)(3) to substitute
6 a reference to Transportation Code, §501.0925 in place of the text describing the documentation
7 requirements an insurance company must follow to obtain a nonrepairable or salvage vehicle title since
8 those requirements are duplicative of Transportation Code, §501.0925. Adopted amendments renumber
9 the remaining paragraphs of §217.84(d). An adopted amendment to adopted renumbered §217.84(d)(4)
10 references Transportation Code, §501.0935 to clarify the statutory source of the required notices.

11 **Subchapter F. Motor Vehicle Records**

12 §217.122

13 An adopted amendment to §217.122(b)(13) modernizes the rule by replacing the term and
14 definition of “eTAG file” with the term and definition of “ePLATE file.” HB 718, 88th Legislature, Regular
15 Session (2023), amended Transportation Code, Chapter 503 by replacing the use of temporary tags in
16 motor vehicle dealer operations with categories of license plates and requiring the department to develop
17 a new license plate system to regulate the distribution and use of license plates. Since the implementation
18 of HB 718, the department has transitioned to creating and maintaining records in the new license plate
19 system of motor vehicle dealers. The adopted definition of “ePLATE file” describes the contents of the
20 license plate records maintained by the department that can be accessed through procedures outlined in
21 the rules described in Subchapter F, comprised of three bulk files containing records of license plates from
22 a motor vehicle dealer and vehicle transfer notifications.

23 §217.124

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1 An adopted amendment to §217.124(d)(3) replaces “eTAG” with “ePLATE” to be consistent with
2 the adopted amendment to §217.122(b)(13) that replaces the term and definition of “eTAG” with
3 “ePLATE.”

§217.125

5 An adopted amendment to §217.125 creates new §217.125(b)(1) to require that a requestor of
6 personal information from motor vehicles records under the permitted disclosures of certain personal
7 information in Transportation Code, §730.007(a)(2)(B)(ii) submit proof of a complaint of motor vehicle
8 theft filed with a law enforcement agency or a report created by a law enforcement agency describing a
9 complaint of a motor vehicle theft. The adopted amendment prevents inappropriate release of motor
10 vehicle record information by requiring the requestor to provide documentation to show the genuineness
11 of the request. The adopted amendments also align the rule with current department procedures.
12 Additional adopted amendments to §217.125 renumber the remaining paragraphs in subsection (b) to
13 accommodate adopted new §217.125(b)(1).

§217.126

15 An adopted amendment to §217.126(a) substitutes a reference to Transportation Code, §730.013
16 in place of text that duplicates that statute. Similarly, an adopted amendment deletes §217.126(c) as it is
17 duplicative of Transportation Code, §730.013. An adopted amendment re-letters the remaining
18 subsection accordingly.

§217.127

20 Adopted amendments to §217.127 delete §217.127(b) and consolidate its text into §217.127(a)
21 to streamline the rule. An adopted amendment re-letters the remaining subsection accordingly.

Subchapter G. Inspections

§217.143

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Adopted amendments to §217.143 delete §217.143(b) and re-letter the remaining subsections accordingly. The requirement for a custom vehicle or street rod to pass a safety inspection performed by a master technician is unnecessary in §217.143(b) since a custom vehicle and street rod fall within the definition of “assembled vehicle” under Transportation Code, §731.001(a)(4) and would already require a passing safety inspection from a master technician under §217.143(a) prior to titling of the vehicle.

Subchapter J. Performance Quality Recognition

§217.204

Adopted amendments to §217.204(a) streamline the existing text of the subsection for easier readability without changing the meaning.

Subchapter L. Assembled Vehicles

§217.401

Section 217.401 was proposed for repeal in its entirety, but the department received comments from stakeholders that §217.401(a) was helpful for readers. The department is therefore not adopting the proposed repeal of §217.401. Instead, the department is only adopting an amendment to delete §217.401(b) because it is adopted to be incorporated into §217.402, and to remove the subsection lettering from §217.401(a).

§217.402

An adopted amendment to §217.402 creates new §217.402(c) by incorporating the text from repealed §217.401(b) to consolidate it with the other definitions for Subchapter L, because it defines “a glider kit issued a title with a ‘RECONSTRUCTED’ remark” as a “replica.”

§217.404

An adopted amendment to §217.404(a)(7) adds “if applicable” to the requirement for submission of a weight certificate with an application for initial titling of an assembled vehicle, since the department

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1 does not record and maintain the weights of motorcycles and mopeds in the department's system. The
2 adopted amendment to §217.404(a)(7) clarifies that a weight certificate is an optional supporting
3 document to the title application.

4 **CHANGES AT ADOPTION.** The department received comments from stakeholders on proposed §§217.1,
5 217.6, 217.21, 217.32, 217.40, 217.41, 217.43, 217.45, 217.47, 217.52, 217.56, 217.71, 217.81, 217.83,
6 217.121, 217.141, 217.161, 217.181, 217.201, 217.301, and 217.401. The stakeholders requested
7 reinstatement of rule language that the department had proposed for amendment or repeal because it
8 was identified during rule review and the review by the Texas Regulatory Efficiency Office as duplicative
9 of statute, unnecessary, in need of streamlining, or in need of modernization. After consideration of the
10 comments, the department modified §§217.40, 217.41, 217.47, 217.52, 217.56, 217.83 and 217.401 at
11 adoption and withdrew the proposed revisions to §§217.1, 217.6, 217.21, 217.32, 217.43, 217.45, 217.71,
12 217.81, 217.121, 217.141, 217.161, 217.181, 217.201 and 217.301 to remove the amendments the
13 stakeholders identified as unnecessary or unhelpful.

14 At adoption, the department did not adopt the proposed amendments to §217.43(c) that
15 removed a cross-reference to §217.32, which was proposed for repeal, and replaced it with a reference
16 to Transportation Code, §502.060 and §504.007. The department determined the existing cross-reference
17 to §217.32 should be retained since the department did not adopt the repeal of §217.32.

18 **SUMMARY OF COMMENTS.**

19 The department received two timely written comments on the proposal from the Texas Automobile
20 Dealers Association (TADA) and the Texas Independent Automobile Dealers Association (TIADA).

21 **Comment.** TADA and TIADA commented in opposition to adoption of the proposed rule amendments
22 concerning the purpose-and-scope provisions in §§217.1, 217.21, 217.40(a), 217.41(a), 217.43(a),
23 217.45(a), 217.47(a), 217.52(a), 217.56(a), 217.71(a), 217.81, 217.121, 217.141, 217.161, 217.181,

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1 217.201, 217.301, and 217.401, which were identified by the department as part of the Texas Regulatory
2 Efficiency Office's (TREO) review of the department's rules to cull out unnecessary rules. TADA asserted
3 that the existing sections assist the public and regulated entities in understanding the department's intent
4 and rationale for adopting the rules, and give readers a better regulatory comprehension of the
5 department. TADA contended the amendments would create confusion or add unnecessary complexity
6 and could disrupt established reliance on existing rule language without addressing a demonstrated need.
7 TIADA contended the proposed elimination of the purpose-and-scope provisions throughout Chapter 217
8 would put independent dealers at a disadvantage in understanding the rules because the purpose-and-
9 scope provisions assist independent motor vehicle dealers, who largely lack compliance or legal staff, with
10 a better understanding of the organization and application of the rules to maintain compliance with the
11 rules.

12 **Response.** The department agrees. These rules were identified for amendment or deletion by the
13 department as part of the TREO review because they contained unnecessary or unenforceable language,
14 required modernization, or duplicated statutory provisions. Throughout the review, TREO staff
15 emphasized that it was important for the department to consider stakeholder feedback. In light of the
16 comments indicating that stakeholders find the language that was proposed for deletion helpful, the
17 department did not adopt the proposed amendments.

18 **Comment.** TADA commented in opposition to adoption of the proposed rule amendments in §217.6.
19 TADA objected to the proposed amendments to delete §217.6(a) because the rule text is not entirely
20 duplicative of Transportation Code §501.024 and includes language that aids the public in understanding
21 the department's titling process.

22 **Response.** The department agrees. After further review, the department determined that §217.6(a)
23 provides clarity where it is lacking in Transportation Code, §501.024 by providing statutory cites to the

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1 title fee exemptions, and provides background on the requirements for issuance of a title receipt to a title
2 applicant. The department did not adopt the repeal at adoption.

3 **Comment.** TADA and TIADA commented in opposition to adoption of the proposed repeal of §217.32.
4 TADA objected to the proposed repeal of §217.32 because it clarifies for the public how and when to apply
5 for the replacement license plates or other registration devices, with details that Transportation Code,
6 §502.060 and §504.007 do not provide. TIADA objected to the proposed repeal of §217.32 because
7 §217.32 codifies a statewide standard for administration of the governing statutes concerning the
8 replacement of license plates and registration insignia. Without it, TIADA is concerned that there would
9 be an inconsistent standard of administration based on each county tax assessor-collector's individual
10 interpretation of the governing statutes. TIADA contended that this could create an unnecessary
11 compliance burden for dealers, consumers and county offices.

12 **Response.** The department agrees. After further review, the department determined that §217.32
13 provides additional clarity on the reasons a person may need to apply for replacement license plates or
14 registration devices that are not immediately apparent from Transportation Code §502.060 and §504.007.
15 The rule also clarifies that county tax assessor-collector offices are the locations for submitting
16 replacement applications. The department withdrew and did not adopt the repeal.

17 **Comment.** TADA commented in opposition to adoption of the proposed rule amendments to §217.83,
18 which substituted statutory cites for explanatory language in the rule, because they could create
19 confusion for the public regarding who is required to apply for a nonrepairable or salvage title and how
20 to apply for such titles.

21 **Response.** The department agrees. Since stakeholders find the language that was proposed for deletion
22 helpful, the department did not adopt the proposed amendments in §217.83 that substituted statutory
23 citations for explanations and descriptions of the statutory requirements.

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SUBCHAPTER A. MOTOR VEHICLE TITLES

STATUTORY AUTHORITY. The department adopts amendments to Chapter 217 under Transportation Code, §501.0041, which gives the department authority to adopt rules to administer Transportation Code Chapter 501, Certificate of Title Act; Transportation Code, §501.023, which authorizes the department to prescribe the process and procedures for applying for a motor vehicle title; Transportation Code, §501.0315, which authorizes the department to adopt rules governing the designation of a beneficiary by a motor vehicle owner; Transportation Code, §501.134, which authorizes the department to establish by rule a process for obtaining a lost or destroyed certificate of title; and 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, as well as the statutes referenced throughout this preamble.

CROSS REFERENCE TO STATUTE. The adopted amendments implement Transportation Code, §§501.0041, 501.023, 501.0315, 501.134, and 1002.001.

TEXT.

§217.3. Motor Vehicle Titles.

Unless otherwise exempted by law or this chapter, the owner of any motor vehicle that is required to be titled, including any motor vehicle required to be registered in accordance with Transportation Code Chapter 502, shall apply for a Texas title in accordance with Transportation Code Chapter 501 or 731, or this subchapter.

(1) Motorcycles, autocycles, and mopeds. The title requirements for a motorcycle, autocycle, and moped are the same requirements prescribed for any motor vehicle.

~~[(2) Farm vehicles.]~~

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1 ~~[(A) Farm tractors owned by agencies exempt from registration fees in~~
2 ~~accordance with Transportation Code §502.453, are required to be titled and registered with "Exempt"~~
3 ~~license plates issued in accordance with Transportation Code §502.451.]~~

4 ~~[(B) Tractors used as road tractors to mow rights of way or used to move~~
5 ~~commodities over the highway for hire are required to be registered and titled.]~~

6 (2) ~~[(3)]~~ Neighborhood electric vehicles. The title requirements of a neighborhood
7 electric vehicle (NEV) are the same requirements prescribed for any motor vehicle.

8 (3) ~~[(4)]~~ Trailers, semitrailers, and house trailers. If a trailer or semitrailer with a gross
9 weight of 4,000 pounds or less has been titled previously, any subsequent owner shall apply for a Texas
10 title for the trailer or semitrailer. Travel trailer-type vehicles must meet the criteria outlined in
11 subparagraph (C) of this paragraph to be titled:

12 (A) The rated carrying capacity will not be less than one-third of its empty
13 weight.

14 (B) Mobile office trailers, mobile oil field laboratories, and mobile oil field
15 bunkhouses are not designed as dwellings, but are classified as commercial semitrailers and must be
16 registered and titled as commercial semitrailers if operated on the public streets and highways.

17 (C) House trailer-type vehicles and camper trailers must meet the following
18 criteria in order to be titled.

19 (i) A house trailer-type vehicle that is less than eight feet six inches in
20 width or less than 45 feet in length is classified as a travel trailer and shall be registered and titled.

21 (ii) A camper trailer shall be titled as a house trailer and shall be
22 registered with travel trailer license plates.

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(iii) A recreational park model type trailer that is primarily designed as temporary living quarters for recreational, camping or seasonal use, is built on a single chassis, and is 400 square feet or less when measured at the largest horizontal projection when in the set up mode shall be titled as a house trailer and may be issued travel trailer license plates.

(4) ~~[(5)]~~ Assembled vehicles. The title requirements for assembled vehicles are prescribed in Subchapter L of this title (relating to Assembled Vehicles).

(5) ~~[(6)]~~ Not Eligible for Title. The following are not eligible for a Texas title regardless of the vehicle's previous title or registration in this or any other jurisdiction:

(A) vehicles that are missing or are stripped of their motor, frame, or body, to the extent that the vehicle loses its original identity or makes the vehicle unsafe for on-road operation as determined by the department;

(B) vehicles designed by the manufacturer for on-track racing only;

(C) vehicles designed or determined by the department to be for off-highway use only, unless specifically defined as a "motor vehicle" in Transportation Code Chapter 501; or

(D) vehicles assembled, built, constructed, rebuilt, or reconstructed in any manner with:

(i) a body or frame from a vehicle which is a "nonrepairable motor vehicle" as that term is defined in Transportation Code §501.091(9); or

(ii) a motor or engine from a vehicle which is flood damaged, water damaged, or any other term which may reasonably establish the vehicle from which the motor or engine was obtained is a loss due to a water related event.

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§217.4. Initial Application for Title.

(a) Time for application. A person must apply for the title not later than the 30th day after the date of assignment, except:

(1) in a seller-financed sale, the title must be applied for not later than the 45th day after the date the motor vehicle is delivered to the purchaser;

(2) a member of the armed forces or a member of a reserve component of the United States, a member of the Texas National Guard or of the National Guard of another state serving on active duty, must apply not later than the 60th day after the date of assignment of ownership; or

(3) as otherwise provided by Transportation Code, Chapter 501.

(b) Place of application. Except as otherwise provided by Transportation Code, Chapters 501 and 502, and by §217.84(a) of this title (relating to Application for Nonrepairable or Salvage Vehicle Title), when motor vehicle ownership is transferred, a title application must be filed with:

(1) the county tax assessor-collector in the county in which the applicant resides or in the county in which the motor vehicle was purchased or encumbered; or

(2) a county tax assessor-collector of a county who is willing to accept the application.

(c) Information to be included on application. An applicant for an initial title must file an application on a form prescribed by the department. The form will at a minimum require the:

(1) motor vehicle description including, but not limited to, the motor vehicle:

(A) year;

(B) make;

(C) identification number;

(D) body style; and

(E) empty weight;

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(2) license plate number, if the motor vehicle is subject to registration under Transportation Code, Chapter 502;

(3) odometer reading and brand, or the word "exempt" if the motor vehicle is exempt from federal and state odometer disclosure requirements;

(4) previous owner's legal name and municipality and state, if available;

(5) legal name as stated on the identification presented and complete address of the applicant;

(6) name and mailing address of any lienholder and the date of lien, if applicable;

(7) signature of the seller of the motor vehicle or the seller's authorized agent and the date the title application was signed; and

(8) signature of the applicant or the applicant's authorized agent and the date the title application was signed.

(d) Accompanying documentation. The title application must be supported by, at a minimum, the following documents:

(1) evidence of vehicle ownership, as described in §217.5 of this title (relating to Evidence of Motor Vehicle Ownership);

(2) an odometer disclosure statement properly executed by the seller of the motor vehicle and acknowledged by the purchaser, unless exempt under Transportation Code, §501.072(c)[if applicable];

(3) proof of financial responsibility in the applicant's name, as required by Transportation Code, §502.046, unless otherwise exempted by law;

(4) for a vehicle last registered or titled in another state, verification of the vehicle identification number by a process prescribed on a form by the department for the applicant to self-

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1 certify the vehicle identification number if the vehicle is not subject to Transportation Code, Chapter
2 548;

3 (5) a release of any liens, provided that if any liens are not released, they will be carried
4 forward on the new title application; and

5 (6) any documents required by §217.9 of this title (relating to Bonded Titles).

6
7 §217.5. Evidence of Motor Vehicle Ownership.

8 (a) Evidence of motor vehicle ownership properly assigned to the applicant must accompany the
9 title application. Evidence must include, but is not limited to, the following documents.

10 (1) New motor vehicles. A manufacturer's certificate of origin assigned by the
11 manufacturer or the manufacturer's representative or distributor to the original purchaser is required
12 for a new motor vehicle that is sold or offered for sale.

13 (A) The manufacturer's certificate of origin must be in the form prescribed by
14 the department and must contain, at a minimum, the following information:

15 (i) manufacturer's name on the face of the manufacturer's certificate of
16 origin;

17 (ii) motor vehicle description including, but not limited to, the motor
18 vehicle year, make, model, identification number, and body style;

19 (iii) the empty or shipping weight;

20 (iv) the gross vehicle weight when the manufacturer's certificate of
21 origin is invoiced to a licensed Texas motor vehicle dealer and is issued for commercial motor vehicles as
22 that term is defined in Transportation Code, Chapter 502;

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(v) a statement identifying a motor vehicle designed by the manufacturer for off-highway use only;

(vi) if the vehicle is a motor bus, the manufacturer must show the seating capacity (number of passengers) of the motor bus on the manufacturer's certificate; and

(vii) if the vehicle is a "neighborhood electric vehicle," a statement that the vehicle meets Federal Motor Vehicle Safety Standard 500 (49 C.F.R. §571.500) for low-speed vehicles.

(B) When a motor vehicle manufactured in another country is sold directly to a person other than a manufacturer's representative or distributor, the manufacturer's certificate of origin must be assigned to the purchaser by the seller.

(2) Used motor vehicles. Applicants applying for title to a used motor vehicle must relinquish as evidence of ownership one of the following documents:

(A) a title issued by the department;

(B) a title issued by another state if the motor vehicle was last titled in another state;

(C) documents evidencing a transfer of motor vehicle ownership by operation of law as listed in Transportation Code §501.074;

(D) a registration receipt if the applicant is coming from a state that no longer titles vehicles after a certain period of time; or

(E) a bill of sale when the applicant presents:

(i) an out-of-state or out-of-country registration receipt that does not provide a transfer of ownership section;

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(ii) an out of state title when all dealer reassignment sections have been completed and the issuing state does not utilize supplemental dealer reassignment forms; or

(iii) a non-titled vehicle.

(3) Evidence of Ownership for Purpose of Identification Number Assignment or Reassignment. An applicant for assignment or reassignment of an identification number under Transportation Code §501.033 who is unable to produce evidence of ownership under this section, may file a bond with the department in accordance with Transportation Code §501.053 and §217.9 of this title (relating to Bonded Titles). The bond will serve as evidence of ownership for purposes of §501.033(b).

(4) Motor vehicles brought into the United States. An application for title for a motor vehicle last registered or titled in a foreign country must be supported by documents including, but not limited to, the following:

(A) the motor vehicle registration certificate or other verification issued by a foreign country reflecting the name of the applicant as the motor vehicle owner, or reflecting that legal evidence of ownership has been legally assigned to the applicant;

(B) the identification number inspection required under Transportation Code §501.032(a)(2), except as provided in §501.032(b); and

(C) for motor vehicles that are less than 25 years old, proof of compliance with United States Department of Transportation (USDOT) regulations including, but not limited to, the following documents:

(i) copy of the ~~[original]~~ bond release letter with all attachments advising that the motor vehicle meets federal motor vehicle safety requirements or a letter issued by

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1 the USDOT, National Highway Traffic Safety Administration, verifying the issuance of the ~~[original]~~ bond
2 release letter;

3 (ii) a legible copy of the motor vehicle importation form validated with a
4 signature as filed with the USDOT confirming the exemption from the bond release letter required in
5 clause (i) of this subparagraph, or a copy thereof certified by United States Customs;

6 (iii) a verification of motor vehicle inspection by United States Customs
7 certified on its letterhead and signed by its agent verifying that the motor vehicle complies with USDOT
8 regulations;

9 (iv) a written confirmation that a physical inspection of the safety
10 certification label has been made by the department and that the motor vehicle meets United States
11 motor vehicle safety standards;

12 (v) copy of the ~~[original]~~ bond release letter, verification thereof, or
13 written confirmation from the previous state verifying that a bond release letter issued by the USDOT
14 was relinquished to that jurisdiction, if the non-United States standard motor vehicle was last titled or
15 registered in another state for one year or less; or

16 (vi) verification from the vehicle manufacturer on its letterhead
17 stationery.

18 (b) Alterations to documentation. An alteration to text in a registration receipt, title,
19 manufacturer's certificate, or ~~[other]~~ evidence of ownership set out in subsection (a) of this section, that
20 was printed by the department, person, or governmental entity issuing the document, constitutes a
21 valid reason for the rejection of any transaction to which altered evidence is attached. If any digit
22 printed by the department, person or governmental entity issuing the document has been altered on
23 any of the document types described above, the transaction shall be rejected.

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(c) Corrected documentation.

(1) Altered lien information on any surrendered evidence of ownership requires a release from the original lienholder or a statement from the proper authority of the state in which the lien originated. The statement must verify the correct lien information.

~~[(2) A strikeover that leaves any doubt about the legibility of any digit in any document will not be accepted.]~~

(2)~~[(3)]~~ A corrected manufacturer's certificate of origin will be required if the manufacturer's certificate of origin contains an:

- (A) incomplete or altered vehicle identification number;
- (B) alteration or strikeover of the vehicle's model year;
- (C) alteration or strikeover to the body style, or omitted body style on the manufacturer's certificate of origin; or
- (D) alteration or strikeover to the weight.

(3)~~[(4)]~~ A statement of fact may be requested to explain errors, corrections, or conditions from which doubt does or could arise concerning the legality of any instrument. A statement of fact will be required in all cases:

- (A) in which the date of sale on an assignment has been erased or altered in any manner; or
- (B) of alteration or erasure on a Dealer's Reassignment of Title.

(d)~~[(e)]~~ Rights of survivorship. A signed "rights of survivorship" agreement may be executed by a natural person acting in an individual capacity in accordance with Transportation Code, §501.031.

(e)~~[(d)]~~ Identification required.

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(1) An application for title is not acceptable unless the applicant presents a current photo identification of the owner containing a unique identification number. The current photo identification must be a:

(A) driver's license or state identification certificate issued by a state or territory of the United States;

(B) United States or foreign passport;

(C) United States military identification card;

(D) North Atlantic Treaty Organization identification or identification issued under a Status of Forces Agreement;

(E) United States Department of Homeland Security, United States Citizenship and Immigration Services, or United States Department of State identification document; or

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

(2) If the motor vehicle is titled in:

(A) more than one name, then the identification of one owner must be presented;

(B) the name of a leasing company, then:

(i) proof of the Federal Employer Identification Number/Employee Identification Number (FEIN/EIN) of the leasing company must be submitted, written on the application, and can be entered into the department's titling system. The number must correspond to the name of the leasing company in which the vehicle is being titled; and

(ii) the leasing company may submit:

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1 (I) a government issued photo identification, required under
2 paragraph (1) of this subsection, of the lessee listed as the registrant; or

3 (II) a government issued photo identification, required under
4 paragraph (1) of this subsection, of the employee or authorized agent who signed the application for the
5 leasing company, and the employee's or authorized agent's employee identification, letter of
6 authorization written on the lessor's letterhead, or a printed business card. The printed business card,
7 employee identification, or letter of authorization written on the lessor's letterhead must contain the
8 name of the lessor, and the employee's or authorized agent's name must match the name on the
9 government issued photo identification;

10 (C) the name of a trust, then a government issued photo identification, required
11 under paragraph (1) of this subsection, of a trustee must be presented; or

12 (D) the name of a business, government entity, or organization, then:

13 (i) proof of the Federal Employer Identification Number/Employee
14 Identification Number (FEIN/EIN) of the business, government entity, or organization must be
15 submitted, written on the application, and can be entered into the department's titling system. The
16 number must correspond to the name of the business, government entity, or organization in which the
17 vehicle is being titled;

18 (ii) the employee or authorized agent must present a government
19 issued photo identification, required under paragraph (1) of this subsection; and

20 (iii) the employee's or authorized agent's employee identification; letter
21 of authorization written on the business', government entity's, or organization's letterhead; or a printed
22 business card. The printed business card, employee identification, or letter of authorization written on
23 the business', government entity's, or organization's letterhead must contain the name of the business,

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1 governmental entity, or organization, and the employee's or authorized agent's name must match the
2 name on the government issued photo identification.

3 (3) In addition to the requirements of paragraphs (1) and (2) of this subsection, if a
4 power of attorney is being used to apply for a title, then the applicant must show:

5 (A) identification, required under paragraph (1) of this subsection, matching the
6 person named as power of attorney; or

7 (B) identification, required under paragraph (1) of this subsection, and
8 employee identification or a printed business card or authorization written on the letterhead of the
9 entity named as power of attorney that matches the identification of the employee if the power of
10 attorney names an entity.

11 (4) Within this subsection, an identification document such as a printed business card,
12 letter of authorization, or power of attorney, may be an original or a photocopy.

13 (5) A person who holds a general distinguishing number issued under Transportation
14 Code, Chapter 503 is exempt from submitting to the county tax assessor-collector, but must retain:

15 (A) the owner's identification, as required under paragraph (1) of this
16 subsection; and

17 (B) authorization to sign, as required under paragraph (2) of this subsection.

18 (6) A person who holds a general distinguishing number issued under Transportation
19 Code, Chapter 503 is not required to submit photo identification or authorization for an employee or
20 agent signing a title assignment with a secure power of attorney.

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§217.7. Replacement of Title.

(a) Lost or destroyed title. If a title is lost or destroyed, the department will issue a certified copy of the title to the owner, the lienholder, or a verified agent of the owner or lienholder in accordance with Transportation Code, Chapter 501, on proper application and payment of the appropriate fee to the department.

(b) Titles sent to Third Parties from Release of E-Liens. If the owner of a vehicle or their agent requests a certified copy of their title, which department records show was mailed to a third party by the department at the request of the lienholder following release of an e-lien, the department will not process the request absent submission of:

(1) a written statement from the third party, to whom the department mailed the certified copy of title, disclaiming any interest in the vehicle; or

(2) a written statement from the lienholder, stating that the title was incorrectly released to the third party, to whom the department mailed the certified copy of title.

(c) Identification required.

(1) An owner or lienholder may not apply for a certified copy of title unless the applicant presents a current photo identification of the owner or lienholder containing a unique identification number and expiration date. The current photo identification must be a:

(A) driver's license or state identification certificate issued by a state or territory of the United States;

(B) United States or foreign passport;

(C) United States military identification card;

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1 (D) North Atlantic Treaty Organization identification or identification issued
2 under a Status of Forces Agreement;

3 (E) United States Department of Homeland Security, United States Citizenship
4 and Immigration Services, or United States Department of State identification document; or

5 (F) license to carry a handgun issued by the Texas Department of Public Safety
6 under Government Code, Chapter 411, Subchapter H.

7 (2) If the motor vehicle is titled in:

8 (A) more than one name, then the identification for each owner must be
9 presented;

10 (B) the name of a leasing company, then the lessor's employee or authorized
11 agent who signed the application for the leasing company must present:

12 (i) a government issued photo identification, required under paragraph
13 (1) of this subsection; and

14 (ii) employee identification, letter of authorization written on the
15 lessor's letterhead, or a printed business card. The printed business card, employee identification, or
16 letter of authorization written on the lessor's letterhead must contain the name of the lessor, and the
17 employee's or authorized agent's name must match the name on the government issued photo
18 identification;

19 (C) the name of a trust, then a government issued photo identification, required
20 under paragraph (1) of this subsection, of a trustee must be presented; or

21 (D) the name of a business, government entity, or organization, then:

22 (i) the employee or authorized agent must present a government issued
23 photo identification, required under paragraph (1) of this subsection; and

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(ii) the employee's or authorized agent's employee identification; letter of authorization written on the business', government entity's, or organization's letterhead; or a printed business card. The printed business card, employee identification, or letter of authorization written on the business', government entity's, or organization's letterhead must contain the name of the business, governmental entity, or organization, and the employee's or authorized agent's name must match the name on the government issued photo identification.

(3) ~~If [In addition to the requirements of paragraphs (1) and (2) of this subsection, if]~~ a power of attorney is being used to apply for a certified copy of title, then the applicant must show:

(A) identification of the owner or lienholder that meets the requirements of paragraphs (1) and (2) of this subsection, except that if the power of attorney is notarized by a commissioned Texas notary public, the photo identification of the owner or lienholder can be expired more than 12 months, and:

(B)[(A)] if the power of attorney names an individual, a current photo identification, required under paragraph (1) of this subsection, matching the person named as power of attorney; or

(C)[(B)] if the power of attorney names an entity, a current photo identification, required under paragraph (1) of this subsection, and employee identification or a printed business card or authorization written on the letterhead of the entity named as power of attorney that matches the identification of the employee; [if the power of attorney names an entity; or]

[(C) current photo identification, required under paragraph (1) of this subsection, of the owner or lienholder.]

(4) Within this subsection, an identification document, such as a printed business card, letter of authorization, or power of attorney, may be an original or a photocopy.

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1 ~~(d)~~~~(e)~~ Issuance. An application for a certified copy must be properly executed and supported by
2 appropriate verifiable proof of the vehicle owner, lienholder, or agent regardless of whether the
3 application is submitted in person or by mail. A certified copy will not be issued until after the 14th day
4 that the original title was issued.

5 ~~(e)~~~~(d)~~ Denial. If issuance of a certified copy is denied, the applicant may resubmit the request
6 with the required verifiable proof or may pursue the privileges available in accordance with
7 Transportation Code, §501.052 and §501.053.

8 ~~(f)~~~~(e)~~ Additional copies. An additional certified copy will not be issued until 30 days after
9 issuance of the previous certified copy.

10 ~~(g)~~~~(f)~~ Fees. The fee for obtaining a certified copy of a title is \$2 if the application is submitted to
11 the department by mail and \$5.45 if the application is submitted in person for expedited processing at
12 one of the department's regional offices.

13
14 §217.12. Fees.

15 ~~[(a) The department and the county will charge required fees, and only those fees provided by~~
16 ~~statute or by rule.]~~

17 ~~(a)~~~~(b)~~ The \$25 mechanic lien fee provided by Property Code, §70.006 may be charged once per
18 vehicle.

19 ~~(b)~~~~(e)~~ There is no charge for issuance of title receipt or the duplicate title receipt at the time of
20 application.

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SUBCHAPTER B. MOTOR VEHICLE REGISTRATION

STATUTORY AUTHORITY. The department adopts amendments to Chapter 217 under Transportation Code, §502.0021, which authorizes the department to adopt rules to administer Transportation Code Chapter 502, Registration of Vehicles; Transportation Code, §502.0024, which authorizes the department to develop and implement an extended registration process for a trailer, semitrailer, or pole trailer with a gross weight of 7,500 pounds or less; Transportation Code, §502.004, which requires the board to adopt rules establishing a program to collect information concerning the number of alternatively fueled vehicles registered in Texas; Transportation Code, §502.040, which authorizes the department to prescribe the process and procedures for applying for a motor vehicle registration; Transportation Code, §502.047, which authorizes the department to develop a vehicle registration based enforcement for motor vehicle inspections; Transportation Code, §502.060, which governs the replacement of registration insignia; Transportation Code, §502.091, which authorizes the department to enter into agreements with other jurisdictions of the United States and foreign countries to allow for reciprocal registration of vehicles to residents and nonresidents under the International Registration Plan and to adopt rules to carry out the International Registration Plan; Transportation Code, §502.094, which authorizes the department to issue 72- or 144-hour permits; Transportation Code, §502.095, which authorizes the department to issue one-trip and 30-day license plates; Transportation Code, §502.191, which governs the collection of fees by the department or county; Transportation Code, §502.1911, which authorizes the board to adopt rules to set registration processing and handling fees; Transportation Code, §502.407, which authorizes the department to define protracted period of time for an office closure of a county assessor-collector by rule; Transportation Code, §502.434, which authorizes the department to issue excess weight permits; Transportation Code §504.0011, which authorizes the department to adopt rules to implement and administer Transportation Code, Chapter

10/8/26

Exhibit B

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504, License Plates; Transportation Code, §504.007, which governs the replacement of license plates; Transportation Code, §504.201, which requires the department to issue disabled person license plates; Transportation Code, §504.202, which requires the department to issue disabled veteran license plates; Transportation Code, §504.2025, which requires the department to issue disabled peace officer license plates; Transportation Code, §504.801, which governs the creation of new specialty license plates by the department; Transportation Code, §504.851, which authorizes the department to contract with private vendors to propose and market department approved specialty license plates and adopt rules setting the fees for the issuance and renewal of the specialty license plates; Transportation Code, §681.002, which authorizes the department to issue disabled parking placards; and 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, as well as the statutes referenced throughout this preamble.

CROSS REFERENCE TO STATUTE. The adopted amendments implement Transportation Code, §§502.0021, 502.0024, 502.040, 502.047, 502.060, 502.091, 502.094, 502.095, 502.191, 502.1911, 502.407, 502.434, 504.0011, 504.007, 504.201, 504.202, 504.2025, 504.801, 504.851, 681.002, and 1002.001.

TEXT.

§217.26. Identification Required.

(a) Except as stated in subsections (b), (c), (g) and (h) of this section, an application for initial registration - including registration under Transportation Code, Chapter 502, Subchapters C or I; §502.146; a registration under §217.66 of this title (relating to Specialized License Plate for Registration of Rental Trailers); or a commercial vehicle registration under §217.46(b) of this title (relating to Commercial Vehicle Registration) - is not acceptable unless the applicant presents a current photo

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1 identification of the owner containing a unique identification number and expiration date. The current
2 photo identification must be a:

3 (1) driver's license or state identification certificate issued by a state or territory of the
4 United States;

5 (2) United States or foreign passport;

6 (3) United States military identification card;

7 (4) North Atlantic Treaty Organization identification or identification issued under a
8 Status of Forces Agreement;

9 (5) United States Department of Homeland Security, United States Citizenship and
10 Immigration Services, or United States Department of State identification document; or

11 (6) license to carry a handgun issued by the Texas Department of Public Safety under
12 Government Code, Chapter 411, Subchapter H.

13 (b) Except as stated in subsections (c), (g) and (h) of this section, - an application for initial
14 registration under Transportation Code, Chapter 502- other than registration under Subchapters C or I of
15 Chapter 502; §502.146; a registration under §217.66 of this title (relating to Specialized License Plate for
16 Registration of Rental Trailers); or a commercial vehicle registration under §217.46(b) of this title
17 (relating to Commercial Vehicle Registration) - is not acceptable unless the applicant presents one of the
18 following for the owner of the vehicle:

19 (1) a valid, unexpired driver's license or state identification certificate that complies with
20 REAL ID and is not marked "limited term" or "temporary," issued by a state or territory of the United
21 States;

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1 (2) a valid, unexpired driver's license or state identification certificate issued by a state
2 that issues driver's licenses and state identification certificates only to individuals who are legally
3 present in the United States;

4 (3) a valid, unexpired driver's license or state identification certificate issued by a state
5 or territory of the United States, accompanied by a United States birth certificate, United States
6 Certificate of Naturalization (N-550 or N-570), or a United States Certificate of Citizenship (N-560 or N-
7 561);

8 (4) a valid passport; or

9 (5) a valid, unexpired license to carry a handgun issued by the Texas Department of
10 Public Safety under Government Code, Chapter 411, Subchapter H.

11 (c) If the motor vehicle is titled in:

12 (1) more than one name, then the identification of one owner under subsections (a), (b),
13 or (c)(2) - (4) of this section, as applicable, must be presented;

14 (2) the name of a leasing company, then:

15 (A) proof of the Federal Employer Identification Number/Employee
16 Identification Number (FEIN/EIN) of the leasing company must be submitted, written on the application,
17 and can be entered into the department's titling system. The number must correspond to the name of
18 the leasing company in which the vehicle is being titled; and

19 (B) the leasing company may submit:

20 (i) a current photo identification, required under subsection (a) of this
21 section, of the lessee listed as the registrant if the lessee is an individual; otherwise, if the lessee is a
22 legal entity, a current photo identification, required under this section, of the individual who signed the
23 application for the lessee and either a letter of authorization written on the lessee's letterhead or a

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1 printed business card. The printed business card or letter of authorization written on the lessee's

2 letterhead must contain the name of the individual who signed for the lessee, and the individual's name

3 must match the name on the current photo identification; or

4 (ii) a current photo identification, required under subsection (a) of this

5 section, of the employee or authorized agent who signed the application for the leasing company, and

6 the employee's or authorized agent's employee identification, letter of authorization written on the

7 lessor's letterhead, or a printed business card. The printed business card, employee identification, or

8 letter of authorization written on the lessor's letterhead must contain the name of the lessor, and the

9 employee's or authorized agent's name must match the name on the current photo identification;

10 (3) the name of a trust, then a current photo identification, required under subsection

11 (a) of this section, of a trustee, or authorized trustee representative if the trustee is a legal entity, must

12 be presented; or

13 (4) the name of a business, government entity, or organization, then:

14 (A) proof of the Federal Employer Identification Number/Employee

15 Identification Number (FEIN/EIN) of the business, government entity, or organization must be

16 submitted, written on the application, and can be entered into the department's titling system. The

17 number must correspond to the name of the business, government entity, or organization in which the

18 vehicle is being titled;

19 (B) the employee or authorized agent must present a current photo

20 identification, required under subsection (a) this section; and

21 (C) the employee's or authorized agent's employee identification; letter of

22 authorization written on the business', government entity's, or organization's letterhead; or a printed

23 business card. The printed business card, employee identification, or letter of authorization written on

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the business', government entity's, or organization's letterhead must contain the name of the business, governmental entity, or organization, and the employee's or authorized agent's name must match the name on the current photo identification.

(d) Within this section, an identification document such as a printed business card, letter of authorization, or power of attorney, may be an original or photocopy.

(e) A person who holds a general distinguishing number issued under Transportation Code, Chapter 503 is exempt from submitting to the county tax assessor-collector, but must retain:

(1) the owner's identification, as required under this section; and

(2) authorization to sign, as required under this section.

(f) A person who holds a general distinguishing number issued under Transportation Code, Chapter 503 is not required to submit photo identification or authorization for an employee or agent signing a title assignment with a secure power of attorney.

(g) This section does not apply to non-titled vehicles.

(h) This section does not apply to:

(1) apportioned registration under the International Registration Plan;

(2) exempt vehicle registration under Transportation Code, Chapter 502, Subchapter J, or Transportation Code, §502.0025; or

(3) registration of off-highway vehicles owned by the state, a county, or a municipality under Transportation Code §502.140(c).

§217.27. Vehicle Registration Insignia.

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(a) On receipt of a complete initial application for registration with the accompanying documents and fees, the department will issue vehicle registration insignia to be displayed on or kept in the vehicle for which the registration was issued for the current registration period.

(1) If the vehicle has a windshield, the vehicle registration insignia shall be attached to the inside lower left corner of the vehicle's front windshield in a manner that will not obstruct the vision of the driver, unless the vehicle is registered under Transportation Code, Chapter 504, Subchapter B-1.

(2) If the vehicle has no windshield, the vehicle registration insignia shall be attached to the rear license plate unless the vehicle is registered under Transportation Code, Chapter 504, Subchapter B-1, except that registration receipts, retained inside the vehicle, may provide the record of registration for vehicles with permanent trailer plates.

(3) If the vehicle is registered under Transportation Code, Chapter 504, Subchapter B-1, the registration receipt, symbol, tab, or other device prescribed by and issued by the 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:

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(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

(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 registered under [described by] Transportation Code, §502.0024 and §217.54(b) of this chapter (relating to Extended Registration) 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 registered under Transportation Code §502.0026 may obtain registration insignia for a period consisting of 36 consecutive months on payment of all fees for each full year of registration; and

(C) [(B)] vehicles may be registered for 24 consecutive months in accordance with Transportation Code, §502.044(a-1) on payment of all fees for each year of registration.

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(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.

(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.

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1 "Derogatory" may also include a reference to an organization that advocates the expressions described
2 in this subparagraph);

3 (D) a direct or indirect negative instruction or command directed at another
4 individual related to the operation of a motor vehicle;

5 (E) a direct or indirect reference to gangs, illegal activities, implied threats of
6 harm, or expressions that describe, advertise, advocate, promote, encourage, glorify, or condone
7 violence, crime, or unlawful conduct;

8 (F) a direct or indirect reference to controlled substances or the physiological
9 state produced by such substances, intoxicated states, or a direct or indirect reference that may express,
10 describe, advertise, advocate, promote, encourage, or glorify such substances or states;

11 (G) a direct representation of law enforcement or other governmental entities,
12 including any reference to a public office or position exclusive to government; or

13 (H) a pattern that could be misread by law enforcement.

14 (3) The license plate number is currently on a license plate issued to another owner.

15 (e) Notwithstanding the provisions of this section, the department may issue license plates with
16 personalized license plate numbers that refer to:

17 (1) military branches, military rank, military units, military equipment, or status; or

18 (2) institutions of higher education, including military academies, whether funded
19 privately, by the state, or by the federal government.

20 (f) A decision to cancel or not to issue a license plate with a personalized license plate number
21 under subsection (d) of this section may be appealed to the executive director of the department or the
22 executive director's designee within 20 days of notification of the cancellation or non-issuance. All
23 appeals must be in writing, and the requesting party may include any written arguments, but shall not

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1 be entitled to a contested case hearing. The executive director or the executive director's designee will
2 issue a decision no later than 30 days after the department receives the appeal, unless additional
3 information is sought from the requestor, in which case the time for decision is tolled until the
4 additional information is provided. The decision of the executive director or the executive director's
5 designee is final and may not be appealed to the board. An appeal to the executive director or the
6 executive director's designee is denied by operation of law 31 days from the receipt of the appeal, or if
7 the requestor does not provide additional requested information within ten days of the request.

8 (g) The provisions of subsection (a) of this section do not apply to vehicles registered with
9 annual license plates issued by the department.

10 (h) A person whose initial application has been denied will receive a refund if the denial is not
11 appealed in accordance with subsection (f) of this section. If an existing license plate with a personalized
12 license plate number has been canceled, the person may choose a new personalized license plate
13 number that will be valid for the remainder of the term, or the remaining term of the canceled license
14 plate will be forfeited.

15
16 §217.28. Vehicle Registration Renewal.

17 (a) To renew vehicle registration, a vehicle owner must apply to the tax assessor-collector of the
18 county in which the owner resides or a county tax assessor-collector who is willing to accept the
19 application.

20 (b) The department will send a registration renewal notice, indicating the proper registration fee
21 and the month and year the registration expires, to each vehicle owner prior to the expiration of the
22 vehicle's registration.

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(c) The registration renewal notice should be returned by the vehicle owner to the county tax assessor-collector in the county in which the owner resides or a county tax assessor-collector who is willing to accept the application, or to that tax assessor-collector's deputy, either in person or by mail, unless the vehicle owner renews via the Internet. The renewal notice must be accompanied by the following documents and fees:

- (1) registration renewal fees prescribed by law;
- (2) any local fees or other fees prescribed by law and collected in conjunction with registration renewal; and
- (3) evidence of financial responsibility required by Transportation Code, §502.046, unless otherwise exempted by law.

(d) If a registration renewal notice is lost, destroyed, or not received by the vehicle owner, the vehicle may be registered if the owner presents personal identification acceptable to the county tax assessor-collector or via the Internet. Failure to receive the notice does not relieve the owner of the responsibility to renew the vehicle's registration.

(e) Renewal of expired vehicle registrations.

(1) If the owner has been arrested or cited for operating the vehicle without valid registration then a 20% delinquency penalty is due when registration is renewed, the full annual fee will be collected, and the vehicle registration expiration month will remain the same.

(2) If the county tax assessor-collector or the department determines that a registrant has a valid reason for being delinquent in registration, the vehicle owner will be required to pay for 12 months' registration. Renewal will establish a new registration expiration month that will end on the last day of the eleventh month following the month of registration renewal.

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(3) If the county tax assessor-collector or the department determines that a registrant does not have a valid reason for being delinquent in registration, the full annual fee will be collected and the vehicle registration expiration month will remain the same.

(4) Specialty license plates, symbols, tabs, or other devices may be prorated as provided in §217.45(d)(2) of this title (relating to Specialty License Plates, Symbols, Tabs, and Other Devices).

(5) Evidence of a valid reason may include receipts, passport dates, and military orders. Valid reasons may include:

- (A) extensive repairs on the vehicle;
- (B) the person was out of the country;
- (C) the vehicle is used only for seasonal use;
- (D) military orders;
- (E) storage of the vehicle;
- (F) a medical condition such as an extended hospital stay; and
- (G) any other reason submitted with evidence that the county tax assessor-collector or the department determines is valid.

(6) The operation of a vehicle with an expired registration that has been stored or otherwise not in operation that is driven only to an inspection station for the purpose of obtaining an inspection, if applicable, required for registration, will not affect the determination of whether the registrant has a valid or invalid reason for being delinquent.

(f) For purposes of Transportation Code §502.407(c), the county tax assessor-collector's office of the county in which the owner resides is closed for a protracted period of time if the county tax assessor-collector's office has notified the department that it is closed or will be closed for more than five consecutive business days ~~[one week]~~.

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1

2 §217.40. Special Registrations.

3

4 (a) Purpose and scope. Transportation Code, Chapter 502, Subchapters C and I, charge the

5 department with the responsibility of issuing special registration permits and special registration license

6 plates, which shall be recognized as legal registration for the movement of motor vehicles not

7 authorized to travel on Texas public highways for lack of registration or for lack of reciprocity with the

8 state or country in which the vehicles are registered. For the department to efficiently and effectively

9 perform these duties, this section prescribes the policies and procedures for the application and the

10 issuance of special registration permits and special registration license plates-

11

(b) Permit categories. The department will issue the following categories of special registration

11 permits.

12

(1) Additional weight permits in accordance with Transportation Code, §502.434.

13

(A) A permit will not be issued unless the registration fee for hauling the

14 additional weight has been paid prior to the actual hauling.

15

(B) An applicant must provide proof of the applicant's Texas Agriculture or

16 Timber Exemption Registration Number issued by the Texas Comptroller of Public Accounts. Proof of the

17 registration number must be:

18

(i) legible;

19

(ii) current;

20

(iii) in the name of the person or dba in which the vehicle is or will be

21 registered; and

22

(iv) verifiable through the online system established by the Comptroller.

23

(2) Annual permits in accordance with Transportation Code, §502.093.

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1 (A) The department will issue annual permits:
2 (i) for a 12-month period designated by the department which begins
3 on the first day of a calendar month and expires on the last day of the last calendar month in that
4 annual registration period; and

5 (ii) to each vehicle or combination of vehicles for the registration fee
6 prescribed by weight classification in Transportation Code, §502.253 and §502.255.

7 (B) The following exemptions apply to vehicles displaying annual permits.
8 Currently registered foreign semitrailers having a gross weight in excess of 6,000 pounds used or to be
9 used in combination with commercial motor vehicles or truck tractors having a gross vehicle weight in
10 excess of 10,000 pounds are exempted from the requirements to pay the token fee and display the
11 associated distinguishing license plate provided for in Transportation Code, §502.255. An annual permit
12 is required for the power unit only. For vehicles registered in combination, the combined gross weight
13 may not be less than 18,000 pounds.

14 (C) Upon approval of an application, the department will issue one license plate
15 for a trailer, semitrailer, or foreign commercial motor vehicle as defined in Transportation Code,
16 §648.001(4). The license plate issued to a truck-tractor shall be installed on the front of the truck-
17 tractor. For other types of vehicles, the license plate issued shall displayed as required by §217.27(b) of
18 this title (relating to Vehicle Registration Insignia).

19 (3) 72-hour permits and 144-hour permits in accordance with Transportation Code,
20 §502.094. An applicant must provide a United States Department of Transportation (USDOT) number.

21 (c) License plate categories. The department will issue the following categories of special
22 registration license plates.

23 (1) One-trip license plates in accordance with Transportation Code, §502.095.

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(A) A one-trip license plate may not be issued for a trip which both originates and terminates outside Texas.

(B) A laden motor vehicle or a laden commercial vehicle cannot display a one-trip license plate. If the vehicle is unregistered, it must operate with a 72-hour or 144-hour permit.

(C) A one-trip license plate must be displayed as required by §217.27(b) of this title (relating to Vehicle Registration Insignia).

(2) 30-day license plates in accordance with Transportation Code, §502.095.

(A) A vehicle operated on a 30-day license plate is not restricted to a specific route. ~~[The 30-day license plate is available for:]~~

~~[(i) passenger vehicles;]~~

~~[(ii) private buses;]~~

~~[(iii) trailers and semitrailers with a gross weight not exceeding 10,000 pounds;]~~

~~[(iv) light commercial vehicles not exceeding a gross weight of 10,000 pounds; and]~~

~~[(v) a commercial vehicle exceeding 10,000 pounds, provided the vehicle is operated unladen.]~~

(B) A 30-day license plate must be displayed as required by §217.27(b) of this title (relating to Vehicle Registration Insignia).

(d) Application process.

(1) Procedure. An owner who wishes to apply for a special registration permit or special registration license plate for a vehicle which is otherwise required to be registered in accordance with this subchapter, must do so on a form prescribed by the department.

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1 (2) Form requirements. The application form will at a minimum require:

2 (A) the signature of the owner;

3 (B) the name and complete address of the applicant; and

4 (C) the vehicle description.

5 (3) Fees and documentation. The application must be accompanied by:

6 (A) statutorily prescribed fees.

7 (B) evidence of financial responsibility:

8 (i) as required by Transportation Code, Chapter 502, Subchapter B,

9 provided that all policies written for the operation of motor vehicles must be issued by an insurance

10 company or surety company authorized to write motor vehicle liability insurance in Texas; or

11 (ii) if the applicant is a motor carrier as defined by §218.2 of this title

12 (relating to Definitions), indicating that the vehicle is registered in compliance with Chapter 218,

13 Subchapter B of this title (relating to Motor Carrier Registration); and

14 (C) any other documents or fees required by law.

15 (4) Place of application.

16 (A) All applications for annual permits must be submitted directly to the

17 department for processing and issuance.

18 (B) Additional weight permits may be obtained by making application with the

19 department through the county tax assessor-collectors' offices.

20 (C) 72-hour and 144-hour permits, one-trip license plates, and 30-day license

21 plates may be obtained by making application either with the department or the county tax assessor-

22 collectors' offices.

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(e) Receipt for special registration permit or special registration license plate in lieu of registration. A receipt will be issued for each special registration permit or special registration license plate in lieu of registration to be carried in the vehicle during the time the special registration permit or special registration license plate is valid. If the receipt is lost or destroyed, the owner must obtain a duplicate from the department or from the county office. The fee for the duplicate receipt is the same as the fee required by Transportation Code, §502.058.

(f) Transfer of special registration permits or special registration license plates.

(1) Special registration permits and special registration license plates are non-transferable between vehicles and/or owners.

(2) If the owner of a vehicle displaying a special registration permit or a special registration license plate disposes of the vehicle during the time the permit or license plate is valid, the permit or license plate must be returned to the county tax assessor-collector office or department immediately.

(g) Replacement permits. Vehicle owners displaying annual permits may obtain replacement permits if an annual permit is lost, stolen, or mutilated.

(1) The fee for a replacement annual permit is the same as for a replacement number plate, symbol, tab, or other device as provided by Transportation Code, §502.060.

(2) The owner shall apply directly to the department in writing for the issuance of a replacement annual permit. Such request should include a copy of the registration receipt and replacement fee.

(h) Agreements with other jurisdictions. In accordance with Transportation Code, §502.091, and Chapter 648, the executive director of the department may enter into a written agreement with an authorized officer of a state, province, territory, or possession of a foreign country to provide for the

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1 exemption from payment of registration fees by nonresidents, if residents of this state are granted

2 reciprocal exemptions. The executive director may enter into such agreement only upon:

3 (1) the approval of the governor; and

4 (2) making a determination that the economic benefits to the state outweigh all other
5 factors considered.

6 (i) Border commercial zones.

7 (1) Texas registration required. A vehicle located in a border commercial zone must
8 display a valid Texas registration if the vehicle is owned by a person who:

9 (A) owns a leasing facility or a leasing terminal located in Texas; and

10 (B) leases the vehicle to a foreign motor carrier.

11 (2) Exemption for trips of short duration. Except as provided by paragraph (1) of this
12 subsection, a foreign commercial vehicle operating in accordance with Transportation Code, Chapter
13 648 is exempt from the display of a temporary registration permit if:

14 (A) the vehicle is engaged solely in the transportation of cargo across the border
15 into or from a border commercial zone;

16 (B) for each load of cargo transported the vehicle remains in this state for:

17 (i) not more than 24 hours; or

18 (ii) not more than 48 hours, if:

19 (I) the vehicle is unable to leave this state within 24 hours
20 because of circumstances beyond the control of the motor carrier operating the vehicle; and

21 (II) all financial responsibility requirements applying to this
22 vehicle are satisfied;

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(C) the vehicle is registered and licensed as required by the country in which the person that owns the vehicle is domiciled or is a citizen as evidenced by a valid metal license plate attached to the front or rear exterior of the vehicle; and

(D) the country in which the person who owns the vehicle is domiciled or is a citizen provides a reciprocal exemption for commercial motor vehicles owned by residents of Texas.

(3) Exemption due to reciprocity agreement. Except as provided by paragraph (1) of this subsection, a foreign commercial motor vehicle in a border commercial zone in this state is exempt from the requirement of obtaining a Texas registration if the vehicle is currently registered in another state of the United States or a province of Canada with which this state has a reciprocity agreement that exempts a vehicle that is owned by a resident of this state and that is currently registered in this state from registration in the other state or province.

§217.41. Disabled Person License Plates and Disabled Parking Placards.

(a) Purpose. Transportation Code, Chapters 504 and 681, charge the department with the responsibility for issuing specially designed license plates and disabled parking placards for disabled persons. For the department to perform these duties efficiently and effectively, this section prescribes the policies and procedures for the application, issuance, and renewal of disabled person license plates and disabled parking placards.

(b) Issuance.

(1) For purposes of this section, "disabled person" means a person eligible for issuance of a license plate bearing the International Symbol of Access under Transportation Code, §504.201, including a qualifying disabled veteran under Transportation Code, §504.202(b-1) and a qualifying disabled peace officer under Transportation Code, §504.2025.

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1 (2) Disabled person license plates.

2 (A) Eligibility. In accordance with Transportation Code, §504.201; §504.202(b-1)
3 and (b-2); and §504.2025, the department will issue specially designed license plates displaying the
4 International Symbol of Access to permanently disabled persons or their transporters instead of general
5 issue license plates. As satisfactory proof of eligibility, an organization that transports disabled veterans
6 who would qualify for license plates issued under Transportation Code, §504.202(b-1) must provide a
7 written statement from the veteran's county service officer of the county in which a vehicle described
8 by Transportation Code, §504.202(c) is registered or by the Department of Veterans Affairs that:

9 (i) the vehicle is used exclusively to transport veterans of the United
10 States armed forces who have suffered, as a result of military service, a service-connected disability;

11 (ii) the vehicle regularly transports veterans who are eligible to receive
12 license plates under Transportation Code, §504.202(b-1) ~~[Subsection (b-1)]~~; and

13 (iii) the veterans are not charged for the transportation.

14 (B) Specialty license plates. The department will issue disabled person specialty
15 license plates displaying the International Symbol of Access that can accommodate the identifying
16 insignia and that are issued in accordance with §217.43 of this title (relating to Military Specialty License
17 Plates) or §217.45 of this title (relating to Specialty License Plates, Symbols, Tabs, and Other Devices).

18 (C) License plate number. Disabled person license plates will bear a license plate
19 number assigned by the department or will bear a personalized license plate number issued in
20 accordance with §217.43 or §217.45 of this title.

21 (D) General issue license plate option for qualifying disabled veterans and
22 disabled peace officers. In accordance with Transportation Code, §504.202(h) and §504.2025(h),

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1 qualifying disabled veterans and disabled peace officers may elect to receive general issue license plates
2 without paying license plate fees.

3 (3) Windshield disabled parking placards.

4 (A) Issuance. The department will issue removable windshield disabled parking
5 placards to temporarily or permanently disabled persons and to the transporters of permanently
6 disabled persons, as provided under Transportation Code, §§504.201, 504.202 (b-1) and (b-2), 504.2025,
7 and 681.004.

8 (B) Display. A person who has been issued a windshield disabled parking placard
9 shall hang the placard from a vehicle's rearview mirror when the vehicle is parked in a disabled person
10 parking space or shall display the placard on the center portion of the dashboard if the vehicle does not
11 have a rearview mirror.

12 (c) Renewal of disabled person license plates. Disabled person license plates are valid for a
13 period of 12 months from the date of issuance and are renewable as specified in §§217.28 of this title
14 (relating to Vehicle Registration Renewal), 217.43, and 217.45 of this title.

15 (d) Replacement.

16 (1) License plates. If a disabled person metal license plate is lost, stolen, or mutilated,
17 the owner may obtain a replacement metal license plate by applying with a county tax assessor-
18 collector.

19 (A) Accompanying documentation. To replace disabled person metal license
20 plates, the owner must present the current year's registration receipt and personal identification
21 acceptable to the county tax assessor-collector.

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(B) Absence of accompanying documentation. If the current year's registration receipt is not available and the county tax assessor-collector cannot verify that the disabled person metal license plates were issued to the owner, the owner must reapply in accordance with this section.

(2) Disabled parking placards. If a disabled parking placard becomes lost, stolen, or mutilated, the owner may obtain a new disabled parking placard in accordance with this section.

(e) Transfer of disabled person license plates and disabled parking placards.

(1) License plates.

(A) Transfer between persons. Disabled person license plates may not be transferred between persons. An owner who sells or trades a vehicle to which disabled person license plates have been issued shall remove the disabled person license plates from the vehicle. The owner shall return the license plates to the department and shall obtain appropriate replacement license plates to place on the vehicle prior to any transfer of ownership.

(B) Transfer between vehicles. Disabled person license plates may be transferred between vehicles if the county tax assessor-collector or the department can verify the plate ownership and the owner of the vehicle is a disabled person or the vehicle is used to transport a disabled person.

(i) Plate ownership verification may include:

(I) a Registration and Title System (RTS) inquiry;

(II) a copy of the department application for disabled person license plates; or

(III) the owner's current registration receipt.

(ii) An owner who sells or trades a vehicle with disabled person license plates must remove the plates from the vehicle.

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(iii) The department will provide a form that persons may use to facilitate a transfer of disabled person license plates between vehicles.

(2) Disabled parking placards.

(A) Transfer between vehicles. Disabled parking placards may be displayed in any vehicle driven by the disabled person or in which the disabled person is a passenger.

(B) Transfer between persons. Disabled parking placards may not be transferred between persons.

(f) Seizure and revocation of disabled parking placard.

(1) If a law enforcement officer seizes and destroys a disabled parking placard under Transportation Code, §681.012, the officer shall notify the department by email.

(2) The person to whom the seized disabled parking placard was issued may apply for a new disabled parking placard by submitting an application to the county tax assessor-collector of the county in which the person with the disability resides or in which the applicant is seeking medical treatment.

§217.47. Vehicle Emissions Enforcement System.

(a) Purpose. Transportation Code, §502.047 requires the department to implement a system requiring verification that a vehicle complies with vehicle emissions inspection and maintenance programs as required by the Health and Safety Code, §382.202 and §382.203, and Transportation Code, Chapter 548, Subchapter F. Transportation Code, §501.0276 and §502.047 requires a vehicle subject to Transportation Code, §548.3011 to pass an emissions test on resale in an affected or early action compact county before it is titled or registered. This section prescribes the department's policies and

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1 procedures if a vehicle does not comply with the emissions standards set by federal and state laws and
2 the provisions of the Texas air quality State Implementation Plan.

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

5 (1) Affected County--A county with a motor vehicle emissions inspection and
6 maintenance program established under Transportation Code, §548.301.

7 (2) Department--The Texas Department of Motor Vehicles.

8 (3) DPS--The Texas Department of Public Safety.

9 (4) Early action compact county--A participating county under Health and Safety Code,
10 Chapter 382, Subchapter H.

11 (5) TCEQ--The Texas Commission on Environmental Quality.

12 (6) Vehicle--A self-propelled vehicle required to be registered in the state, except those
13 vehicles exempted by TCEQ.

14 (7) Vehicle inspection report--A vehicle inspection form prescribed by DPS that is printed
15 by the vehicle exhaust gas analyzer immediately following an emissions test.

16 (8) Vehicle emissions I/M program--A vehicle emissions inspection and maintenance
17 program meeting all the requirements of the Environmental Protection Agency.

18 (9) Waiver--A form and certificate that allows a vehicle to be considered in compliance
19 with the vehicle emissions I/M program for a specified period of time after a vehicle fails an emissions
20 test.

21 (c) Notice from DPS or TCEQ.

22 (1) DPS, after notice to the vehicle owner, will notify the department if a motor vehicle
23 owner fails to comply with the requirements of Transportation Code, Chapter 548, Subchapter F.

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(2) TCEQ, after notice to the vehicle owner, will notify the department if a motor vehicle fails to comply with the requirements of Health and Safety Code, §382.202 and §382.203, and Transportation Code, Chapter 548, Subchapter F.

(3) The notice will include the vehicle identification number and the license plate number of the affected vehicle.

(4) If the department receives a notice of emissions noncompliance from DPS or TCEQ, the department will place a notation on the motor vehicle record that the motor vehicle has failed to comply with the vehicle emissions I/M program.

(5) If the department receives a notice of emissions compliance from DPS or TCEQ, the department will remove the non-compliance notation from the motor vehicle record.

(6) If a vehicle record contains a notation of failure to comply with the vehicle emissions I/M program, the tax assessor-collector will deny registration unless provided with:

(A) proof of compliance with the vehicle emissions I/M program with a "passing" vehicle inspection report; or

(B) proof of a waiver issued by DPS that includes the vehicle identification number and the license plate number.

~~[(7) DPS and TCEQ will provide the department with the notifications in a format approved by the department.]~~

~~[(8) DPS and TCEQ will enter into an agreement with the department regarding the remittance to the department for costs associated with implementation of the emissions program.]~~

(d) Vehicles moved into affected or early action compact counties. If a vehicle was last titled in an unaffected county and is to be titled or registered in an affected or early action compact county, it is not eligible for a title receipt, a title, or registration after a retail sale unless proof is presented to the

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1 county tax assessor-collector that the vehicle has passed the emissions test. This subsection does not
2 apply to a vehicle that will be used in the affected or early action compact county for fewer than 60 days
3 during the registration period for which registration is sought or to a vehicle that is a 1996 or newer
4 model and has less than 50,000 miles.

5
6 §217.52. Marketing of Specialty License Plates through a Private Vendor.

7 (a) Purpose and scope. The department will enter into a contract with a private vendor to
8 market department-approved specialty license plates in accordance with Transportation Code, Chapter
9 504, Subchapter J. This section sets out the procedure for approval of the design, purchase, and
10 replacement of vendor specialty license plates. In this section, the license plates marketed by the vendor
11 are referred to as vendor specialty license plates.

12 (b) Application for approval of vendor specialty license plate designs.

13 (1) Approval required. The vendor shall obtain the approval of the board for each license
14 plate design the vendor proposes to market in accordance with this section and the contract entered
15 into between the vendor and the department.

16 (2) Application. The vendor must submit a written application on a form approved by
17 the executive director to the department for approval of each license plate design the vendor proposes
18 to market. The application must include:

19 (A) a draft design of the specialty license plate;
20 (B) projected sales of the license plate, including an explanation of how the
21 projected figure was determined;

22 (C) a marketing plan for the license plate including a description of the target
23 market;

10/8/26

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(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);

(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

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1 (vi) other information provided during the application process.

2 (2) Public comment on proposed design. All proposed license plate designs will be
3 considered by the board as an agenda item at a regularly or specially called open meeting. Notice of
4 consideration of proposed license plate designs will be posted in accordance with Office of the Secretary
5 of State meeting notice requirements. Notice of each license plate design will be posted on the
6 department's Internet web site to receive public comment at least 25 days in advance of the meeting at
7 which it will be considered. The department will notify all specialty license plate organizations and the
8 sponsoring agencies who administer specialty license plates issued in accordance with Transportation
9 Code, Chapter 504, Subchapter G, of the posting. A comment on the proposed design can be submitted
10 in writing through the mechanism provided on the department's Internet web site for submission of
11 comments. Written comments are welcome and must be received by the department at least 10 days in
12 advance of the meeting. Public comment will be received at the board's meeting.

13 (e) Final approval and specialty license plate issuance.

14 (1) Approval. The board will approve or disapprove the specialty license plate
15 application based on all of the information provided pursuant to this subchapter in an open meeting.

16 (2) Application not approved. If the application is not approved, the applicant may
17 submit a new application and supporting documentation for the design to be considered again by the
18 board if:

19 (A) the applicant has additional, required documentation; or

20 (B) the design has been altered to an acceptable degree.

21 (3) Issuance of approved specialty license plates.

22 (A) If the vendor's specialty license plate is approved, the vendor must submit
23 the non-refundable start-up fee before any further design and processing of the specialty license plate.

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(B) Approval of the specialty license plate does not guarantee that the submitted draft specialty license plate design will be used. The board has final approval of all specialty license plate designs and will provide guidance on the submitted draft design to ensure compliance with the format and specialty license plate specifications.

(f) Redesign of vendor specialty license plates.

(1) On receipt of a written request from the vendor, the department will allow a redesign of a vendor specialty license plate.

(2) The vendor must pay the redesign administrative costs as provided in the contract between the vendor and the department.

(g) Multi-year vendor specialty license plates. Purchasers will have the option of purchasing vendor specialty license plates for a one-year, a three-year, or a five-year period.

(h) License plate categories and associated fees. The categories and the associated fees for vendor specialty license plates are set out in this subsection.

(1) Custom personalized specialty license plates~~[.] are non-embossed license plates~~
personalized with up to seven alphanumeric characters on department-approved vendor designs.
~~[Custom license plates include license plates with a variety of pre-approved background and character color combinations that may be personalized with either three alpha and two or three numeric characters or two or three numeric and three alpha characters. Generic license plates on standard white sheeting with the word "Texas" that may be personalized with up to six alphanumeric characters are considered custom license plates before December 2, 2010.]~~ The fees for issuance of these ~~[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~~

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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.]~~

~~(2)[(5)] Background-only license plates[-] are non-personalized embossed or non-embossed license plates on department-approved vendor designs. [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)(6)(B) of this section ~~[(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.

~~(3)[(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. Vendor souvenir license plates are not street legal or legitimate insignias of vehicle registration. The fee for issuance of souvenir license plates is \$40.~~

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(4)(7) Auction. The vendor may auction department-approved license plate numbers for one, three, or five year terms with options to renew indefinitely at the current price established for a one, three, or five year custom personalized specialty~~[luxury]~~ category license plate. The purchaser of the auction license plate number may select from the vendor background designs, including any embossed license plate designs, at no additional charge at the time of initial issuance. The auction license plate number may be moved from one vendor design plate to another vendor design license plate as provided in subsection (n)(1) of this section. The auction license plate number may be transferred from owner to owner as provided in subsection (l)(2) of this section.

(5)(8) Embossed, personalized specialty license plates~~[-]~~ are license plates personalized with up to seven alphanumeric characters on department-approved vendor designs. ~~[The vendor may sell embossed, personalized specialty license plates with a variety of pre-approved background and character color combinations that may be personalized with up to seven alphanumeric characters.]~~

Except as stated in subsection (h)(4)(h)(7) of this section, the fees for issuance of embossed, personalized specialty license plates are \$270 for one year, \$520 for three years, and \$570 for five years.

Except as stated in subsection (h)(6)(B)(h)(9)(C) of this section, the fees under subsection (h)(6)(h)(9) of this section do not apply to an embossed, personalized specialty license plate.

(6)(9) Personalization and specialty license plate fees.

~~[(A) The fee for the personalization of license plates applied for prior to November 19, 2009 is \$40 if the license plates are renewed annually.]~~

(A)(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.

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1 ~~(B)~~~~(C)~~ If the license plates are renewed annually, the personalization and
2 specialty license plate fees remain the same fee as at the time of issuance if a sponsor of a specialty
3 license plate authorized under Transportation Code, Chapter 504, Subchapters G and I signs a contract
4 with the vendor in accordance with Transportation Code, Chapter 504, Subchapter J, even if the board
5 approves the specialty license plate to be an embossed specialty license plate design.

6 (i) Payment of fees.

7 (1) Payment of specialty license plate fees. The fees for issuance of vendor specialty
8 license plates will be paid directly to the state through vendor and state systems for the license plate
9 category and period selected by the purchaser. A person who purchases a multi-year vendor specialty
10 license plate must pay upon purchase the full fee which includes the renewal fees.

11 (2) Payment of statutory registration fees. To be valid for use on a motor vehicle, the
12 license plate owner is required to pay, in addition to the vendor specialty license plate fees, any
13 statutorily required registration fees in the amount as provided by Transportation Code, Chapter 502,
14 and this subchapter.

15 (j) Refunds. Fees for vendor specialty license plate fees will not be refunded after an application
16 is submitted to the vendor and the department has approved issuance of the license plate.

17 (k) Replacement.

18 (1) Application. An owner must apply directly to the county tax assessor-collector for the
19 issuance of replacement vendor specialty license plates and must pay the fee described in paragraphs
20 (2) or (3) of this subsection, whichever applies.

21 (2) Lost or mutilated vendor specialty license plates. To replace vendor specialty license
22 plates that are lost or mutilated, the owner must pay the statutory replacement fee provided in
23 Transportation Code, §504.007.

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(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.

(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)(4)~~[(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

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1 auction, the new owner of an auctioned license plate number or plate will pay the department a fee of
2 \$25 to cover the cost of the transfer, and complete the department's prescribed application at the time
3 of transfer.

4 (m) Gift license plates.

5 (1) A person may purchase license plates as a gift for another person if the purchaser
6 submits a statement that provides:

7 (A) the purchaser's name and address;

8 (B) the name and address of the person who will receive the license plates; and

9 (C) the vehicle identification number of the vehicle on which the license plates
10 will be displayed or a statement that the license plates will not be displayed on a vehicle.

11 (2) To be valid for use on a motor vehicle, the recipient of the license plates must file an
12 application with the county tax assessor-collector and pay the statutorily required registration fees in
13 the amount as provided by Transportation Code, Chapter 502, and this subchapter.

14 (n) Restyled vendor specialty license plates. A person who has purchased a multi-year vendor
15 specialty license plate may request a restyled license plate at any time during the term of the plate.

16 (1) For the purposes of this subsection, "restyled license plate" is a vendor specialty
17 license plate that has a different style from the originally purchased vendor specialty license plate but:

18 (A) is within the same price category, except if the license plate number was
19 purchased through auction and has the same alpha-numeric characters and expiration date as the
20 previously issued multi-year license plates; or

21 (B) is restyling to an embossed specialty license plate style and has the same
22 alpha-numeric characters and expiration date as the previously issued multi-year license plates.

23 (2) The fee for each restyled license plate is:

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(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.

§217.54. Extended Registration.~~[Registration of Fleet Vehicles.]~~

(a) Extended Registration of Commercial Fleet Vehicles.

(1)~~[(a)]~~ Scope. A registrant may consolidate the registration of multiple motor vehicles in a fleet instead of registering each vehicle separately. A fleet may include trailers and semitrailers. Except as provided by §217.55 of this title (relating to Exempt and Alias Vehicle Registration), to consolidate registration, a registration must meet the requirements of this section.

(2)~~[(b)]~~ Eligibility. A fleet must meet the following requirements to be eligible for fleet registration.

(A)~~[(1)]~~ No fewer than 12 vehicles will be registered as a fleet;

(B)~~[(2)]~~ Vehicles may be registered in annual increments for up to eight years;

(C)~~[(3)]~~ All vehicles in a fleet must be owned by or leased to the same business entity;

(D)~~[(4)]~~ All vehicles must be vehicles that are not registered under the International Registration Plan; and

(E)~~[(5)]~~ Each vehicle must currently be titled in Texas or be issued a registration receipt, or the registrant must submit an application for a title or registration for each vehicle.

(3)~~[(e)]~~ Application.

(A)~~[(1)]~~ Application for fleet registration must be in a form prescribed by the department. At a minimum the form will require:

(i)~~[(A)]~~ the full name and complete address of the registrant;

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1 (ii)~~[(B)]~~ a description of each vehicle in the fleet, which may include the
2 vehicle's model year, make, model, vehicle identification number, document number, body style, gross
3 weight, empty weight, and for a commercial vehicle, manufacturer's rated carrying capacity in tons;

4 (iii)~~[(C)]~~ the existing license plate number, if any, assigned to each
5 vehicle; and

6 (iv)~~[(D)]~~ any other information that the department may require.

7 (B)~~[(2)]~~ The application must be accompanied by the following items:

8 (i)~~[(A)]~~ in the case of a leased vehicle, a certification that the vehicle is
9 currently leased to the person to whom the fleet registration will be issued;

10 (ii)~~[(B)]~~ registration fees prescribed by law for the entire registration
11 period selected by the registrant;

12 (iii)~~[(C)]~~ local fees or other fees prescribed by law and collected in
13 conjunction with registering a vehicle for the entire registration period selected by the registrant;

14 (iv)~~[(D)]~~ evidence of financial responsibility for each vehicle as required
15 by Transportation Code, §502.046, unless otherwise exempted by law;

16 (v)~~[(E)]~~ annual proof of payment of Heavy Vehicle Use Tax;

17 (vi)~~[(F)]~~ any fees that are required to be collected at the time of
18 registration under Transportation Code, §548.509 for the first year of registration under Transportation
19 Code, §502.0023; and

20 (vii)~~[(G)]~~ any other documents or fees required by law.

21 (4)~~[(4)]~~ Registration period.

22 (A)~~[(1)]~~ The fleet owner will designate a single registration period for a fleet so
23 the registration period for each vehicle will expire on the same date.

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1 (B)[(2)] The fleet registration period will begin on the first day of a calendar
2 month and end on the last day of a calendar month.

3 (5)[(e)] Registration receipt and fleet license plates.

4 (A)[(1)] As evidence of registration, the department will issue a registration
5 receipt and one or two metal fleet license plates for each vehicle in a fleet.

6 (B)[(2)] The registration receipt for each vehicle shall at all times be carried in
7 that vehicle and be available to law enforcement personnel upon request unless such vehicle is a token
8 trailer with a valid, non-expiring token trailer plate pursuant to Transportation Code, §502.0023(d-1).

9 (C)[(3)] A registration receipt or fleet license plate may not be transferred
10 between vehicles, owners, or registrants.

11 (6)[(f)] Fleet composition.

12 (A)[(1)] A registrant may add a vehicle to a fleet at any time during the
13 registration period. An added vehicle will be given the same registration period as the fleet and will be
14 issued one or two metal fleet license plates and a registration receipt.

15 (B)[(2)] A registrant may remove a vehicle from a fleet at any time during the
16 registration period. After a vehicle is removed from the fleet, the fleet registrant shall either return the
17 metal fleet license plates for that vehicle to the department or provide the department with acceptable
18 proof that the metal fleet license plates for that vehicle have been destroyed. Credit for any vehicle
19 removed from the fleet for the remaining full year increments can be applied to any vehicle added to
20 the fleet or at the time of renewal. No refunds will be given if credit is not used or the account is closed.

21 (C)[(3)] If the number of vehicles in an account falls below 12 during the
22 registration period, fleet registration will remain in effect. If the number of vehicles in an account is
23 below 12 at the end of the registration period, fleet registration will be canceled. In the event of

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1 cancellation, each vehicle shall be registered separately. The registrant shall immediately either return
2 all metal fleet license plates to the department or provide the department with acceptable proof that
3 the metal fleet license plates have been destroyed.

4 (7)~~[(8)]~~ Fees.

5 (A)~~[(1)]~~ When a fleet is first established, the department will charge a
6 registration fee for each vehicle for the entire registration period selected. A currently registered
7 vehicle, however, will be given credit for any remaining time on its separate registration.

8 (B)~~[(2)]~~ When a vehicle is added to an existing fleet, the department will charge
9 a registration fee that is prorated based on the number of months of fleet registration remaining. If the
10 vehicle is currently registered, this fee will be adjusted to provide credit for the number of months of
11 separate registration remaining.

12 (C)~~[(3)]~~ When a vehicle is removed from fleet registration, it will be considered
13 to be registered separately. The vehicle's separate registration will expire on the date that the fleet
14 registration would have expired. The registrant must pay the statutory replacement fee to obtain
15 regular registration insignia before the vehicle may be operated on a public highway.

16 (D)~~[(4)]~~ In addition to the registration fees prescribed by Transportation Code,
17 Chapter 502, an owner registering a fleet under this section must pay a one-time fee of \$10 per motor
18 vehicle, semitrailer, or trailer in the fleet. This fee is also due as follows:

19 (i)~~[(A)]~~ for each vehicle added to the owner's existing fleet; and

20 (ii)~~[(B)]~~ for each vehicle that a buyer registers as a fleet, even though the
21 seller previously registered some or all of the vehicles as a fleet under this section.

22 (8)~~[(4)]~~ Payment. Payment will be made in the manner prescribed by the department.

23 (9)~~[(4)]~~ Cancellation.

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1 (A)[(1)] The department will cancel registration for non-payment and lack of
2 proof of annual payment of the Heavy Vehicle Use Tax.

3 (B)[(2)] The department may cancel registration on any fleet vehicle on the
4 anniversary date of the registration if the fleet vehicle is not in compliance with the inspection
5 requirements under Transportation Code, Chapter 548 or the inspection requirements in the rules of the
6 Texas Department of Public Safety.

7 (C)[(3)] A vehicle with a canceled registration may not be operated on a public
8 highway.

9 (D)[(4)] If the department cancels the registration of a vehicle under this
10 subsection, the registrant can request the department to reinstate the registration by doing the
11 following:

12 (i)[(A)] complying with the requirements for which the department
13 canceled the registration;

14 (ii)[(B)] providing the department with notice of compliance on a form
15 prescribed by the department; and

16 (iii)[(C)] for a registration canceled under paragraph (2) of this
17 subsection, paying an administrative fee in the amount of \$10.

18 (E)[(5)] A registrant is eligible for reinstatement of the registration only within
19 90 calendar days of the department's notice of cancellation.

20 (F)[(6)] If a registrant fails to timely reinstate the registration of a canceled
21 vehicle registration under this section, the registrant:

22 (i)[(A)] is not entitled to a credit or refund of any registration fees for
23 the vehicle; and

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1 (ii)~~(B)~~ must immediately either return the metal fleet license plates to
2 the department or provide the department with acceptable proof that the metal fleet license plates
3 have been destroyed.

4 (10)~~(4)~~ Inspection fee. The registrant must pay the department by the deadline listed in
5 the department's invoice for any fees that are required to be collected at the time of registration under
6 Transportation Code, §548.509 on an annual basis under Transportation Code, §502.0023.

7 **(b) Extended Registration of Certain Trailers.**

8 (1) Eligibility. An owner of a trailer, semitrailer, or pole trailer having an actual gross
9 weight or registered gross weight of 7,500 pounds or less may register the vehicle for an extended
10 registration period of not more than five years.

11 **(2) Application.**

12 **(A) Application for extended registration must be on a form prescribed by the**
13 **department and include:**

14 **(i) the full name and complete address of the owner;**
15 **(ii) a description of the trailer, semitrailer or pole trailer, including the**
16 **vehicle's model year, make, model, vehicle identification number, document number, body style, gross**
17 **weight, and empty weight; and**

18 **(iii) the existing license plate number, if any, assigned to the trailer,**
19 **semitrailer or pole trailer.**

20 **(B) The application must be accompanied by the following items:**

21 **(i) registration fees prescribed by law for the entire registration period**
22 **selected by the owner;**

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1 (ii) local fees prescribed by law in conjunction with registering the
2 trailer, semitrailer or pole trailer for the entire registration period selected by the owner;

3 (iii) any fees that are required to be collected at the time of registration
4 under Transportation Code, §548.509 for the registration period selected by the owner under
5 Transportation Code, §502.0024;

6 (iv) the processing and handling fee under Subchapter I of this chapter
7 (relating to Processing and Handling Fees); and

8 (v) evidence of financial responsibility as required by Transportation
9 Code, §502.046, unless otherwise exempted by law.

10 (3) Extended Registration Period.

11 (A) The owner shall designate a registration period between one and five years.

12 (B) The registration period will begin on the first day of a calendar month and
13 end on the last day of a calendar month.

14 (4) Registration receipt and license plates.

15 (A) As evidence of registration, the department will issue a registration insignia,
16 registration receipt and one license plate for the trailer, semitrailer or pole trailer.

17 (B) A registration receipt or registration insignia may not be transferred
18 between vehicles, owners, or registrants.

19 (5) Expiration of registration period.

20 (A) The owner must renew the extended registration prior to the end of the
21 extended registration period.

22 (B) If it is not timely renewed, the extended registration shall expire.

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1 (C) After expiration, the owner may renew the registration of the trailer,
2 semitrailer or pole trailer as a standard annual registration, or may request to renew the registration as
3 extended registration.

4
5 §217.56. Registration Reciprocity Agreements.

6 (a) Purpose. To promote and encourage the fullest possible use of the highway system and
7 contribute to the economic development and growth of the State of Texas and its residents, the
8 department is authorized by Transportation Code, §502.091 to enter into agreements with duly
9 authorized officials of other jurisdictions, including any state of the United States, the District of
10 Columbia, a foreign country, a state or province of a foreign country, or a territory or possession of
11 either the United States or of a foreign country, and to provide for the registration of vehicles by Texas
12 residents and nonresidents on an allocation or distance apportionment basis, and to grant exemptions
13 from the payment of registration fees by nonresidents if the grants are reciprocal to Texas residents-

14 (b) Definitions. The following words and terms, when used in this section, shall have the
15 following meanings, unless the context clearly indicates otherwise:

16 (1) Cab card--The apportioned vehicle registration receipt that contains, but is not
17 limited to, the vehicle description and the registered weight at which the vehicle may operate in each
18 jurisdiction.

19 (2) Department--The Texas Department of Motor Vehicles.

20 (3) Director--The director of the Motor Carrier Division, Texas Department of Motor
21 Vehicles.

22 (4) Executive director--The chief executive officer of the department.

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1 ~~[(5) Regional Service Center--A department office which provides specific services to the~~
2 ~~public, including replacement titles, bonded title notices of determination, and apportioned registration~~
3 ~~under the International Registration Plan (IRP).]~~

4 (5) [(6)] Temporary cab card--A temporary registration authorized by the department
5 that allows the operation of a vehicle for up to 30 days subject to all rights and privileges afforded to a
6 vehicle displaying apportioned registration. A temporary cab card expires on the earliest of the
7 following:

8 (A) 30 days after issuance; or

9 (B) when the registrant affixes the license plate(s) to the vehicle.

10
11 (c) Multilateral agreements.

12 (1) Authority. The executive director may on behalf of the department enter into a
13 multilateral agreement with the duly authorized officials of two or more other jurisdictions to carry out
14 the purpose of this section.

15 (2) International Registration Plan (IRP).

16 (A) Applicability. The IRP is a registration reciprocity agreement among states of
17 the United States and other jurisdictions providing for payment of registration fees on the basis of fleet
18 distance operated in various jurisdictions. Its purpose is to promote and encourage the fullest possible
19 use of the highway system by authorizing apportioned registration for commercial motor vehicles and
20 payment of appropriate vehicle registration fees and thus contributing to the economic development
21 and growth of the member jurisdictions.

22 (B) Adoption. The department adopts by reference the October 1, 2025,
23 [January 1, 2024,] version of the IRP. The department also adopts by reference the January 1, 2016,

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version of the IRP Audit Procedures Manual. In the event of a conflict between this section and the IRP or the IRP Audit Procedures Manual, the IRP and the IRP Audit Procedures Manual control. Copies of the documents are available online at www.irponline.org or on request to the department.

(C) Application.

[(+)] An applicant must electronically submit an application in the department's designated system for apportioned registration. ~~[to the department on a form prescribed by the director, along with additional documentation as required by the director.]~~ In addition to providing the department with the information and documents required under IRP, an [An] applicant shall provide the department with a copy of the applicant's receipt under the Unified Carrier Registration System Plan and Agreement under 49 U.S.C. §14504a (UCR) to prove the applicant is currently registered under UCR if the applicant is required to register under UCR.

~~[(ii) Upon approval of the application, the department will compute the appropriate registration fees and notify the registrant.]~~

(D) Issuance of Registration. ~~[Fees.]~~ Upon receipt of the applicable fees, information, and documents, ~~[in the form as provided by §209.23 of this title (relating to Methods of Payment),]~~ the department will review the application and, to the extent the vehicle is eligible for apportioned registration, issue one or two license plates, a temporary cab card, and a cab card for each vehicle registered.

(E) Display of License Plates and Cab Cards.

(i) The department will issue one license plate for a tractor, truck-tractor, trailer, and semitrailer. The license plate issued to a tractor or a truck-tractor shall be installed on the front of the tractor or truck-tractor, and the license plate issued for a trailer or semitrailer shall be installed on the rear of the trailer or semitrailer.

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(ii) The department will issue two license plates for all other vehicles that are eligible to receive license plates under the IRP. Once the department issues two license plates for a vehicle listed in this clause, one plate shall be installed on the front of the vehicle, and one plate shall be installed on the rear of the vehicle.

(iii) The cab card shall be carried at all times in the vehicle in accordance with the IRP. If the registrant chooses to display an electronic image of the cab card on a wireless communication device or other electronic device, such display does not constitute consent for a peace officer, or any other person, to access the contents of the device other than the electronic image of the cab card.

(iv) The authority to display an electronic image of the cab card on a wireless communication device or other electronic device does not prevent the Texas State Office of Administrative Hearings or a court of competent jurisdiction from requiring the registrant to provide a paper copy of the cab card in connection with a hearing, trial, or discovery proceeding.

(F) Audit. An audit of the registrant's vehicle operational records may be conducted by the department according to the IRP provisions and the IRP Audit Procedures Manual. Upon request, the registrant shall provide the department with operational records of each vehicle for audit in any format or medium available to the registrant and accessible to the department, [unit
number order, in sequence by date, and] including, but not limited to, a summary of distance traveled by each individual vehicle on a monthly, quarterly, and annual basis with distance totaled separately for each jurisdiction in which the vehicle traveled.

(G) Assessment. The department may assess additional registration fees of up to 100% of the apportionable fees paid by the registrant for the registration of its fleet in the registration

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1 year to which the records pertain, as authorized by the IRP, if an audit conducted under subparagraph

2 (F) of this paragraph reveals that:

3 (i) the operational records indicate that the vehicle did not generate
4 interstate distance in two or more member jurisdictions for the distance reporting period supporting the
5 application being audited, plus the six-month period immediately following that distance reporting
6 period;

7 (ii) the registrant failed to provide complete operational records; or

8 (iii) the distance must be adjusted, and the adjustment results in a
9 shortage of registration fees due Texas or any other IRP jurisdiction.

10 (H) Refunds. If an audit conducted under subparagraph (F) of this paragraph
11 reveals an overpayment of fees to Texas or any other IRP jurisdiction, the department will refund the
12 overpayment of registration fees in accordance with Transportation Code, §502.195 and the IRP. Any
13 registration fees refunded to a registrant ~~carrier~~ for another jurisdiction will be deducted from
14 registration fees collected and transmitted to that jurisdiction.

15 (I) Cancellation or revocation. The director or the director's designee may cancel
16 or revoke a registrant's apportioned registration and all privileges provided by the IRP as authorized by
17 the following:

18 (i) the IRP; or

19 (ii) Transportation Code, Chapter 502.

20 (J) Procedures for assessment, cancellation, or revocation.

21 (i) Notice. If a registrant is assessed additional registration fees, as
22 provided in subparagraph (G) of this paragraph, and the additional fees are not paid by the due date
23 provided in the notice or it is determined that a registrant's apportioned license plates and privileges

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1 should be canceled or revoked, as provided in subparagraph (I) of this paragraph, the director or the
2 director's designee will mail a notice by certified mail to the last known address of the registrant. The
3 notice will state the facts underlying the assessment, cancellation, or revocation; the effective date of
4 the assessment, cancellation, or revocation; and the right of the registrant to request a conference as
5 provided in clause (ii) of this subparagraph.

6 (ii) Conference. A registrant may request a conference upon receipt of a
7 notice issued as provided by clause (i) of this subparagraph. The request must be made in writing to the
8 director or the director's designee within 30 days of the date of the notice. If timely requested, the
9 conference will be scheduled and conducted by the director or the director's designee in person at the
10 department's [division] headquarters in Austin or remotely using telephonic or videoconferencing
11 technology and will serve to abate the assessment, cancellation, or revocation unless and until that
12 assessment, cancellation, or revocation is affirmed or disaffirmed by the director or the director's
13 designee. In the event matters are resolved in the registrant's favor, the director or the director's
14 designee will mail the registrant a notice of withdrawal, notifying the registrant that the assessment,
15 cancellation, or revocation is withdrawn, and stating the basis for that action. In the event matters are
16 not resolved in the registrant's favor, the director or the director's designee will issue a decision
17 reaffirming the department's assessment of additional registration fees or cancellation or revocation of
18 apportioned license plates and privileges. The registrant has the right to appeal in accordance with
19 clause (iii) of this subparagraph.

20 (iii) Appeal. If a conference held in accordance with clause (ii) of this
21 subparagraph fails to resolve matters in the registrant's favor, the registrant may submit an appeal
22 under §224.122 of this title (relating to Appeal of Decision Regarding Assessment, Cancellation, or

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1 Revocation Under §217.56). An appeal will be governed by Chapter 224 of this title (relating to
2 Adjudicative Practice and Procedure) and Transportation Code, Chapter 502.

3 (K) Reinstatement.

4 (i) The director or the director's designee will reinstate apportioned
5 registration to a previously canceled or revoked registrant if all applicable fees and assessments due on
6 the previously canceled or revoked apportioned account have been paid and the applicant provides
7 proof of an acceptable recordkeeping system for a period of no less than 60 days.

8 (ii) The application for the following registration year will be processed
9 in accordance with the provisions of the IRP.

10 (L) Denial of apportioned registration for safety reasons. The department will
11 comply with the requirements of the Performance and Registration Information Systems Management
12 program (PRISM) administered by the Federal Motor Carrier Safety Administration (FMCSA).

13 (i) Denial or suspension of apportioned registration. Upon notification
14 from the FMCSA that a carrier has been placed out of service for safety violations, the department will:

15 (I) deny initial issuance of apportioned registration;

16 (II) deny authorization for a temporary cab card ~~[, as provided~~
17 ~~for in subparagraph (M) of this paragraph];~~

18 (III) deny renewal of apportioned registration; or

19 (IV) suspend current apportioned registration.

20 (ii) Issuance after denial of registration or reinstatement of suspended
21 registration. The director or the director's designee will reinstate or accept an initial or renewal
22 application for apportioned registration from a registrant who was suspended or denied registration

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1 under clause (i) of this subparagraph upon presentation of a Certificate of Compliance from FMCSA, in
2 addition to all other required documentation and payment of fees.

3 ~~[(M) Temporary cab card.]~~

4 ~~[(i) Application. The department may authorize issuance of a temporary~~
5 ~~cab card to a motor carrier with an established Texas apportioned account for a vehicle upon proper~~
6 ~~submission of all required documentation, a completed application, and all fees for either:]~~

7 ~~[(i) Texas title as prescribed by Transportation Code, Chapter~~
8 ~~501 and Subchapter A of this chapter (relating to Motor Vehicle Titles); or]~~

9 ~~[(ii) registration receipt to evidence title for registration~~
10 ~~purposes only (Registration Purposes Only) as provided for in Transportation Code, §501.029 and~~
11 ~~§217.24 of this title (relating to Vehicle Last Registered in Another Jurisdiction).]~~

12 ~~[(iii) Title application. A registrant who is applying for a Texas title as~~
13 ~~provided for in clause (i)(I) of this subparagraph and is requesting authorization for a temporary cab~~
14 ~~card, must submit to a Regional Service Center a photocopy of the title application receipt issued by the~~
15 ~~county tax assessor collector's office.]~~

16 ~~[(iii) Registration Purposes Only. A registrant who is applying for~~
17 ~~Registration Purposes Only under clause (i)(II) of this subparagraph and is requesting authorization for a~~
18 ~~temporary cab card, must submit an application and all additional original documents or copies of~~
19 ~~original documents required by the director to a Regional Service Center.]~~

20 ~~[(iv) Department approval. On department approval of the submitted~~
21 ~~documents, the department will send notice to the registrant to finalize the transaction and make~~
22 ~~payment of applicable registration fees.]~~

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~~[(v) Finalization and payment of fees. To finalize the transaction and print the temporary cab card, the registrant may compute the registration fees through the department's apportioned registration software application, TxFLEET system, and:]~~

(4) make payment of the applicable registration fees to the department as provided by §209.23 of this title; and]

~~[(II) afterwards, mail or deliver payment of the title application fee in the form of a check, certified cashier's check, or money order payable to the county tax assessor-collector in the registrant's county of residency and originals of all copied documents previously submitted.]~~

~~[(vi) Deadline. The original documents and payment must be received by the Regional Service Center within 72 hours after the time that the office notified the registrant of the approval to print a temporary cab card as provided in clause (iv) of this subparagraph.]~~

~~[(vii) Failure to meet deadline. If the registrant fails to submit the original documents and required payment within the time prescribed by clause (vi) of this subparagraph, the registrant's privilege to use this expedited process to obtain a temporary cab card will be denied by the department for a period of six months from the date of approval to print the temporary cab card.]~~

§217.57. Alternatively Fueled Vehicles.

The department shall collect vehicle fuel type information for motor vehicles registered in this state, including alternatively fueled vehicles, as defined by Transportation Code, §502.004~~, and submit an annual report to the legislature that includes the information collected under this section~~.

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STATUTORY AUTHORITY. The department adopts a repeal in Chapter 217 under Transportation Code §502.0021, which authorizes the department to adopt rules to administer Transportation Code Chapter 502, Registration of Vehicles; Transportation Code, §502.191, which governs the collection of fees by the department or county; 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 duties of the department, as well as the statutes referenced throughout this preamble.

CROSS REFERENCE TO STATUTE. This adopted repeal implements Transportation Code, §§502.0021, §502.191, 502.1911, and 1002.001.

TEXT.

~~[\$217.37. Fees.]~~

~~[The department and the county will charge required fees, and only those fees provided by statute or rule.]~~

SUBCHAPTER C. REGISTRATION AND TITLE SYSTEMS

STATUTORY AUTHORITY. The department adopts amendments to Chapter 217 under Transportation Code §502.0021, which authorizes the department to adopt rules to administer Transportation Code, Chapter 502, Registration of Vehicles; Transportation Code, §502.059, which authorizes the department to adopt rules providing for an automated registration process; Transportation Code, §520.003, which authorizes the department to adopt rules to administer Transportation Code, Chapter 520, Miscellaneous Provisions; Transportation Code, §520.0055, which authorizes the department to

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mandate motor vehicle dealers use a department designated electronic system to submit title and registration application to county tax assessor-collectors for motor vehicle transactions; Transportation Code, §520.023, which authorizes the department to implement a training program providing information on the department's automated registration and titling system and require training of persons performing titling and registration services in the systems; and 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, as well as the statutes referenced throughout this preamble.

CROSS REFERENCE TO STATUTE. The adopted amendments implement Transportation Code, §§502.0021, 502.059, 520.003, 520.0055, 520.023, and 1002.001.

TEXT.

§217.72. Automated Equipment for the Registration and Title System.

(a) Automated Equipment Agreement. Prior to receiving automated equipment, a county must enter into a written agreement with the department. The agreement shall:

(1) be in a form prescribed by the department;

(2) include at a minimum each of the terms and conditions specified in this section;

(3) be executed on behalf of the department by the executive director or, if designated by the executive director, a deputy executive director or the Director of the Vehicle Titles and Registration Division; and

(4) be approved by resolution or order of the commissioners court and executed on behalf of the county by the county judge and the county tax assessor-collector.

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1 **(b)**~~**(a)**~~ Initial allocation of automated equipment. When requested by resolution of the
2 commissioners court of a county, and subject to the terms and conditions specified in subsection **(e)**
3 ~~**(d)**~~ of this section, the department will:

4 (1) make a fair share allocation of automated equipment available to that county to be
5 used by its county tax assessor-collector in implementing and operating RTS;

6 (2) provide the county tax assessor-collector with computer programs and personnel
7 training; and

8 (3) furnish official automated forms and, for the initial start-up of the system,
9 automated equipment supplies.

10 **(c)**~~**(b)**~~ Additional automated equipment. At the request of the county tax assessor-collector of
11 a county, subject to the terms and conditions specified in subsection **(e)**~~**(d)**~~ of this section, and for an
12 amount of consideration that will cover the department's costs, the department will enter into an
13 agreement with the commissioners court of that county under which the department will lease
14 automated equipment to that county in addition to the fair share allocation for that county. Leased
15 equipment will remain the property of the department and will be used primarily for RTS.

16 **(d)**~~**(c)**~~ Automated Registration and Titling System fee. The department will collect an additional
17 fee of \$.50 for each registration for the purposes set forth in Transportation Code, §502.356. The fee
18 shall be deposited into a subaccount in the Texas Department of Motor Vehicles fund.

19 **(e)**~~**(d)**~~ Conditions of availability.

20 (1) A county must:

21 (A) meet electrical power supply criteria specified by the department prior to
22 installation of the automated equipment;

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(B) bear all costs incurred for 24-hour per day electrical power consumption for operation of the equipment;

(C) provide for the physical security and protection of the equipment and shall indemnify the department for any loss or damages to the equipment while in the custody and control of the county;

(D) provide the department's maintenance personnel access to the equipment during business hours of the involved county office; and

(E) notify the department not less than 30 working days prior to relocating or adding automation equipment, or of the closing or remodeling of an office, that may affect automated equipment operations.

(2) At the discretion of a county tax assessor-collector, automated equipment may be located at sites other than those of the county tax assessor-collector, including privately owned, for-profit enterprises performing registration and title functions for the county tax office. With regard to equipment located at sites other than those of the county tax assessor-collector, the department's responsibility will be limited to ensuring that the equipment remains operational. The county will be responsible for all training, user support, forms, supplies, user policy and procedures, and other support associated with this equipment.

(3) Automated equipment made available to a county pursuant to this section shall remain the property of the department and must be used by the county tax assessor-collector for operation of RTS; provided, however, that while not in RTS usage, the equipment may be utilized for another statutory duty or function of that office.

§217.74. webDEALER Access, Use, and Training.

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(a) Each county tax assessor-collector shall request access to, and accept title applications submitted through, webDEALER. A county tax assessor-collector must utilize webDEALER in order to accept a title application in the county as provided by subsections (b) and (c) of this section.

(b) Except as provided in subsection (c) of this section, a person who wishes to become a user of webDEALER must contact each entity to whom they submit title applications for authorization to utilize webDEALER. A user must receive authorization from each entity, including each county tax assessor-collector, to whom the user submits title applications. Title applications submitted to the department require the authorization by the department.

(c) A motor vehicle dealer who holds a general distinguishing number (holder) must contact each county tax assessor-collector to whom they submit title applications for webDEALER access. The county must provide the holder access. A holder must obtain access from each county to whom the user submits title applications. ~~[All active holders must obtain access to webDEALER in advance of July 1, 2025. If a holder does not have webDEALER access by April 30, 2025, the department may provide the holder access to webDEALER in the county where the holder is located.]~~

(d) A county tax assessor-collector may authorize a deputy appointed by the county tax assessor-collector in accordance with subchapter H of this chapter (relating to Deputies) to utilize webDEALER.

(e) An entity or person authorized under subsection (b) of this section may have their authorization to use webDEALER revoked, rescinded, or cancelled at any time, with no notice, at the discretion of a county tax assessor-collector or the department.

(f) When submitting a title application through webDEALER, a user must:

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(1) stamp the word "SURRENDERED" across the front face and the next open assignment or reassignment space of any secure title document or other acceptable ownership evidence as determined by the department in:

(A) arial font;

(B) black ink; and

(C) a size of 1/4" height x 2 1/4" length;

(2) retain the physical document described in paragraph (1) of this subsection for a minimum of four calendar years from the date of submitting a scanned copy of the stamped title document using the webDEALER system; and

(3) submit any documents required to be submitted with the title application with a scanned resolution of at least 200 dots per inch (DPI).

(g) Required webDEALER training. Each user accessing webDEALER under the account of a holder that is described under subsection (c) and required to process title and registration transactions through webDEALER in accordance with Transportation Code, Section 520.0055, must complete webDEALER training conducted by the department ~~[by April 30, 2025]~~. New users ~~[created on or after April 30, 2025,]~~ must complete webDEALER training before being given webDEALER permissions.

(1) Required training will include, at a minimum, training regarding transactions performed in webDEALER and proper use of the system.

~~[(2) A user who has had access to webDEALER for more than six months and submitted more than 100 transactions within the system as of October 1, 2024, is not required to take the webDEALER training under this section.]~~

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(2)[(3)] Failure for holders and users accessing webDEALER under the holder's account to complete the required training as outlined in this section shall result in denial of access to webDEALER.

STATUTORY AUTHORITY. The department adopts a repeal to Chapter 217 under Transportation Code, §520.003, which authorizes the department to adopt rules to administer Transportation Code, Chapter 520; and Transportation Code, §520.0093, which authorizes the department to lease automated registration and titling system equipment to a county.

CROSS REFERENCE TO STATUTE. This adopted repeal implements Transportation Code § 520.003 and §520.0093.

TEXT.

~~[\$217.73. Agreement Related to Automated Equipment.]~~

~~[(a) Prior to receiving automated equipment pursuant to §217.72 of this title (relating to Automated Equipment for the Registration and Title System), a county must enter a written agreement with the department.]~~

~~[(b) The agreement shall:]~~

~~[(1) be in a form prescribed by the department;]~~

~~[(2) include at a minimum each of the terms and conditions specified in §217.72;]~~

~~[(3) be executed on behalf of the department by the executive director or the director's designee not below the level of Director of the Vehicle Titles and Registration Division; and]~~

~~[(4) be approved by resolution or order of the commissioners court and executed on behalf of the county by the county judge and the county tax assessor-collector.]~~

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SUBCHAPTER D. NONREPAIRABLE AND SALVAGE MOTOR VEHICLES

STATUTORY AUTHORITY. The department adopts amendments to Chapter 217 under Transportation Code, §501.0041, which gives the department authority to adopt rules to administer Transportation Code, Chapter 501, Certificate of Title Act; Transportation Code, §501.0925, which authorizes the department to adopt rules governing the issuance of titles to insurance companies; Transportation Code, §501.097, which authorizes the department to prescribe the process and procedures for applying for nonrepairable and salvage vehicle titles; 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, as well as the statutes referenced throughout this preamble.

CROSS REFERENCE TO STATUTE. The adopted amendments implement Transportation Code, §§501.0041, 501.0925, 501.097, and 1002.001.

TEXT.

§217.83. Requirement for Nonrepairable or Salvage Vehicle Title or Nonrepairable or Salvage Record of Title.

(a) Determination of condition of vehicle.

(1) Salvage motor vehicle. When a vehicle is damaged, the actual cash value of the motor vehicle immediately before the damage and the cost of repairs shall be used to determine whether the damage is sufficient to classify the motor vehicle as a salvage motor vehicle.

(2) Nonrepairable motor vehicle. When a vehicle is damaged, the actual cash value of the motor vehicle immediately before the damage and the cost of repairs, or any method commonly

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used by the insurance industry, shall be used to determine whether the damage is sufficient to classify the motor vehicle as a nonrepairable motor vehicle.

(3) The actual cash value of the motor vehicle is the market value of a motor vehicle as determined:

(A) from publications commonly used by the automotive and insurance industries to establish the values of motor vehicles; or

(B) if the entity determining the value is an insurance company, by any other procedure recognized by the insurance industry, including market surveys, that is applied in a uniform manner.

(4) The cost of repairs, including parts and labor, shall be determined by:

(A) using a manual of repair costs or other instrument that is generally recognized and used in the motor vehicle industry to determine those costs; or

(B) an estimate of the actual cost of the repair parts and the estimated labor costs computed by using hourly rate and time allocations that are reasonable and commonly assessed in the repair industry in the community in which the repairs are performed.

(5) The cost of repairs does not include:

(A) the cost of:

(i) repairs related to gradual damage to a motor vehicle;

(ii) repairs related to hail damage; or

(iii) materials and labor for repainting or when the damage is solely to the exterior paint of the motor vehicle; or

(B) sales tax on the total cost of repairs.

(b) Who must apply.

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(1) An insurance company licensed to do business in this state that acquires ownership or possession of a nonrepairable or salvage motor vehicle that is covered by a title issued by this state or a manufacturer's certificate of origin shall obtain a nonrepairable or salvage vehicle title or nonrepairable or salvage record of title, as provided by §217.84 of this title (relating to Application for Nonrepairable or Salvage Vehicle Title or Nonrepairable or Salvage Record of Title), before selling or otherwise transferring the nonrepairable or salvage motor vehicle, except as provided by subsection (c) of this section.

(2) A salvage vehicle dealer shall obtain a Nonrepairable or Salvage Vehicle Title or Nonrepairable or Salvage Record of Title, or comparable out-of-state ownership document, before selling or otherwise transferring the motor vehicle, except as provided by §217.88(b) of this title (relating to Sale, Transfer, or Release of Ownership of a Nonrepairable or Salvage Motor Vehicle).

(3) A person, other than an insurance company or salvage vehicle dealer, who acquires ownership of a nonrepairable or salvage motor vehicle that has not been issued a nonrepairable vehicle title, a salvage vehicle title, or a comparable out-of-state ownership document, shall obtain a nonrepairable or salvage vehicle title or nonrepairable or salvage record of title, as provided by §217.84, before selling or otherwise transferring the motor vehicle, unless the motor vehicle will be dismantled, scrapped, or destroyed.

(c) Owner-retained vehicles.

(1) When an insurance company pays a claim on a nonrepairable or salvage motor vehicle and does not acquire ownership of the motor vehicle, the company shall submit through webDEALER to the department before the 31st day after the date of the payment of the claim, on a form prescribed by the department, a report stating that:

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1 (A) the insurance company has paid a claim on the nonrepairable or salvage
2 motor vehicle; and

3 (B) the insurance company has not acquired ownership of the nonrepairable or
4 salvage motor vehicle.

5 (2) Upon receipt of the report described in paragraph (1)~~[(2)]~~ of this subsection, the
6 department will place an appropriate notation on the motor vehicle record to prevent registration and
7 transfer of ownership prior to the issuance of a salvage or nonrepairable vehicle title or salvage or
8 nonrepairable record of title.

9 (3) The owner who retained the nonrepairable or salvage motor vehicle to which this
10 subsection applies shall obtain a nonrepairable or salvage vehicle title or nonrepairable or salvage
11 record of title, as provided by §217.84, before selling or otherwise transferring the nonrepairable or
12 salvage motor vehicle.

13 (4) The owner of an owner retained nonrepairable or salvage motor vehicle may not
14 operate or permit operation of the motor vehicle on a public highway, until the motor vehicle is rebuilt,
15 titled as a rebuilt salvage motor vehicle or rebuilt nonrepairable motor vehicle, if applicable, and is
16 registered in accordance with Subchapter B of this chapter.

17 (d) Self-insured vehicles. The owner of a nonrepairable or salvage motor vehicle that is self-
18 insured and that has been removed from normal operation by the owner shall apply to the department
19 for a nonrepairable or salvage vehicle title or nonrepairable or salvage record of title, as provided by
20 §217.84, before the 31st day after the damage occurred, and before selling or otherwise transferring
21 ownership of the nonrepairable or salvage motor vehicle.

22 (e) Casual sales. A salvage vehicle dealer, salvage pool operator, or insurance company that
23 acquires a nonrepairable or salvage motor vehicle shall apply to the department for a nonrepairable or

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1 salvage vehicle title or nonrepairable or salvage record of title, in accordance with §217.84, prior to
2 offering the motor vehicle for sale in a casual sale.

3 (f) Export-only vehicles. A salvage vehicle dealer, including a salvage pool operator acting as
4 agent for an insurance company, or governmental entity that acquires a nonrepairable or salvage motor
5 vehicle and offers it for sale to a non-United States resident shall apply to the department for a
6 nonrepairable or salvage vehicle title, as provided by §217.84, before selling or otherwise transferring
7 the nonrepairable or salvage motor vehicle and before delivery of the nonrepairable or salvage motor
8 vehicle to the buyer. A salvage vehicle dealer or governmental entity shall maintain records of all export-
9 only nonrepairable or salvage motor vehicle sales as provided by §217.88(g).

10 (g) Voluntary application. A person who owns or acquires a motor vehicle that is not a
11 nonrepairable or salvage motor vehicle may voluntarily, and on proper application, as provided by
12 §217.84, apply for a nonrepairable or salvage vehicle title or nonrepairable or salvage record of title.

13
14 §217.84. Application for Nonrepairable or Salvage Vehicle Title or Nonrepairable or Salvage Record of
15 Title.

16 (a) Place of application. The owner of a nonrepairable or salvage motor vehicle who is required
17 to obtain or voluntarily chooses to obtain a nonrepairable or salvage vehicle title, as provided by
18 §217.83 of this title (relating to Requirement for Nonrepairable or Salvage Vehicle Title or Nonrepairable
19 or Salvage Record of Title), shall apply for a nonrepairable or salvage vehicle title or nonrepairable or
20 salvage record of title by submitting an application, the required accompanying documentation, and the
21 statutory fee to the department.

22 (b) Information on application. An applicant for a nonrepairable or salvage vehicle title or
23 nonrepairable or salvage record of title shall submit an application on a form prescribed by the

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1 department. A completed form, in addition to any other information required by the department, must
2 include:

- 3 (1) the name and current address of the owner;
- 4 (2) a description of the motor vehicle, including the model year, make, body style, and
5 vehicle identification number;
- 6 (3) a statement describing whether the motor vehicle is a nonrepairable or salvage
7 motor vehicle;
- 8 (4) whether the damage was caused exclusively by flood;
- 9 (5) a description of the damage to the motor vehicle;
- 10 (6) the odometer reading and brand, or the word "exempt" if the motor vehicle is
11 exempt from federal and state odometer disclosure requirements, if the motor vehicle is a salvage
12 motor vehicle;
- 13 (7) the name and mailing address of any lienholder and the date of lien, as provided by
14 subsection (e) of this section; and
- 15 (8) the signature of the applicant or the applicant's authorized agent and the date the
16 title application was signed.

17 (c) Accompanying documentation. A nonrepairable or salvage vehicle title or nonrepairable or
18 salvage record of title application must be supported, at a minimum, by:

- 19 (1) evidence of ownership, as described by subsection (d)(1) or (3) of this section, if the
20 applicant is an insurance company that is unable to locate one or more of the owners;
- 21 (2) an odometer disclosure statement properly executed by the seller of the motor
22 vehicle and acknowledged by the purchaser, if the motor vehicle is less than 10 model years old and the
23 motor vehicle is a salvage motor vehicle; and

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1 (3) a release of any liens.

2 (d) Evidence of nonrepairable or salvage motor vehicle ownership.

3 (1) Evidence of nonrepairable or salvage motor vehicle ownership properly assigned to
4 the applicant must accompany the application for a nonrepairable or salvage vehicle title or
5 nonrepairable or salvage record of title, except as provided by paragraph (2) of this subsection. Evidence
6 must include documentation sufficient to show ownership to the nonrepairable or salvage motor
7 vehicle, such as:

8 (A) a Texas Title;

9 (B) a certified copy of a Texas Title;

10 (C) a manufacturer's certificate of origin;

11 (D) a Texas Salvage Certificate;

12 (E) a nonrepairable vehicle title or record of title;

13 (F) a salvage vehicle title or record of title;

14 (G) a comparable ownership document issued by another jurisdiction, except
15 that if the applicant is an insurance company, evidence must be provided indicating that the insurance
16 company is:

17 (i) licensed to do business in Texas; or

18 (ii) not licensed to do business in Texas, but has paid a loss claim for the
19 motor vehicle in this state; or

20 (H) a photocopy of the inventory receipt or a title and registration verification
21 evidencing surrender to the department of the negotiable evidence of ownership for a motor vehicle as
22 provided by §217.86 of this title (relating to Dismantling, Scrapping, or Destruction of Motor Vehicles),

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1 and if the evidence of ownership surrendered was from another jurisdiction, a photocopy of the front
2 and back of the surrendered evidence of ownership.

3 (2) An insurance company ~~[that acquires ownership or possession of a nonrepairable or~~
4 ~~salvage motor vehicle through payment of a claim]~~ may apply for a nonrepairable or salvage vehicle title
5 consistent with Transportation Code, §501.0925. ~~[to be issued in the insurance company's name without~~
6 ~~obtaining an ownership document or if it received an ownership document without the proper~~
7 ~~assignment of the owner if the company is unable to obtain a title from the owner, in accordance with~~
8 ~~paragraph (1) of this subsection, and the application is not made earlier than the 30th day after the date~~
9 ~~of payment of the claim. The application must also include:]~~

10 [(A) a statement that the insurance company has provided at least two written
11 notices to the owner and any lienholder attempting to obtain the title or proper assignment of title for
12 the motor vehicle;]

13 [(B) a statement that the insurance company paid a loss claim for the vehicle
14 that was accepted; and]

15 [(C) any unassigned or improperly assigned title in the insurance company's
16 possession.]

17 [(3) An insurance company that acquires, through payment of a claim, ownership or
18 possession of a salvage motor vehicle or nonrepairable motor vehicle covered by an out-of-state
19 ownership document may obtain a salvage or nonrepairable vehicle title or salvage or nonrepairable
20 record of title in accordance with paragraph (1) or (2) of this subsection if:]

21 [(A) the motor vehicle was damaged, stolen, or recovered in this state; or]

22 [(B) the motor vehicle owner from whom the company acquired ownership
23 resides in this state.]

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(3)[(4)] A salvage pool operator may apply for title consistent with Transportation Code, §501.0935.

(4)[(5)] Proof of notice under Transportation Code, §501.0935 ~~[this subsection]~~ consists of:

(A) the validated receipts for registered or certified mail and return receipt or an electronic certified mail receipt, including signature receipt; and

(B) any unopened certified letters returned by the post office as unclaimed, undeliverable, or with no forwarding address.

(e) Recordation of lien on nonrepairable and salvage vehicle titles. If the motor vehicle is a salvage motor vehicle, a new lien or a currently recorded lien may be recorded on the salvage vehicle title. If the motor vehicle is a nonrepairable motor vehicle, only a currently recorded lien may be recorded on the nonrepairable vehicle title.

(f) Issuance. Upon receipt of a completed nonrepairable or salvage vehicle title application, accompanied by the statutory application fee and the required documentation, the department will, before the sixth business day after the date of receipt, issue a nonrepairable or salvage vehicle title or nonrepairable or salvage record of title, as appropriate.

(1) If the condition of salvage is caused exclusively by flood, a "Flood Damage" notation will be reflected on the face of the document and will be carried forward upon subsequent title issuance.

(2) If a lien is recorded on a nonrepairable or salvage vehicle title, the vehicle title will be mailed to the lienholder. For proof of ownership purposes, the owner will be mailed a receipt or printout of the newly established motor vehicle record, indicating a lien has been recorded.

(3) A nonrepairable vehicle title will state on its face that the motor vehicle may:

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(A) not be repaired, rebuilt, or reconstructed;

(B) not be issued a regular title or registered in this state;

(C) not be operated on a public highway; and

(D) may only be used as a source for used parts or scrap metal.

SUBCHAPTER F. MOTOR VEHICLE RECORDS

STATUTORY AUTHORITY. The department adopts amendments to Chapter 217 under Transportation Code, §730.014, which authorizes the department to adopt rules to administer Transportation Code, Chapter 730, Motor Vehicle Records Disclosure Act; and 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, as well as the statutes referenced throughout this preamble.

CROSS REFERENCE BY STATUTE. The adopted amendments implement Transportation Code, §§730.014, and 1002.001.

TEXT.

§217.122. Definitions.

(a) Words and terms defined in Transportation Code, Chapter 730 have the same meaning when used in this subchapter, unless the context clearly indicates otherwise.

(b) The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Department--Texas Department of Motor Vehicles.

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1 (2) Requestor--A person as defined by Transportation Code, §730.003(5), this state, or
2 an agency of this state seeking personal information contained in motor vehicle records directly from
3 the department.

4 (3) Service agreement--A contractual agreement with the department that allows a
5 requestor electronic motor vehicle records.

6 (4) Written request--A request submitted in writing, including by mail, electronic mail,
7 electronic media, and facsimile transmission.

8 (5) Signature--Includes an electronic signature, as defined by Transportation Code
9 §501.172, to the extent the department accepts such electronic signature.

10 (6) Batch Inquiry--Access, under a service agreement, to department motor vehicle
11 records associated with Texas license plate numbers or vehicle identification numbers, where requests
12 are submitted electronically to the department in a prescribed batch format. The department makes a
13 disclosure for each record in a batch.

14 (7) MVInet Access--Electronic access, under a service agreement, to the department's
15 motor vehicle registration and title database, with the ability to query records by a Texas license plate
16 number, vehicle identification number, placard number, or current or previous document number. The
17 department makes a disclosure each time a query of the system is made.

18 (8) Bulk--A disclosure by the department under Transportation Code §730.007 of at
19 least 250 motor vehicle records containing personal information, including any of the files defined by
20 subsection (b)(10) - (13) of this section.

21 (9) Bulk contract--A contractual agreement with the department for the disclosure of
22 motor vehicle records in bulk to the requestor.

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(10) Master File--A bulk file containing all the department's active and inactive registration and title records.

(11) Weekly Updates--A bulk file containing the department's new and renewed vehicle registration and title records from the previous week.

(12) Specialty Plates File--A bulk file containing Texas specialty license plate records.

(13) ePLATE file-- Three separate bulk files, one containing records of license plates a dealer has assigned to vehicles in their inventory for specific uses, one containing records of license plates issued by dealers for vehicles sold to out-of-state buyers, and one containing records related to new or updated licensed plates issued by dealers for vehicles sold to in-state buyers and vehicle transfer notifications. ~~[eTAG File-- A bulk file containing records related to new or updated eTAGs, vehicle transfer notifications, and plate-to-owner records.]~~

(14) Dealer/Supplemental File--A pair of files, one containing records of registration and title transactions processed by dealers with the department during the previous week and another containing the dealers' information, that are only available as a supplement to a bulk contract that includes the Weekly Updates.

§217.124. Cost of Motor Vehicle Records.

(a) Standard costs. The department will charge fees in accordance with Government Code Chapter 552 and the cost rules promulgated by the Office of the Attorney General in 1 Texas Administrative Code Chapter 70 (relating to Cost of Copies of Public Information).

(b) Law enforcement. An employee of a state, federal, or local law enforcement agency is exempt from the payment of fees for motor vehicle records in subsection (c)(1) - (4) of this section if the records are necessary to carry out lawful functions of the law enforcement agency.

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(c) Motor vehicle record costs:

(1) Title history - \$5.75;

(2) Certified title history - \$6.75;

(3) Title and registration verification (record search) - \$2.30; and

(4) Certified title and registration verification (record search) - \$3.30.

(d) Electronic motor vehicle records and files:

(1) Master File - \$5,000 plus \$.38 per 1,000 records;

(2) Weekly Updates - deposit of \$1,755 and \$135 per week;

(3) ePLATE file~~[eTAG File]~~ - deposit of \$845 and \$65 per week;

(4) Dealer/Supplemental File - deposit of \$1,235 and \$95 per week;

(5) Specialty Plates File - deposit of \$1,235 and \$95 per week;

(6) Batch Inquiry - deposit of \$1,000, minimum balance of \$750 and \$23 per run plus

\$.12 per record;

(7) MVInet Access - deposit of \$200, minimum balance of \$150 and \$23 per month plus

\$.12 per record; and

(8) Scofflaw remarks (inquiry, addition, or deletion) - deposit of \$500, minimum balance

of \$350 and \$23 per run plus \$.12 per record.

(e) Texas governmental entities, as defined in Government Code §2252.001, the Texas Law

Enforcement Telecommunication System, toll project entities, as defined by Transportation Code

§372.001, and federal governmental entities are exempt from the payment of fees, except for the fees

listed in subsection (d)(1), (6), or (8) of this section.

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(f) Reciprocity agreements. The department may enter into a reciprocity agreement for records access with another governmental entity that may waive some or all of the fees established in this section.

§217.125. Additional Documentation Related to Certain Permitted Uses.

(a) The department may require a requestor to provide reasonable assurance as to the identity of the requestor and that the use of motor vehicle records is only as authorized under Transportation Code §730.012(a). Where applicable, each requestor submitting a request for motor vehicle records shall provide documentation satisfactory to the department that they are authorized to request the information on behalf of the organization, entity, or government agency authorized to receive the information.

(b) Requestors seeking personal information from motor vehicle records from the department for a permitted use listed in this subsection must submit additional documentation.

(1) A request under Transportation Code §730.007(a)(2)(B)(ii) must include proof of a complaint submitted to a law enforcement agency or a report created by a law enforcement agency describing a complaint of a motor vehicle theft that includes the year, make, model and vehicle identification number of the motor vehicle.

(2)[(1)] A request under Transportation Code §730.007(a)(2)(C) must include the personal information the business is attempting to verify against the department's motor vehicle records and documentation sufficient to prove the requestor is a business actively licensed by, registered with, or subject to regulatory oversight by a government agency.

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1 (3) [(2)] A request under Transportation Code §730.007(a)(2)(D) must include proof of a
2 legal proceeding, or if no proceeding has been initiated, proof the requestor is in anticipation of
3 litigation relating to the request which would necessitate release of the document(s) requested.

4 (4) [(3)] A request under Transportation Code §730.007(a)(2)(E) must include
5 documentation sufficient to prove the requestor is employed by an entity in the business of conducting
6 research related to the requested information and demonstrating the employment relationship. The
7 department has discretion in determining whether the entity is in the business of conducting research
8 related to the requested information and in determining whether the documentation provided is
9 sufficient to demonstrate an employment relationship.

10 (5) [(4)] A request under Transportation Code §730.007(a)(2)(F) must include an active
11 license number provided by the Texas Department of Insurance or an active out-of-state license number
12 provided by the relevant regulatory authority, an active license number the insurance support
13 organization is working under, or proof of self-insurance.

14 (6) [(5)] A request under Transportation Code §730.007(a)(2)(G) must include an active
15 license number provided by the Texas Department of Licensing and Regulation or an active out-of-state
16 license number provided by the relevant regulatory authority.

17 (7) [(6)] A request under Transportation Code §730.007(a)(2)(H) must include an active
18 license number provided by the Texas Department of Public Safety or an active out-of-state license
19 number provided by the relevant regulatory authority.

20 (8) [(7)] A request under Transportation Code §730.007(a)(2)(I) must include a copy of an
21 active commercial driver's license.

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(9)[(8)] A request under Transportation Code §730.007(a)(2)(J) must include documentation to relate the requested personal information with the operation of a toll transportation facility or another type of transportation project as described by Transportation Code §370.003.

(10)[(9)] A request under Transportation Code §730.007(a)(2)(K) must include documentation on official letterhead indicating a permitted use for personal information, as defined by the Fair Credit Reporting Act (15 U.S.C. §1681 et. Seq.).

(11)[(10)] A request under Transportation Code §730.007(a)(2)(L) must include an active license number of a manufacturer, dealership, or distributor issued by the department or an active out-of-state license number provided by the relevant regulatory authority.

(12)[(11)] A request under Transportation Code §730.007(a)(2)(M) must include an active license or registration number of a salvage vehicle dealer, an independent motor vehicle dealer, or a wholesale motor vehicle dealer issued by the department; or an active license issued by the Texas Department of Licensing and Regulation to a used automotive parts recycler; or other proof that the requestor is subject to regulatory oversight by an entity listed in Transportation Code §730.007(a)(2)(M)(iv).

(c) The department may require a requestor to provide additional information to clarify the requestor's use of the personal information under Transportation Code Chapter 730, if the reasonable assurances provided with the request are not satisfactory to the department.

§217.126. Limitations on Redisclosure.

(a) Authorized recipients may only redisclose personal information consistent with Transportation Code §730.013 ~~[from department motor vehicle records to other authorized recipients and not in the identical or substantially identical format as disclosed by the department].~~

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(b) The department may request information regarding how a person to whom the authorized recipient may redisclose personal information represents to the authorized recipient that the person has a permitted use under Transportation Code §730.007.

~~[(c) Any authorized recipient redisclosing personal information from department motor vehicle records must inform the person to whom they are redisclosing of their obligations under Transportation Code Chapter 730 and this subchapter.]~~

~~(c)~~~~[(d)]~~ An authorized recipient who resold personal information from department motor vehicle records prior to June 18, 2021, is subject to the limitations in this section for that resale.

217.127. Records Maintained by Recipients Who Redisclose Personal Information.

(a) Authorized recipients who redisclose personal information from department motor vehicle records are required to maintain records of that transaction for a period not less than five years and must include:[-]

~~[(b)] [Records must be maintained for not less than five years and must include:]~~

(1) the name and contact information of any person to whom the authorized recipient redisclosed personal information from the department motor vehicle records, including both the individual's name and the organization or entity with which the individual is associated, when known;

(2) the person's permitted use under Transportation Code §730.007 for the personal information from the department motor vehicle records, and any documentation the authorized recipient received related to the person's permitted use;

(3) the quantity of motor vehicle records redisclosed to the person under each permitted use;

(4) a statement specifying what data was redisclosed and in what format; and

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(5) documentation of any agreement between the authorized recipient and the person to whom the authorized recipient redisclosed personal information from department motor vehicle records.

(b) [(c)] An authorized recipient who resold personal information from department motor vehicle records prior to June 18, 2021, must maintain records of those transactions for five years.

SUBCHAPTER G. INSPECTIONS

STATUTORY AUTHORITY. The department adopts amendments to Chapter 217 under Transportation Code, §731.002, which authorizes the board to adopt rules to administer Transportation Code, Chapter 731, Assembled Vehicles; Transportation Code, §731.101, which provides that the board by rule shall establish procedures and requirements for the inspection of assembled vehicles; 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, as well as the statutes referenced throughout this preamble.

CROSS REFERENCE TO STATUTE. The adopted amendments implement Transportation Code, §§731.002, 731.101 and 1002.001.

TEXT.

§217.143. Inspection Requirements

(a) On initial titling of an assembled vehicle under Transportation Code Chapter 731, and Subchapter L of this title (relating to Assembled Vehicles), with the exception of an assembled motorcycle, assembled trailer, and glider kit, an applicant must provide proof, on a form prescribed by the department, of a safety inspection performed by a master technician.

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1 ~~[(b) In addition to the requirement under subsection (a) of this section, an owner applying for~~
2 ~~initial registration of a custom vehicle or street rod must provide proof, on a form prescribed by the~~
3 ~~department, of a safety inspection performed by a master technician under this section as required~~
4 ~~under Transportation Code §504.501(e).]~~

5 (b)~~[(e)]~~ The inspection must meet the minimum requirements under Transportation Code,
6 §731.102 to evaluate the structural integrity and proper function of the equipment.

7 (c)~~[(d)]~~ The inspector must certify that:

- 8 (1) the vehicle and equipment are structurally stable;
- 9 (2) the vehicle and equipment meet the necessary conditions to be operated safely on
10 the roadway;
- 11 (3) equipment used in the construction of the vehicle, for which a federal motor vehicle
12 safety standard exists, complies with the applicable standard; and
- 13 (4) if the vehicle is a custom vehicle or street rod, the vehicle is equipped and
14 operational with all equipment required by statute as a condition of sale during the year the vehicle was
15 manufactured or resembles.

16 (d)~~[(e)]~~ The inspection of an assembled vehicle required under subsection (a) of this section is in
17 addition to all other required inspections including an inspection required under Transportation Code
18 Chapter 548.

19 (e)~~[(f)]~~ The applicant must pay all fees to the master technician for the inspection of an
20 assembled vehicle required under subsection (a) of this section, including any reinspection.

21 (f)~~[(g)]~~ In addition to the fees in subsection (f) of this section, the applicant must pay all
22 applicable fees for other required inspections as required by law, including any applicable inspection or
23 reinspection required under Transportation Code Chapter 548.

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SUBCHAPTER J. PERFORMANCE QUALITY RECOGNITION PROGRAM

STATUTORY AUTHORITY. The department adopts amendments to Chapter 217 under Transportation Code, §520.003, which authorizes the department to adopt rules to administer Transportation Code Chapter 520, Miscellaneous Provisions; Transportation Code, §520.004, which authorizes the department by rule to establish standards for uniformity and service quality for counties; and 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, as well as the statutes referenced throughout this preamble.

CROSS REFERENCE TO STATUTE. The adopted amendments implement Transportation Code, §§520.003, 520.004, and 1002.001.

TEXT.

§217.204. Applications.

(a) Application deadline. A ~~If a~~ county tax assessor-collector may ~~chooses to~~ apply for a recognition level or ~~to apply for~~ a higher level of recognition under the Performance Quality Recognition Program by submitting ~~the county tax assessor-collector must submit~~ an application to the department during their ~~any year of the county tax assessor-collector's~~ term of office. The application must be received by the department or postmarked no later than October 31st.

(b) Application from a successor county tax assessor-collector. A successor county tax assessor-collector is not eligible for a recognition level until after serving as the county tax assessor-collector during an entire state fiscal year, which is September 1st through August 31st.

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1 (c) Application for a higher level of recognition.

2 (1) If a county tax assessor-collector obtains a recognition level and chooses to apply for
3 a higher level of recognition during the term of the existing recognition level, the county tax assessor-
4 collector is not eligible to apply for a higher level until after serving as the county tax assessor-collector
5 during an entire state fiscal year subsequent to the state fiscal year for which the existing recognition
6 level was awarded.

7 (2) If the department demotes a county tax assessor-collector's recognition level, the
8 county tax assessor-collector is not eligible to apply for a higher level of recognition until after serving as
9 the county tax assessor-collector during an entire state fiscal year subsequent to the state fiscal year
10 during which the existing recognition level was demoted.

11 (d) Application for a recognition level after revocation of recognition level. If the department
12 revokes a county tax assessor-collector's recognition level, the county tax assessor-collector is not
13 eligible to apply for a recognition level until after serving as the county tax assessor-collector during an
14 entire state fiscal year subsequent to the state fiscal year during which the recognition level was
15 revoked.

16 (e) Application form. The application must be submitted on a form prescribed by the
17 department.

18 (f) Signature on application. The county tax assessor-collector must sign the application.

19 (g) Additional information, documentation, or clarification. At the department's discretion, the
20 department may request additional information, documentation, or clarification from the county tax
21 assessor-collector after the department receives an application. The department shall provide the
22 county tax assessor-collector with a deadline to respond to the request.

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SUBCHAPTER L. ASSEMBLED VEHICLES

STATUTORY AUTHORITY. The department adopts amendments to Chapter 217 under Transportation Code, §731.002, which authorizes the board to adopt rules to administer Transportation Code Chapter 731, Assembled Vehicles; Transportation Code, §731.052, which provides the board by rule shall establish procedures and requirements for issuance of a title for and registration of an assembled vehicle; and 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, as well as the statutes referenced throughout this preamble.

CROSS REFERENCE TO STATUTE. The adopted amendments implement Transportation Code, §§731.002, 731.052, and 1002.001.

TEXT.

§217.401. Purpose and Scope.

~~[(a)]~~ Transportation Code Chapter 731, charges the department with the responsibility of establishing procedures and requirements for issuance of title and registration for an assembled vehicle. For the department to efficiently and effectively issue motor vehicle titles, maintain records, and collect the applicable fees, this subchapter prescribes the policies and procedures for the application for and issuance of motor vehicle titles to assembled vehicles.

~~[(b) For purposes of this subchapter, a glider kit issued a title with a "RECONSTRUCTED" remark is a replica.]~~

§217.402. Definitions.

(a) The definitions in Transportation Code §731.001, apply to this subchapter.

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(b) The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

(1) Applicant--a person applying for title to an assembled vehicle who:

(A) is a hobbyist;

(B) is the owner of an assembled vehicle that has not been previously titled as an assembled vehicle; or

(C) purchased an assembled vehicle constructed and designated by the manufacturer as a replica, custom vehicle, street rod, or glider kit.

(2) Basic component part--the motor, body, and frame of an assembled vehicle, as applicable to the type of assembled vehicle. This term is a subset of "major component part" as defined in Transportation Code §501.091, but the term "basic component part" is not applicable in determining whether a vehicle qualifies as a custom vehicle or street rod under Transportation Code §504.501(f), which is the purpose of the term "major component part."

(3) Continuous sale--is offering for sale or the sale of five or more assembled vehicles of the same type in a calendar year when such vehicles are not owned and titled in the name of the owner.

(4) Manufacturer--is a person that builds an assembled vehicle and is not a hobbyist, has the meaning as defined in Occupations Code §2301.002, and is subject to the requirements of that chapter applicable to manufacturers, including sale through a franchise dealer network.

(5) Personal use--is the construction of an assembled vehicle by a hobbyist for use by the hobbyist.

(c) For purposes of this subchapter, a glider kit issued a title with a "RECONSTRUCTED" remark is a replica.

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1 §217.404. Initial Application for Title.

2 (a) An applicant must submit to the department a complete application for title. The application

3 may be submitted in person, by mail, or electronically, to the department. The application must include:

4 (1) photographs of the front, rear, and side of the assembled vehicle, and if a replica, a

5 photograph of what the vehicle is a replica of;

6 (2) evidence of ownership of the basic component parts of the assembled vehicle as

7 described in §217.405 of this subchapter (relating to Evidence of Ownership), as applicable to the type

8 of assembled vehicle;

9 (3) if applicable, proof, on a form prescribed by the department, of a safety inspection

10 required under §217.143 of this chapter (relating to Assembled Vehicle Inspection Requirements), and

11 Transportation Code §731.101;

12 (4) if applicable, a copy of the Automobile and Light Truck certification, or a successor

13 certification, for the master technician who completed the inspection described in paragraph (3) of this

14 subsection;

15 (5) a copy of the inspection that may be required under Transportation Code Chapter

16 548 if the assembled vehicle is to be registered for operation on the roadway;

17 (6) a Rebuilt Vehicle Statement;

18 (7) if applicable, a weight certificate;

19 (8) identification as required in §217.5(d) of this chapter (relating to Evidence of Motor

20 Vehicle Ownership); and

21 (9) any of the following means to establish the vehicle identification number:

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(A) an Application for Assigned or Reassigned Number, and Notice of Assigned Number or Installation of Reassigned Vehicle Identification Number, on forms prescribed by the department;

(B) an Application for Assigned or Reassigned Number, establishing the vehicle identification number assigned by the manufacturer of the component part by which the assembled vehicle will be identified;

(C) acceptable proof, as established by the department, of a vehicle identification number assigned by the maker of the kit used to construct the assembled vehicle; or

(D) acceptable proof, as established by the department, of a vehicle identification number assigned by the manufacturer of the replica, custom vehicle, street rod, or glider kit.

(b) Following receipt of all information required under subsection (a) of this section, the department will review the application for completeness and to determine if the vehicle meets assembled vehicle qualifications under Transportation Code, Chapter 731.

(c) If the department determines that the application is complete and the vehicle meets assembled vehicle qualifications, the department will issue a letter to the applicant on department letterhead, stating that the application is complete and that the vehicle qualifies as an assembled vehicle. The letter shall include a list of the supporting documents and information identified in subsection (d)(2) of this section.

(d) Following receipt of the department's letter described in subsection (c) of this section, the applicant may then submit the letter and the completed application to the county tax assessor-collector for processing. The application must include:

(1) the department-issued letter described in subsection (c) of this section;

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- 1 (2) copies of all items required to be submitted to the department in subsection (a)(1) -
- 2 (9) of this section; and
- 3 (3) the requirements as identified in §217.23 of this chapter (relating to Initial
- 4 Application for Vehicle Registration) if obtaining registration.
- 5



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July 24, 2026

Office of General Counsel
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, TX 78731

Sent via email: rules@txdmv.gov

Re: Title 43. Transportation
Chapter 217. Vehicle Titles & Registration
Proposed Amendments & Repeals

Office of General Counsel:

The Texas Automobile Dealers Association (TADA) files the following comments regarding the Texas Department of Motor Vehicles (TxDMV) proposed rule amendments and proposed rule repeals to 43 TAC Chapter 217, Vehicle Titles and Registration, as published in the June 26, 2026, *Texas Register* (51 *TexReg* 4113 - 4156).

According to the TxDMV discussion regarding the proposed amendments and repeals, the TxDMV and the Texas Regulatory Efficiency Office (TREG) identified rules that are alleged to be redundant or unnecessary and proposes the following for repeal: §§217.1, 217.21, 217.32, 217.37, 217.73, 217.81, 217.121, 217.141, 217.161, 217.181, 217.201, 217.301, and 217.401 (51 *TexReg* 4114).

TADA respectfully requests the Board to consider not repealing rules discussed below, including the listed *Purpose and Scope* rules in Chapter 217, as they give a licensee as well as the public and other agencies who undertake to understand and comply with the department's regulations, background information and the department's and legislature's intent with respect to ensuing rules.

CHAPTER 217.

VEHICLE TITLES AND REGISTRATION

Proposed for repeal throughout Chapter 217 are adopted rules that introduce a subchapter or section through a rule generally identified as *Purpose and Scope*.

An agency's rule may serve to implement and interpret statutes passed by the Texas Legislature. A rule can also assist the regulated community and the public in transparency and accountability and provide a clearer understanding of legislative intent.

A discussion or summary of a subchapter or a rule through a *Purpose and Scope* rule oftentimes encapsulates and elucidates a regulation. Such a rule very often serves an explanatory function and is a source for the rules that follow within the subchapter or section. A *Purpose and Scope* rule should not be summarily repealed as it served a function when adopted that continues into the present time.

TADA requests that the following *Purpose and Scope* and *Purpose* rules proposed for repeal remain in the TxDMV regulatory framework as the rules furnish an understanding of the department's rules and continue to provide guidance to the public, licensees, and this agency as well as other agencies:

SUBCHAPTER A. Motor Vehicle Titles.

1. 43 TAC §217.1. *Purpose and Scope*.

SUBCHAPTER B. Motor Vehicle Registration.

2. 43 TAC §217.21. *Purpose and Scope*.
3. 43 TAC §217.40. *Special Registration*.
(a) Purpose and scope.
4. 43 TAC §217.41. *Disabled Person License Plates and Disabled Parking Placards*.
(a) Purpose.
5. 43 TAC §217.43. *Military Specialty License Plates*.
(a) Purpose and Scope.
6. 43 TAC §217.45. *Specialty License Plates, Symbols, Tabs, and Other Devices*.
(a) Purpose and Scope.
7. 43 TAC §217.47. *Vehicle Emissions Enforcement System*.
(a) Purpose.

8. 43 TAC §217.52. *Marketing of Specialty License Plates Through a Private Vendor.*
(a) Purpose and scope.

Note: 43 TAC §217.54. *Extended Registration.* (a)(1) Scope. Not proposed for repeal.

9. 43 TAC §217.56. *Registration Reciprocity Agreements.*
(a) Purpose.
SUBCHAPTER C. Registration and Title Systems.
10. 43 TAC §217.71. *Definitions* [~~Automated and Web-Based Vehicle Registration and Title Systems~~].
(a) Purpose.
SUBCHAPTER D. Nonrepairable and Salvage Motor Vehicles.
11. 43 TAC §217.81. *Purpose and Scope.*
SUBCHAPTER F. Motor Vehicle Records.
12. 43 TAC §217.121. *Purpose and Scope.*
SUBCHAPTER G. Inspections.
13. 43 TAC §217.141. *Purpose and Scope.*
SUBCHAPTER H. Deputies.
14. 43 TAC §217.161. *Purpose and Scope.*
SUBCHAPTER I. Processing and Handling Fees.
15. 43 TAC §217.181. *Purpose and Scope.*
SUBCHAPTER J. Performance Quality Recognition Program.
16. 43 TAC §217.201. *Purpose and Scope.*
SUBCHAPTER K. Electronic Signatures.
17. 43 TAC §217.301. *Purpose and Scope.*
SUBCHAPTER L. Assembled Vehicles.
18. 43 TAC §217.401. *Purpose and Scope.*

The Texas Regulatory Reduction Guide for State Agencies promulgated by the Texas Regulatory Efficiency Office (TREO) (FINAL—April 28, 2026), identifies in Chapter 6, rules for regulatory reduction such as duplicative, obsolete, ineffective, or burdensome rules.

The above listed *Purpose and Scope* rules are neither verbatim of other provisions nor obsolete, ineffective, or burdensome; however, not all *Purpose and*

Scope rules are recommended for deletion by TREO as only ten (10) out of the above-listed eighteen (18) rules recommended for repeal are on the TREO and TxDMV list (51 *TexReg* 4114).

A state licensing agency, such as the TxDMV, includes with its rule submission a statement of the purpose for a proposed rule along with other information.¹ As an agency discusses the purpose for a proposed rule upon its submission to the Governor's office, carrying forward that information by way of a rule for the benefit of the public, licensees, and other agencies, provides context.

To include a purpose or purpose and scope discussion in a rule may also provide an explanation of an agency's intent, which is useful in achieving a more complete understanding of an agency's rationale for adopting a rule and may also encourage compliance.

As requested and discussed, the above-listed rules which discuss the purpose and scope of a Subchapter's rules or a specific rule, should remain as previously adopted and not be repealed as they assist in regulatory comprehension of the department and promote adherence.

SUBCHAPTER A. Motor Vehicle Titles

43 TAC §217.6. Title Issuance

Proposed for deletion is §217.6(a) with the explanation that it is "duplicative of Transportation Code, §501.024" (51 *TexReg* 4114). This rule, in part, discusses the issuance of a title receipt.

It may be asserted that many of the adopted rules are duplicative of a statute that a rule explains or construes; however, as provided in the rule discussion proposed for deletion regarding a title receipt, this rule assists in comprehending the title process. The rule aids the public in a better understanding of the purpose and use for a receipt and the subsequent title issuance.

If a rule assists in a clearer understanding of the TxDMV's title processes, a repeal is unlikely to serve the public, the regulated and deputy community, or the

¹TEX. OCC. CODE ANN., §57.105 (Vernon Supp. 2025).

department, and the rule should continue, as with §217.6.

SUBCHAPTER B. Motor Vehicle Registration

43 TAC §217.32. Replacement of License Plates, Symbols, Tabs, and Other Devices.

According to the TxDMV explanation, this rule is proposed for repeal “because it is duplicative of the requirements specified in Transportation Code §502.060 and §504.007” (51 *TexReg* 4115).

This particular rule, §217.32, provides information with respect to the action a person should take when a metal license plate, symbol, tab, or other registration device is lost, stolen, mutilated, or needs to be replaced for either cosmetic or readability reasons. In the rule’s listed examples, the replacement may be obtained from any county TAC after payment and a signed statement on a prescribed TxDMV form.

Neither Transportation Code §502.060 nor §504.007 list the action that should be taken if a plate, symbol, tab, or other registration device is lost, stolen, mutilated, or needs to be replaced for either cosmetic or readability reasons—the statutes only provide that a replacement may be obtained by following the stated process and paying any necessary fees—not why a replacement may be necessary.

To list the various reasons in the rule as to why a replacement may be obtained, assists the public and the regulated community to comprehend when to obtain a replacement plate, symbol, tab, or other registration device—information that is not listed in the statute.

This regulation is informative versus having to deduce the information in several named statutes; therefore, the rule should not be repealed as it provides necessary information to the public and to the regulated community.

SUBCHAPTER D. Nonrepairable and Salvage Motor Vehicles

§217.83. Requirement for Nonrepairable or Salvage Vehicle Title or Nonrepairable or Salvage Record of Title.

The explanation for repealing language and adding Transportation Code

references in lieu of the rule discussion for a person who acquires ownership of a nonrepairable or salvage motor vehicle that has not been issued a nonrepairable vehicle title, a salvage vehicle title, or a nonrepairable out-of-state ownership document, is “to streamline the language in the rule.”

The proposal substitutes another Texas Transportation Code statutory reference “[I]n place of the requirements imposed on an insurance company concerning owner retained vehicles” instead of discussing the requirements imposed on an insurance company concerning an owner retained vehicle, as they are “duplicative” (51 *TexReg* 4118).

For a rule to merely reference a statutory citation in place of the department providing an explication of the statute and the agency’s process has the potential to confuse as well as confound anyone who is unsure of the department’s correct process to follow.

The rule continues in its explanation as to the application and information that must be included in the application by an insurance company when applying for a nonrepairable or salvage vehicle title.

The department’s rule discussion for an owner-retained nonrepairable or salvage vehicle as well as when an insurance company pays a claim and does not acquire ownership in addition to the application process when an insurance company does apply for a nonrepairable or salvage title, allows for both the individual and insurance company to more readily understand the department’s statutory interpretation and process and thus, should remain in the rule.

SUMMARY

Oftentimes, a statute can be interpreted in more than one way. An agency’s rule assists in understanding that agency’s construction of a statute, which a licensee or the public or a TAC will be held to follow, versus a multitude of different statutory interpretations or misunderstandings if just a statutory cite is referenced.

A “Purpose and Scope” rule also provides intent and an agency’s rationale as well as significance in understanding an agency’s rule and statutory interpretation.

It is also problematic for a rule to reference a statute versus providing a written process or requirement for those subject to an agency's jurisdiction. In addition, statutory cites may change with legislative enactments without the statutory content being amended, resulting in a necessary subsequent regulatory change.

As adopted and incorporated within the regulatory framework, to repeal a rule that elucidates and explains a statute and the department's interpretation and rationale or reasoning as well as the department's processes, does not aid those who are held responsible for understanding and complying with the department's necessary procedures.

TADA requests that the above cited and discussed rules not be repealed.

Sincerely,

A handwritten signature in blue ink, appearing to read "Karen Phillips".

Karen Phillips
General Counsel/EVP



July 27, 2026

Laura Moriarty
General Counsel
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, TX 78731

Re: Comments on Proposed Amendments to Texas Department of Motor Vehicles Rules

Dear Ms. Moriarty:

The Texas Independent Automobile Dealers Association (TIADA) appreciates the opportunity to submit comments on the Texas Department of Motor Vehicles' (TxDMV's) proposed amendments. TIADA represents more than 1,000 independent automobile dealers across Texas, the vast majority of which are owner-operated businesses that rely on clear, transparent, and accessible rules to navigate the regulatory maze that governs their operations.

Section 217.32 — Replacement of License Plates, Symbols, Tabs, and Other Devices

TIADA respectfully requests that the department reconsider the repeal of §217.32.

While Transportation Code §§502.060 and 504.007 establish the statutory authority governing replacement registration insignia and license plates, §217.32 provides important procedural guidance regarding how those statutory requirements are applied in practice.

TIADA is concerned that repealing this section without replacing the existing procedural guidance may shift the practical administration of this process from a centralized statewide standard to varying county-level practices. Independent dealers frequently conduct transactions across county lines and need a consistent process to comply with registration requirements.

Without clear statewide guidance, dealers may be required to navigate different procedures, interpretations, or expectations among the 254 county tax assessor-collectors for the same transaction. This creates unnecessary compliance burdens for dealers, consumers, and county offices.

TIADA respectfully requests that the department retain this guidance in rule, incorporate it into another applicable rule, or issue formal statewide guidance before the repeal becomes effective.

Elimination of Purpose and Scope Provisions

TIADA Comments to TxDMV

July 27, 2026

Page | 2 of 2

TIADA is concerned with the proposed elimination of purpose and scope provisions throughout the Texas Administrative Code as reflected in 51 TexReg 4113–4156.

While these provisions may not contain independent substantive requirements, they serve an important function by providing context and helping regulated entities understand the organization and application of the rules.

Most independent dealers are owner-operated businesses without in-house legal or compliance staff. They rely on the Texas Administrative Code as an accessible resource for understanding their regulatory obligations. Purpose and scope provisions improve transparency, promote voluntary compliance, and make the regulatory framework easier to navigate.

When practical guidance and context are removed from rules and dispersed among statutes, guidance documents, and other sources, compliance becomes more burdensome without providing a corresponding regulatory benefit.

TIADA respectfully requests that the department retain purpose and scope provisions where they provide meaningful context and assist regulated entities in understanding and complying with applicable requirements.

Respectfully submitted,



Earl Cooke

Director of Regulatory Affairs

earl.cooke@txiada.org

Board Meeting Date: 10/8/2026
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Laura Moriarty, General Counsel
Agenda Item: 8
Subject: Rule Review Adoption under Government Code, §2001.039: Chapter 215, Motor Vehicle Distribution, and Chapter 217, Vehicle Titles and Registration

RECOMMENDATION

Action Item. Approval to publish in the *Texas Register* the notices of readoption for 43 Texas Administrative Code (TAC) Chapter 215, Motor Vehicle Distribution, and Chapter 217, Vehicle Titles and Registration. The department has determined that the reasons for initially adopting these rules continue to exist.

PURPOSE AND EXECUTIVE SUMMARY

The department conducted reviews of 43 TAC Chapters 215 and 217 in compliance with Government Code §2001.039.

FINANCIAL IMPACT

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

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 notice of the department's intention to review was published in the *Texas Register* on April 24, 2026, issue of the *Texas Register* (51 TexReg 2785) for Chapter 215. The comment period closed on May 26, 2026. No comments were received on the Chapter 215 rule review.

The notice of the department's intention to review was published in the *Texas Register* on June 26, 2026, issue of the *Texas Register* (51 TexReg 4217) for Chapter 217. The comment period closed on July 27, 2026. No comments were received on the Chapter 217 rule review.

As a result of the review, the department identified necessary amendments, new sections, and repeals in Chapter 215 and necessary amendments and repeals in Chapter 217. Those amendments, new sections, and repeals are presented to the board at this meeting in Agenda Items 6 and 7 for consideration to adopt.

TITLE 43. TRANSPORTATION

Adopted Rule Review

Part 10. Texas Department of Motor Vehicles

Chapter 215 – Motor Vehicle Distribution

Notice of Readoption

The Texas Department of Motor Vehicles (department) files this notice of readoption of Title 43 Texas Administrative Code (TAC), Chapter 215, Motor Vehicle Distribution that was published in the *Texas Register*. The review was conducted pursuant to Government Code, §2001.039.

Notice of the department's intention to review was published in the April 24, 2026, issue of the *Texas Register* (51 TexReg 2785). The department did not receive any comments on the rule review.

As a result of the review, the department readopts Chapter 215 in accordance with the requirements of Government Code, §2001.039, with amendments, new sections, and repeals that are published separately in this issue of the *Texas Register*. The department has determined that the reasons for initially adopting the rules continue to exist.

This concludes the review of Chapter 215, Motor Vehicle Distribution.

TITLE 43. TRANSPORTATION

Adopted Rule Review

Part 10. Texas Department of Motor Vehicles

Chapter 217 – Vehicle Titles and Registration

Notice of Readoption

The Texas Department of Motor Vehicles (department) files this notice of readoption of Title 43 Texas Administrative Code (TAC), Chapter 217, Vehicle Titles and Registration. The review was conducted pursuant to Government Code, §2001.039.

Notice of the department's intention to review was published in the June 26, 2026, issue of the *Texas Register* (51 TexReg 4217). The department did not receive any comments on the rule review.

As a result of the review, the department readopts Chapter 217 in accordance with Government Code, §2001.039, with amendments and repeals that are published separately in this issue of the *Texas Register*. The department has determined that the reasons for initially adopting the rules continue to exist.

This concludes the review of Chapter 217, Vehicle Titles and Registration.

Board Meeting Date: 10/8/2026
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Clint Thompson, Motor Carrier Division
Agenda Item: 9
Subject: Amendments: §§218.2, 218.13, and 218.14
Repeal: §218.11
(Relating to Application Requirements for Sole Proprietor Motor Carrier Registration; and Cleanup)

RECOMMENDATION

Action Item. Adopt amendments and a repeal in 43 Texas Administrative Code Chapter 218, Motor Carriers.

PURPOSE AND EXECUTIVE SUMMARY

The adopted amendments and repeal clean up the rule text and conform the rules to the department's current procedures with respect to requiring a social security number (SSN) for a sole proprietor motor carrier.

FINANCIAL IMPACT

There will be no significant fiscal implications due to the adoption of amendments and repeals to Chapter 218.

BACKGROUND AND DISCUSSION

The primary purpose for the rule revisions is to align the rules with current practice to clarify that, if the applicant is a sole proprietor, an SSN is required for an applicant for intrastate operating authority. A recent Attorney General opinion clarified that there are no alternatives to providing an SSN for applicants seeking individual occupational licenses in Texas. While department practice is in compliance with the law as set forth in the opinion, the rule needed to be clarified. The revisions are also necessary to:

1. remove provisions that unnecessarily repeat statutory language requiring operating authority for certain motor carriers, as well as cross-references to those provisions; and
2. update rules for additional clarity on the department's expectations for maintenance of a valid USDOT number.

COMMENTS

The proposed amendments and repeal were published for comment in the *Texas Register* on June 26, 2026. The department did not receive any comments.

TITLE 43. TRANSPORTATION

Adopted Sections

Part 10. Texas Department of Motor Vehicles

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Chapter 218 – Motor Carriers

ADOPTION OF REVISIONS TO**SUBCHAPTER A. GENERAL PROVISIONS****43 TAC §218.2****SUBCHAPTER B. MOTOR CARRIER REGISTRATION****43 TAC §218.13 AND §218.14****REPEAL OF****43 TAC §218.11**

INTRODUCTION. The Texas Department of Motor Vehicles (department) adopts revisions to 43 Texas Administrative Code (TAC) Chapter 218, Motor Carriers. Specifically, the department adopts amendments to Subchapter A, General Provisions, §218.2; amendments to Subchapter B, Motor Carrier Registration, §218.13 and §218.14, and the repeal of §218.11. These revisions are necessary to aid the regulated community's understanding of the state's expectations for maintenance of a valid United States Department of Transportation (USDOT) number; to remove provisions that are unnecessarily repetitive of statute and cross-references to those provisions; and to conform the rules to the department's current procedures with respect to social security numbers as an application requirement for sole proprietors. The department adopts amendments to §§218.2, 218.13 and 218.14 and adopts the repeal of §218.11 without changes to the proposed text as published in the June 26, 2026, issue of the *Texas Register* (51 TexReg 4156). The text of the rules will not be republished.

REASONED JUSTIFICATION. An adopted amendment to §218.2 updates the definition of "USDOT number" to include a reference to the related statutory provision, Texas Transportation Code, §643.064, for clarity and ease of reference. This change is necessary because the department adopts the repeal of §218.11, which essentially restates Transportation Code, §643.051 and §643.064. The adopted amendments to the

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Exhibit A

TITLE 43. TRANSPORTATION

Adopted Sections

Part 10. Texas Department of Motor Vehicles

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Chapter 218 – Motor Carriers

1 definition of “USDOT number” ensure that in the absence of §218.11, a reader will still be able to identify
2 and understand the statutory requirement under Transportation Code, §643.064 for commercial motor
3 carriers in Texas to have an active USDOT number. Citing the related statutory provision within the rule
4 aids in public understanding and provides a useful reference to the underlying law without unnecessarily
5 repeating statutory language.

6 An adopted repeal of §218.11 streamlines the department’s rules by eliminating provisions that
7 are identical to statutory language. The language in §218.11(a) and (b) is an unnecessary restatement of
8 Transportation Code, §643.051 and §643.064. Relevant language from Transportation Code, §643.064,
9 which has previously been in §218.11(c), is incorporated with these adopted amendments into §218.13.
10 In addition, the adopted definition of “USDOT number” in §218.2 cites to Transportation Code, §643.064
11 for clarity and ease of reference, as discussed above.

12 Adopted amendments to §218.13(a)(1) clarify the department’s expectations for compliance
13 related to the USDOT number, incorporating and elaborating on language that was previously in repealed
14 §218.11(c) regarding how the department defines a “valid” USDOT number. To be considered “valid,” the
15 USDOT number must be active and be the same as the USDOT number used in the carrier’s application,
16 as long as the carrier is operating under intrastate authority granted by the department. The adopted
17 amendment informs carriers of the requirement to maintain their USDOT number and thereby aids in
18 compliance.

19 In addition, recent Texas Attorney General Opinion No. KP-0516 highlighted the strict mandate in
20 place for a licensing authority such as the department to collect social security numbers (SSN) from an
21 applicant for an individual occupational license under Texas Family Code, §231.302(c)(1), which includes
22 a sole proprietor motor carrier who applies for a certificate of registration for intrastate operating

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Exhibit A

TITLE 43. TRANSPORTATION

Adopted Sections

Part 10. Texas Department of Motor Vehicles

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Chapter 218 – Motor Carriers

1 authority. Accordingly, the department adopts an amendment to §218.13(a)(3)(B) to clarify that a sole
2 proprietor applying for motor carrier registration must provide an SSN in the application. While this has
3 consistently been department practice, the wording of §218.13(a)(3)(B) could have been read to mean
4 that a sole proprietor could provide an Individual Taxpayer Identification Number rather than an SSN. In
5 contrast, the adopted amendment states plainly that providing an SSN is the only option available for a
6 sole proprietor applying for motor carrier registration in Texas.

7 The adopted amendments to §218.14(c) remove cross-references to §218.11, which is being
8 repealed. The adopted amendments replace those cross-references with citations to Transportation
9 Code, §643.051, which requires commercial motor carriers to register with the department, and to
10 Transportation Code, §643.054(a), which give the department the authority to issue motor carrier
11 registration in Texas. These amendments clarify the rule and prevent any confusion following the repeal
12 of §218.11.

SUMMARY OF COMMENTS.

14 No comments were received on the proposed amendments.

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Chapter 218 – Motor Carriers

SUBCHAPTER A. GENERAL PROVISIONS

STATUTORY AUTHORITY. The Texas Department of Motor Vehicles (department) adopts the amendment of §218.2 under Transportation Code, §643.003, which authorizes the department to adopt rules to administer Transportation Code, Chapter 643; Transportation Code, §643.051, which states that a motor carrier may not operate a commercial motor vehicle, as defined by Transportation Code, §548.001, on a road or highway in Texas, and may not operate a vehicle, regardless of size, to transport household goods for compensation on a road or highway in Texas unless the motor carrier registers with the department under Subchapter B of Transportation Code, Chapter 643; Transportation Code, §643.064, which provides that a carrier required to register with the department under Subchapter B of Transportation Code, Chapter 643, must maintain an authorized identification number issued to the motor carrier by the Federal Motor Carrier Safety Administration, its successor, or another person authorized to issue the number; 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. The adopted amendment would implement Transportation Code, Chapters 643 and 1002.

TEXT.

§218.2. Definitions.

(a) The definitions contained in Transportation Code, Chapter 643 apply to this chapter. In the event of a conflict with this chapter, the definitions contained in Transportation Code, Chapter 643 control; however, the definition of the word "director" in this section controls over the definition in Transportation Code, Chapter 643.

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(b) The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Advertisement--An oral, written, graphic, or pictorial statement or representation made in the course of soliciting intrastate household goods transportation services, including, without limitation, a statement or representation made in a newspaper, magazine, or other publication, or contained in a notice, sign, poster, display, circular, pamphlet, or letter, or on radio, the Internet, or via an online service, or on television. The term does not include direct communication between a household goods carrier or carrier's representative and a prospective shipper, and does not include the following:

(A) promotional items of nominal value such as ball caps, tee shirts, and pens;

(B) business cards;

(C) listings not paid for by the household goods carrier or its household goods carrier's agent; and

(D) listings of a household goods carrier's business name or assumed name as it appears on the motor carrier certificate of registration, and the household goods carrier's address, and contact information in a directory or similar publication.

(2) Approved association--A group of household goods carriers, its agents, or both, that has an approved collective ratemaking agreement on file with the department under §218.64 of this title (relating to Rates).

(3) Binding proposal--A written offer stating the exact price for the transportation of specified household goods and any related services.

(4) Board--Board of the Texas Department of Motor Vehicles.

(5) Certificate of insurance--A certificate prescribed by and filed with the department in

TITLE 43. TRANSPORTATION

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1 which an insurance carrier or surety company warrants that a motor carrier for whom the certificate is
2 filed has the minimum coverage as required by §218.16 of this title (relating to Insurance
3 Requirements).

4 (6) Certificate of registration--A certificate issued by the department to a motor carrier
5 and containing a unique number.

6 (7) Certified scale--Any scale designed for weighing motor vehicles, including trailers or
7 semitrailers not attached to a tractor, and certified by an authorized scale inspection and licensing
8 authority. A certified scale may also be a platform-type or warehouse-type scale properly inspected and
9 certified.

10 (8) Commercial motor vehicle--As defined in Transportation Code, §548.001. The
11 definition for commercial motor vehicle does not include:

12 (A) a farm vehicle with a gross weight, registered weight, or gross weight rating
13 of less than 48,000 pounds;

14 (B) a cotton vehicle registered under Transportation Code, §504.505;

15 (C) a vehicle registered with the Railroad Commission under Natural Resources
16 Code, §113.131 and §116.072;

17 (D) a vehicle operated by a governmental entity;

18 (E) a motor vehicle exempt from registration by the Unified Carrier Registration
19 Act of 2005; and

20 (F) a tow truck, as defined by Occupations Code, §2308.002.

21 (9) Conspicuous--Written in a size, color, and contrast so as to be readily noticed and
22 understood.

23 (10) Conversion--A change in an entity's organization that is implemented with a

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1 Certificate of Conversion issued by the Texas Secretary of State under Business Organizations Code,
2 §10.154.

3 (11) Director--The director of the department's Motor Carrier Division, whom the
4 executive director of the department designated as the director under Transportation Code,
5 §643.001(2).

6 (12) Estimate--An informal oral calculation of the approximate price of transporting
7 household goods.

8 (13) Farmer--A person who operates a farm or is directly involved in cultivating land,
9 crops, or livestock that are owned by or are under the direct control of that person.

10 (14) Farm vehicle--A commercial motor vehicle that is:

11 (A) controlled and operated by a farmer to transport either:

12 (i) agricultural products; or

13 (ii) farm machinery, farm supplies, or both, to and from a farm;

14 (B) not being used in the operation of a for-hire motor carrier;

15 (C) not carrying hazardous materials of a type or quantity that requires the
16 commercial motor vehicle to be placarded in accordance with 49 C.F.R. §177.823; and

17 (D) being used within 150 air-miles of the farmer's farm.

18 (15) FMCSA--Federal Motor Carrier Safety Administration.

19 (16) For-hire motor carrier--A motor carrier that provides transportation of persons or
20 cargo for compensation in one or more motor vehicles.

21 (17) Foreign commercial motor vehicle--As defined in Transportation Code, §648.001.

22 (18) Gross weight rating--The maximum loaded weight of any combination of truck,
23 tractor, and trailer equipment as specified by the manufacturer of the equipment. If the manufacturer's

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1 rating is unknown, the gross weight rating is the greater of:

2 (A) the actual weight of the equipment and its lading; or

3 (B) the maximum lawful weight of the equipment and its lading.

4 (19) Household goods agent--A motor carrier who transports household goods on behalf
5 of another motor carrier.

6 (20) Household goods carrier--A motor carrier who transports household goods for
7 compensation, regardless of the size of the vehicle.

8 (21) Inventory--A list of the items in a household goods shipment and the condition of
9 the items.

10 (22) Leasing business--A person that leases vehicles requiring registration under
11 Subchapter B of this chapter to a motor carrier that must be registered.

12 (23) Mediation--A non-adversarial form of alternative dispute resolution in which an
13 impartial person, the mediator, facilitates communication between two parties to promote
14 reconciliation, settlement, or understanding.

15 (24) Motor Carrier or carrier--As defined in Transportation Code, §643.001(6).

16 (25) Motor transportation broker--As defined in Transportation Code, §646.001.

17 (26) Moving services contract--A contract between a household goods carrier and
18 shipper, such as a bill of lading, receipt, order for service, or work order, that sets out the terms of the
19 services to be provided.

20 (27) Multiple user--An individual or business who has a contract with a household goods
21 carrier and who used the carrier's services more than 50 times within the preceding 12 months.

22 (28) Not-to-exceed proposal--A formal written offer stating the maximum price a
23 shipper can be required to pay for the transportation of specified household goods and any related

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services. The offer may also state the non-binding approximate price. Any offer based on hourly rates must state the maximum number of hours required for the transportation and related services unless there is an acknowledgment from the shipper that the number of hours is not necessary.

(29) Principal business address--A single location that serves as a motor carrier's headquarters and where it maintains its operational records or can make them available.

(30) Print advertisement--A written, graphic, or pictorial statement or representation made in the course of soliciting intrastate household goods transportation services, including, without limitation, a statement or representation made in or contained in a newspaper, magazine, circular, or other publication. The term does not include direct communication between a household goods carrier or carrier's representative and a prospective shipper, and does not include the following:

(A) promotional items of nominal value such as ball caps, tee shirts, and pens;

(B) business cards;

(C) Internet websites;

(D) listings not paid for by the household goods carrier or its household goods carrier's agent; and

(E) listings of a household goods carrier's business name or assumed name as it appears on the motor carrier certificate of registration, and the household goods carrier's address, and contact information in a directory or similar publication.

(31) Public highway--Any publicly owned and maintained street, road, or highway in this state.

(32) Replacement vehicle--A vehicle that takes the place of another vehicle that has been removed from service.

(33) Revocation--The withdrawal of registration and privileges by the department or a

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1 registration state.

2 (34) Shipper--The owner of household goods or the owner's representative.

3 (35) Short-term lease--A lease of 30 days or less.

4 (36) Substitute vehicle--A vehicle that is leased from a leasing business and that is used
5 as a temporary replacement for a vehicle that has been taken out of service for maintenance, repair, or
6 any other reason causing the temporary unavailability of the permanent vehicle.

7 (37) Suspension--Temporary removal of privileges granted to a registrant by the
8 department or a registration state.

9 (38) Unified Carrier Registration System or UCR--A motor vehicle registration system
10 established under 49 U.S.C. §14504a or a successor federal registration program.

11 (39) USDOT--United States Department of Transportation.

12 (40) USDOT number-- A unique [An] identification number issued by or under the
13 authority of the FMCSA or its successor and required under Texas Transportation Code §643.064 for
14 specified motor carriers.

15
16 **SUBCHAPTER B. MOTOR CARRIER REGISTRATION**

17
18 **STATUTORY AUTHORITY.** The department adopts amendments to §218.13 and §218.14 under
19 Transportation Code, §643.003, which authorizes the department to adopt rules to administer
20 Transportation Code, Chapter 643; Transportation Code, §643.052, which requires a motor carrier to
21 submit to the department an application on a form prescribed by the department to register under
22 Subchapter B of Transportation Code, Chapter 643, as well as the required components of the application,
23 which include information the department by rule determines is necessary for the safe operation of a

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1 motor carrier under Transportation Code, Chapter 643; Transportation Code, §643.053, which provides
2 additional requirements for an application filed with the department under Transportation Code,
3 §643.052; Transportation Code, §643.054, which authorizes the department to deny an application for
4 registration under certain circumstances, in addition to authorizing the department to adopt simplified
5 procedures for the registration of motor carriers transporting household goods as agents for carriers
6 required to register under Transportation Code, Chapter 643; Transportation Code, §643.056, which
7 requires a motor carrier that is required to register under Subchapter B of Transportation Code, Chapter
8 643, to supplement the motor carrier's application for registration under certain circumstances;
9 Transportation Code, §643.058, which specifies the requirements for a motor carrier to apply for renewal
10 of registration issued under Subchapter B of Transportation Code, Chapter 643, as well as the authority
11 for the department to deny an application for renewal of registration; Transportation Code, §643.0585,
12 which specifies the requirements for a motor carrier to apply for reregistration after its registration has
13 been revoked, as well as the authority for the department to deny an application for reregistration;
14 Transportation Code, §643.061, which authorizes the department to adopt rules to vary the registration
15 period under Subchapter B of Transportation Code, Chapter 643; Transportation Code, §643.064, which
16 provides that a carrier required to register with the department under Subchapter B of Transportation
17 Code, Chapter 643, must maintain an authorized identification number issued to the motor carrier by the
18 Federal Motor Carrier Safety Administration, its successor, or another person authorized to issue the
19 number; Family Code, §231.302, which compels licensing authorities like the department to collect social
20 security numbers from an individual applicant for a professional license; Transportation Code, §1002.001,
21 which authorizes the board to adopt rules that are necessary and appropriate to implement the powers
22 and the duties of the department; and Government Code, §2001.004(1), which requires state agencies to

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1 adopt rules of practice stating the nature and requirements of all available formal and informal
2 procedures.

3 **CROSS REFERENCE TO STATUTE.** The adopted amendments would implement Transportation Code,
4 Chapters 643 and 1002; Family Code, Chapter 231; and Government Code, Chapter 2001.

5 **TEXT.**

6 §218.13. Application for Motor Carriers Registration.

7 (a) Form of original application. An original application for motor carrier registration must be filed
8 electronically in the department's designated motor carrier registration system, must be in the form
9 prescribed by the director and must contain, at a minimum, the following information and documents.

10 (1) USDOT number. A valid USDOT number issued to the applicant. To be valid, the USDOT
11 number must be active while the carrier is operating on a public highway of this state and must be the
12 same as the USDOT number included in the motor carrier's application for registration.

13 (2) Applicant information and documents. All applications must include the following
14 information and documents:

15 (A) The applicant's name, business type (e.g., sole proprietor, corporation, or
16 limited liability company), telephone number, email address, and Secretary of State file number, as
17 applicable. The applicant's name and email address must match the information the applicant provided
18 to FMCSA to obtain the USDOT number that the applicant provided in its application to the department.

19 (B) An application submitted by an entity, such as a corporation, general
20 partnership, limited liability company, limited liability corporation, limited partnership, or partnership,
21 must include the entity's Texas Comptroller's Taxpayer Number or the entity's Federal Employer
22 Identification Number.

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

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1 (i) The certificate of filing, certificate of incorporation, or certificate of
2 registration on file with the Texas Secretary of State; and

3 (ii) each assumed name certificate on file with the Secretary of State or
4 county clerk.

5 (3) Information and documents regarding applicant's owners, representatives, and
6 affiliates. All applications must include the following information and documents on the applicant's
7 owners, representatives, and affiliates, as applicable:

8 (A) The contact name, email address, and telephone number of the person
9 submitting the application.

10 (B) The name, social security number or Individual Taxpayer Identification
11 Number (to the extent the natural person is authorized by law to obtain one of these numbers), date of
12 birth, business address, and ownership percentage for each owner, partner, member, or principal if the
13 applicant is not a publicly traded company. Notwithstanding any other provision, if the motor carrier is a
14 sole proprietorship, the owner must indicate the owner's social security number.

15 (C) The name, social security number or Individual Taxpayer Identification
16 Number (to the extent the natural person is authorized by law to obtain one of these numbers), date of
17 birth, and business address for the following if the applicant is owned in full or in part by a legal entity:

18 (i) each officer, director, or trustee authorized to act on behalf of the
19 applicant; and

20 (ii) each manager or representative who has or exercises authority to
21 direct some or all of the applicant's operational policy regarding compliance with applicable laws
22 regarding a motor carrier, excluding sales functions, on behalf of the applicant.

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(D) 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.

(E) The name, social security number or Individual Taxpayer Identification Number (to the extent the natural person is authorized by law to obtain one of these numbers), date of birth, and business address for each person who serves or will serve as the applicant's manager, operator, or representative who has or exercises authority to direct some or all of the applicant's operational policy regarding compliance with applicable laws regarding a motor carrier, excluding sales functions.

(F) A legible and accurate electronic image of at least one of the following unexpired identity documents for each natural person identified in the application:

(i) a driver license issued by a state or territory of the United States. If the driver license was issued by the Texas Department of Public Safety, the image must also include the audit number listed on the Texas driver license;

(ii) Texas identification card issued by the Texas Department of Public Safety under Transportation Code, Chapter 521, Subchapter E, or an identification certificate issued by a state or territory of the United States;

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

(iv) United States passport; or

(v) United States military identification.

(4) Principal business address and mailing address. The applicant must provide the applicant's principal business address, which must be a physical address. If the mailing address is different from the principal business address, the applicant must also provide the applicant's mailing address.

(5) Legal agent.

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1 (A) A Texas-domiciled motor carrier must provide the name, telephone number,
2 and address of a legal agent for service of process if the agent is different from the motor carrier.

3 (B) A motor carrier domiciled outside Texas must provide the name, telephone
4 number, and Texas address of the legal agent for service of process.

5 (C) A legal agent for service of process shall be a Texas resident, a domestic
6 corporation, or a foreign corporation authorized to transact business in Texas with a Texas physical
7 address, rather than a post office box, for service of process.

8 (6) Description of vehicles. An application must include a motor carrier equipment report
9 identifying each motor vehicle that requires registration and that the carrier proposes to operate. Each
10 motor vehicle must be identified by its vehicle identification number, make, model year, and type of cargo
11 and by the unit number assigned to the motor vehicle by the motor carrier. Any subsequent registration
12 of vehicles must be made under subsection (e) of this section.

13 (7) Type of motor carrier operations. An applicant must state if the applicant proposes to
14 transport passengers, household goods, or hazardous materials.

15 (8) Insurance coverage. An applicant must indicate insurance coverage as required by
16 §218.16 of this title (relating to Insurance Requirements).

17 (9) Safety certification. Each motor carrier must complete, as part of the application, a
18 certification stating that the motor carrier knows and will conduct operations in accordance with all
19 federal and state safety regulations.

20 (10) Drug-testing certification. Each motor carrier must certify, as part of the application,
21 that the motor carrier is in compliance with the drug-testing requirements of 49 C.F.R. Part 382. If the
22 motor carrier belongs to a consortium, as defined by 49 C.F.R. Part 382, the applicant must provide the
23 names of the persons operating the consortium.

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1 (11) Duration of registration.

2 (A) An applicant must indicate the duration of the desired registration. Except as
3 provided otherwise in this section, registration may be for seven calendar days, 90 calendar days, one
4 year, or two years. The duration of registration chosen by the applicant will be applied to all vehicles.

5 (i) Household goods carriers may not obtain seven-day or 90-day
6 certificates of registration.

7 (ii) Motor carriers that transport passengers in a commercial motor
8 vehicle as defined by Transportation Code, §548.001(1)(B) may not obtain seven-day or 90-day certificates
9 of registration, unless approved by the director.

10 (B) Interstate motor carriers that operate in intrastate commerce and meet the
11 requirements under §218.14(c) of this title (relating to Expiration and Renewal of Commercial Motor
12 Vehicles Registration) are not required to renew a certificate of registration issued under this section.

13 (12) Additional requirements. The following fees, documents, and information must be
14 submitted with the application.

15 (A) An application must be accompanied by an application fee of:

16 (i) \$100 for annual and biennial registrations;

17 (ii) \$25 for 90-day registrations; or

18 (iii) \$5 for seven-day registrations.

19 (B) An application must be accompanied by a vehicle registration fee of:

20 (i) \$10 for each vehicle that the motor carrier proposes to operate under
21 a seven-day, 90-day, or annual registration; or

22 (ii) \$20 for each vehicle that the motor carrier proposes to operate under
23 a biennial registration.

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(C) An application must be accompanied by proof of insurance or financial responsibility and the insurance filing fee as required by §218.16.

(D) An application must include the completed New Applicant Questionnaire (Applicant Questionnaire), which consists of questions and requirements, such as the following:

(i) Have you ever had another motor carrier certificate of registration number issued by the department in the three years prior to the date of this application? If your answer is yes, provide the certificate of registration number for the motor carrier(s). In the Applicant Questionnaire, the word "you" means the applicant or any business that is operated, managed, or otherwise controlled by or affiliated with the applicant or a family member, corporate officer, manager, operator, or owner (if the business is not a publicly traded company) of the applicant. In the Applicant Questionnaire, the word "manager" means a person who has or exercises authority to direct some or all of the applicant's operational policy regarding compliance with applicable laws regarding a motor carrier, excluding sales functions.

(ii) Have you had a Compliance Review or a New Entrant Audit by the Texas Department of Public Safety that resulted in an Unsatisfactory Safety Rating in the three years prior to the date of your application? If your answer is yes, provide the USDOT number(s) and the certificate of registration number(s) issued by the department.

(iii) Are you currently under an Order to Cease from the Texas Department of Public Safety? If your answer is yes, provide the motor carrier's USDOT number(s) and the Carrier Profile Number(s). The Texas Department of Public Safety assigns a Carrier Profile Number (CP#) when they perform a compliance review on a motor carrier's operations to determine whether the motor carrier meets the safety fitness standards.

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(iv) Are you related to another motor carrier, or have you been related to another motor carrier within the three years prior to the date of your application? The relationship may be through a person (including a family member), corporate officer, or partner who also operates or has operated as a motor carrier in Texas. If your answer is yes, state how you are related and provide the motor carrier's name and the motor carrier's USDOT number, or the certificate of registration number issued by the department for each related motor carrier.

(v) Do you currently owe any administrative penalties to the department, regardless of when the final order was issued to assess the administrative penalties? If your answer is yes, provide the following information under which the administrative penalties were assessed:

(I) department's notice number(s); and

(II) the motor carrier's USDOT number and certificate of registration number issued by the department;

(vi) Name and title of person completing the Applicant Questionnaire; and

(vii) Is the person completing the Applicant Questionnaire an authorized representative of the applicant? If your answer is yes, please add the person's name, job title, phone number, and address.

(E) An applicant must state if the applicant is domiciled in a foreign country.

(F) An application must include a certification that the information and documents provided in the application are true and correct and that the applicant complied with the application requirements under Chapter 218 of this title (relating to Motor Carriers) and Transportation Code, Chapter 643.

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(G) An application must be accompanied by any other information and documents required by the department to evaluate the application under current law, including board rules.

(13) Additional requirements for household goods carriers. The following information, documents, and certification must be submitted with all applications by household goods carriers:

(A) A copy of the tariff that sets out the maximum charges for transportation of household goods, or a copy of the tariff governing interstate transportation services. If an applicant is governed by a tariff that its association has already filed with the department under §218.65 of this title (relating to Tariff Registration), the applicant complies with the requirement in this subparagraph by checking the applicable box on the application to identify the association's tariff.

(B) If the motor vehicle is not titled in the name of the household goods carrier, the following lease information and documentation, notwithstanding §218.18(a) of this title (relating to Short-term Lease and Substitute Vehicles):

(i) a copy of a valid lease agreement for each motor vehicle that the household goods carrier will operate; and

(ii) the name of the lessor and their USDOT number for each motor vehicle leased to the household goods carrier under a short-term lease.

(C) A certification that the household goods carrier has procedures that comply with Code of Criminal Procedure, Article 62.063(b)(3), which prohibits certain people who are required to register as a sex offender from providing moving services in the residence of another person without supervision.

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(14) Additional requirements for passenger carriers. The following information and documents must be submitted with all applications for motor carriers that transport passengers in a commercial motor vehicle as defined by Transportation Code, §548.001(1)(B):

(A) If the commercial motor vehicle is titled in the name of the motor carrier, a copy of the International Registration Plan registration receipt or a copy of the front and back of the title for each commercial motor vehicle; or

(B) If the commercial motor vehicle is not titled in the name of the motor carrier, the following lease information and documentation, notwithstanding §218.18(a) of this title:

(i) A copy of a valid lease agreement for each commercial motor vehicle; and

(ii) The name of the lessor and their USDOT number for each commercial motor vehicle leased to the motor carrier under a short-term lease.

(b) Conditional acceptance of application. If an application has been conditionally accepted by the director pursuant to Transportation Code, §643.055, the applicant may not operate the following until the department has issued a certificate under Transportation Code, §643.054:

(1) a commercial motor vehicle or any other motor vehicle to transport household goods for compensation, or

(2) a commercial motor vehicle to transport persons or cargo.

(c) Approved application. An applicant meeting the requirements of this section and whose registration is approved shall be issued the following documents:

(1) Certificate of registration. The department shall issue a certificate of registration. The certificate of registration must contain the name and address of the motor carrier and a single registration number, regardless of the number of vehicles requiring registration that the carrier operates.

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1 (2) Insurance cab card. The department shall issue an insurance cab card listing all vehicles
2 to be operated under the carrier's certificate of registration. The insurance cab card shall be continuously
3 maintained at the motor carrier's principal business address. The insurance cab card must be valid for the
4 same period as the motor carrier's certificate of registration and shall contain information regarding each
5 vehicle registered by the motor carrier.

6 (A) A current copy of the page of the insurance cab card on which the vehicle is
7 shown shall be maintained in each vehicle listed, unless the motor carrier chooses to maintain a legible
8 and accurate image of the insurance cab card on a wireless communication device in the vehicle or
9 chooses to display such information on a wireless communication device by accessing the department's
10 online system from the vehicle. The appropriate information concerning that vehicle shall be highlighted
11 if the motor carrier chooses to maintain a hard copy of the insurance cab card or chooses to display an
12 image of the insurance cab card on a wireless communication device in the vehicle. The insurance cab
13 card or the display of such information on a wireless communications device shall serve as proof of
14 insurance as long as the motor carrier has continuous insurance or financial responsibility on file with the
15 department.

16 (B) On demand by a department investigator or any other authorized government
17 personnel, the driver shall present the highlighted page of the insurance cab card that is maintained in
18 the vehicle or that is displayed on a wireless communication device in the vehicle. If the motor carrier
19 chooses to display the information on a wireless communication device by accessing the department's
20 online system, the driver shall locate the vehicle in the department's online system upon request by the
21 department-certified inspector or other authorized government personnel.

22 (C) The motor carrier shall notify the department in writing if it discontinues use
23 of a registered motor vehicle before the expiration of its insurance cab card.

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(D) Any erasure or alteration of an insurance cab card that the department printed out for the motor carrier renders it void.

(E) If an insurance cab card is lost, stolen, destroyed, or mutilated; if it becomes illegible; or if it otherwise needs to be replaced, the department shall print out a new insurance cab card at the request of the motor carrier. Motor carriers are authorized to print out a copy of a new insurance cab card using the department's online system.

(F) The department is not responsible for a motor carrier's inability to access the insurance cab card using the department's online system.

(d) Additional and replacement vehicles. A motor carrier required to obtain a certificate of registration under this section shall not operate additional vehicles unless the carrier identifies the vehicles on a form prescribed by the director and pays applicable fees as described in this subsection.

(1) Additional vehicles. To add a vehicle, a motor carrier must pay a fee of \$10 for each additional vehicle that the motor carrier proposes to operate under a seven-day, 90-day, or annual registration. To add a vehicle during the first year of a biennial registration, a motor carrier must pay a fee of \$20 for each vehicle. To add a vehicle during the second year of a biennial registration, a motor carrier must pay a fee of \$10 for each vehicle.

(2) Replacement vehicles. No fee is required for a vehicle that is replacing a vehicle for which the fee was previously paid. Before the replacement vehicle is put into operation, the motor carrier must notify the department, identify the vehicle being taken out of service, and identify the replacement vehicle on a form prescribed by the department. A motor carrier registered under seven-day registration may not replace vehicles.

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1 (e) Supplement to original application. A motor carrier required to register under this section shall
2 electronically file in the department's designated motor carrier registration system a supplemental
3 application under the following circumstances.

4 (1) Change of cargo. A registered motor carrier may not begin transporting household
5 goods or hazardous materials unless the carrier submits a supplemental application to the department
6 and shows the department evidence of insurance or financial responsibility in the amounts specified by
7 §218.16.

8 (2) Change of name. A motor carrier that changes its name shall file a supplemental
9 application for registration no later than the effective date of the change. The motor carrier shall include
10 evidence of insurance or financial responsibility in the new name and in the amounts specified by §218.16.
11 A motor carrier that is a corporation must have its name change approved by the Texas Secretary of State
12 before filing a supplemental application. A motor carrier incorporated outside the state of Texas must
13 complete the name change under the law of its state of incorporation before filing a supplemental
14 application.

15 (3) Change of address or legal agent for service of process. A motor carrier shall file a
16 supplemental application for any change of address or any change of its legal agent for service of process
17 no later than the effective date of the change. The address most recently filed will be presumed
18 conclusively to be the current address.

19 (4) Change in principal officers and titles. A motor carrier that is a corporation shall file a
20 supplemental application for any change in the principal officers and titles no later than the effective date
21 of the change.

22 (5) Conversion of corporate structure. A motor carrier that has successfully completed a
23 corporate conversion involving a change in the name of the corporation shall file a supplemental

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1 application for registration and evidence of insurance or financial responsibility reflecting the new
2 company name. The conversion must be approved by the Office of the Secretary of State before the
3 supplemental application is filed.

4 (6) Change in drug-testing consortium status. A motor carrier that changes consortium
5 status shall file a supplemental application that includes the names of the persons operating the
6 consortium.

7 (7) Retaining a revoked or suspended certificate of registration number. A motor carrier
8 may retain a prior certificate of registration number by:

9 (A) filing a supplemental application to reregister instead of filing an original
10 application; and

11 (B) providing adequate evidence that the carrier has satisfactorily resolved the
12 issue that gave rise to the suspension or revocation.

13 (f) Change of ownership. A motor carrier must file an original application for registration when
14 there is a corporate merger or a change in the ownership of a sole proprietorship or of a partnership.

15 (g) Alternative vehicle registration for household goods agents. To avoid multiple registrations of
16 a motor vehicle, a household goods agent's vehicles may be registered under the motor carrier's
17 certificate of registration under this subsection.

18 (1) The carrier must notify the department on a form approved by the director of its intent
19 to register its agent's vehicles under this subsection.

20 (2) When a carrier registers vehicles under this subsection, the carrier's certificate shall
21 include all vehicles registered under its agent's certificates of registration. The carrier must register under
22 its certificate of registration all vehicles operated on its behalf that do not appear on its agent's certificate
23 of registration.

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(3) The department may send the carrier a copy of any notification sent to the agent concerning circumstances that could lead to denial, suspension, or revocation of the agent's certificate.

(h) Substitute vehicles leased from leasing businesses. A registered motor carrier is not required to comply with the provisions of subsection (e) of this section for a substitute vehicle leased from a business registered under §218.18 of this title (relating to Short-term Lease and Substitute Vehicles). A motor carrier is not required to carry proof of registration as described in subsection (d) of this section if a copy of the lease agreement for the originally leased vehicle is carried in the cab of the temporary replacement vehicle.

(i) A motor carrier with an unexpired certificate of registration that has not been revoked shall update its principal business address, mailing address, and email address in the department's online system within 30 days of a change to the information.

(j) A sole proprietor with an unexpired certificate of registration shall notify the department as specified in subsection (k) of this section, directly or through the sole proprietor's authorized representative, of the sole proprietor's imprisonment for any of the following:

(1) a felony conviction for any of the following:

(A) an offense that directly relates to the duties and responsibilities of a motor carrier as defined in §211.25 of this title (relating to Criminal Offense Guidelines; Imprisonment);

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

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

(2) felony community supervision revocation;

(3) revocation of parole; or

(4) revocation of mandatory supervision.

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(k) The notice under subsection (j) of this section shall be provided to the department:

(1) for an imprisonment that occurs on or after May 1, 2026;

(2) within 15 days of the date the sole proprietor is imprisoned;

(3) using the email address listed on the department's website for this purpose; and

(4) with the following information:

(A) the name of the sole proprietor;

(B) the sole proprietor's certificate of registration number under Transportation

Code, Chapter 643;

(C) the date the sole proprietor was imprisoned;

(D) the reason the sole proprietor was imprisoned, using one of the reasons listed in subsection (j) of this section;

(E) the citation to the statute, administrative rule, or regulation regarding the felony offense for which the sole proprietor was imprisoned if the sole proprietor was imprisoned for a felony conviction that falls under subsection (j)(1) of this section;

(F) whether the sole proprietor is a motor carrier of passengers, a for-hire motor carrier of cargo, a household goods carrier, or a motor carrier who transports hazardous materials under Transportation Code, Chapter 643; and

(G) the name and phone number of the sole proprietor's authorized representative, if applicable.

(I) An applicant under this chapter and a motor carrier with a certificate of registration may submit an application to the department or provide the department with any required information and updates through an authorized representative. Upon request by the department, a representative shall

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1 provide the department with written proof of authority to act on behalf of the applicant or motor
2 carrier.

3
4 §218.14. Expiration and Renewal of Motor Vehicle Registration.

5 (a) Expiration and renewal dates.

6 (1) A motor carrier with annual or biennial registration shall be assigned a date for the
7 expiration and renewal of its motor carrier registration according to the last digit of the carrier's
8 certificate of registration number, as outlined in the following chart:

9 [Attached Graphic](#)

10 (2) 90-day certificates of registration are valid for 90 calendar days from the effective
11 date.

12 (3) Seven-day certificates of registration are valid for seven calendar days from the
13 effective date.

14 (b) Registration renewal.

15 (1) At least 30 days before the expiration of registration, the department shall mail or
16 send electronically a renewal notice to each registered motor carrier with annual or biennial
17 registration. The notice shall be sent to the carrier's last known address according to the Motor Carrier
18 Division's records. Failure to receive the notice does not relieve the registrant of the responsibility to
19 renew. A supplement to an application for motor carrier registration renewal must be filed electronically
20 in the department's designated motor carrier registration system and must:

21 (A) supply any new information and documents required under §218.13(e) of
22 this title (relating to Application for Motor Carriers Registration) if the information or documents have
23 not previously been provided to the department; and

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(B) include a \$10 fee for each vehicle that the carrier operates under an annual certificate of registration and a \$20 fee for each vehicle that the carrier operates under a biennial certificate of registration.

(2) Seven-day and 90-day registrations may not be renewed.

(3) A motor carrier shall maintain continuous insurance or evidence of financial responsibility in an amount at least equal to the amount prescribed under §218.16 of this title (relating to Insurance Requirements).

(4) The insurance cab card issued to a motor carrier is valid for the same period as the motor carrier's certificate of registration.

(5) To renew registration after it has expired, a motor carrier must file a supplemental application electronically in the department's designated motor carrier registration system within 180 days after the registration expiration and must include the following information, documents, and fees:

(A) identify its vehicles on a form prescribed by the director;

(B) pay all vehicle fees; and

(C) if current proof of insurance or evidence of financial responsibility is not on file with the department, comply with all insurance requirements.

(c) Interstate motor carrier operating in intrastate commerce.

(1) An interstate motor carrier registered under §218.17 of this title (relating to Unified Carrier Registration System) is not required to renew a certificate of registration issued under Transportation Code §643.054(a) ~~§218.11 of this title (relating to Motor Carrier Registration)~~ except when the motor carrier is operating as a

(A) non-charter bus carrier;

(B) household goods carrier; or

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1 (C) recyclable materials or waste carrier.

2 (2) If a motor carrier that registered under §218.17 does not maintain continuous motor
3 carrier registration required under Transportation Code §643.051 ~~§218.11~~, the motor carrier must file
4 a supplemental application to reregister under §218.13 to operate on a public highway in this state.

5 (3) The motor carrier must notify the department if the motor carrier is registered under
6 UCR. The notification must be filed with the department on a form prescribed by the department. Once
7 the department receives the notification, the department shall convert the motor carrier's certificate of
8 registration to a non-expiring certificate of registration if the motor carrier qualifies for a non-expiring
9 certificate of registration.

10 (4) If the department issues the motor carrier a non-expiring certificate of registration,
11 the motor carrier shall notify the department if the motor carrier is no longer registered under UCR or if
12 the motor carrier operates as a non-charter bus carrier, household goods carrier, or recyclable materials
13 or waste carrier. The notification shall be filed with the department on a form prescribed by the
14 department.

15
16 **STATUTORY AUTHORITY.** The department adopts the repeal of §218.11 under Transportation Code
17 §643.003, which authorizes the department to adopt rules to administer Transportation Code, Chapter
18 643; Transportation Code, §643.052, which requires a motor carrier to submit to the department an
19 application on a form prescribed by the department to register under Subchapter B of Transportation
20 Code, Chapter 643, as well as the required components of the application, which include information the
21 department by rule determines is necessary for the safe operation of a motor carrier under Transportation
22 Code, Chapter 643; Transportation Code, §643.053, which provides additional requirements for an
23 application filed with the department under Transportation Code, §643.052; Transportation Code,

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Chapter 218 – Motor Carriers

§643.054, which authorizes the department to deny an application for registration under certain circumstances, in addition to authorizing the department to adopt simplified procedures for the registration of motor carriers transporting household goods as agents for carriers required to register under Transportation Code, Chapter 643; Transportation Code, §643.056, which requires a motor carrier that is required to register under Subchapter B of Transportation Code, Chapter 643, to supplement the motor carrier's application for registration under certain circumstances; Transportation Code, §643.058, which specifies the requirements for a motor carrier to apply for renewal of registration issued under Subchapter B of Transportation Code, Chapter 643, as well as the authority for the department to deny an application for renewal of registration; Transportation Code, §643.0585, which specifies the requirements for a motor carrier to apply for reregistration after its registration has been revoked, as well as the authority for the department to deny an application for reregistration; Transportation Code, §643.061, which authorizes the department to adopt rules to vary the registration period under Subchapter B of Transportation Code, Chapter 643; ; Transportation Code, §643.064, which provides that a carrier required to register with the department under Subchapter B of Transportation Code, Chapter 643, must maintain an authorized identification number issued to the motor carrier by the Federal Motor Carrier Safety Administration, its successor, or another person authorized to issue the number; 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. The adopted repeal implements Transportation Code, Chapters 643 and 1002.

TITLE 43. TRANSPORTATION

Adopted Sections

Part 10. Texas Department of Motor Vehicles

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Chapter 218 – Motor Carriers

1 **TEXT.**

2 ~~[\$218.11. Motor Carrier Registration.]~~

3 ~~[(a) A motor carrier may not operate a commercial motor vehicle upon a public highway of this~~
4 ~~state without first obtaining a certificate of registration issued by the department as prescribed in this~~
5 ~~subchapter and a valid USDOT number.]~~

6 ~~[(b) A household goods carrier may not operate a vehicle upon a public highway of this state~~
7 ~~without first obtaining a certificate of registration issued by the department as prescribed in this~~
8 ~~subchapter and a valid USDOT number.]~~

9 ~~[(c) For the purposes of this subchapter, a valid USDOT number is an active USDOT number.]~~

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Board Meeting Date: 10/8/2026
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Keith Yawn, Government & Strategic Communications Division Director
Agenda Item: 10
Subject: 90th Legislative Session Statutory Recommendations

RECOMMENDATION

Action Item.

Staff recommends the board approve the proposed statutory recommendations as revised to address stakeholder input.

PURPOSE AND EXECUTIVE SUMMARY

Government and Strategic Communications (GSC) Division staff will present revised department proposals for statutory revisions, including adjustments to address stakeholder input, to be considered by the 90th Texas Legislature.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

The 90th Texas Legislature convenes in regular session on January 12, 2027. Transportation Code Section 1001.025 authorizes the board to recommend statutory changes to the legislature that would improve department operations.

Staff proposals were presented to the board for review during the August 13, 2026 public meeting and distributed to external stakeholders for review and comment following the board meeting. The department received comments on the proposals from the Texas Automobile Dealers Association, Texas Recreational Vehicles Association, Texas Independent Automobile Dealers Association, Texas Motorcycle Dealers Association and county tax assessor collector offices.

The revised staff proposals contain two recommendations for statutory revisions in the upcoming legislative session. The first recommendation would clarify language authorizing the department's fingerprinting and background check process for license applications to address concerns identified through a recent Federal Bureau of Investigation (FBI) review of the existing statutory language. The second recommendation would clarify language authorizing enforcement actions related to dealer violations of advertising regulations to address recent judicial rulings and opinions. The revised proposals include adjustments made to address stakeholder input received since the drafts were originally presented to the board in August.

Revisions to Statutory Authorization for License Fingerprinting Background Check Process

Background: The passage of Senate Bill 2587 (89R) revised the authorizing statute (Texas Government Code, §411.12511) allowing the Texas Department of Motor Vehicles to access the FBI's fingerprinting and background check program. Following the bill's passage, the FBI reviewed the new law for compliance with federal requirements and standards. On May 28, 2026, the Texas Department of Public Safety notified TxDMV that the FBI review determined the statutory revisions do not meet the requirements of Pub. L. 92-544 due to the use of overly broad language and additional statutory revisions are necessary to allow the department to continue accessing the program. Per the FBI review, "the statute contains the following overly broad categories:

1. Person as defined in TxTC § 2301.002, specifically, the language 'trust,' 'association,' and 'any other legal entity
2. Authorized representative
3. Principal
4. Trustee
5. Trust beneficiary of an applicant
6. General distinguishing number."

The FBI has provided Texas with a grace period through April 1, 2028, to continue accessing the program for other applicant categories previously approved while seeking necessary corrections to the statute by the Texas Legislature. The department will no longer have access to the fingerprinting program for any applicants at the end of the grace period if the statute is not addressed to comply with federal standards.

Change Recommendation: The proposal revises statute to preserve as much of the existing fraud mitigation operations as possible, while addressing federal concerns that the statutory language identifying categories of individuals for fingerprint-based background checks is overly broad.

Fiscal Impact: This recommendation would have no fiscal impact on department or state operations. The recommendation is intended to clarify law allowing the department to continue applying licensing program application review operations in furtherance of fraud detection and consumer protection.

Proposed Statutory Language:

Texas Government Code §411.12511

Sec. 411.12511. ACCESS TO CRIMINAL HISTORY RECORD INFORMATION: TEXAS DEPARTMENT OF MOTOR VEHICLES. (a) In this section:

(1) "Applicant" means an applicant for a general distinguishing number or license described by Subsection (b).

(2) "Covered individual" means a natural person who:

(A) is an applicant;

(B) holds a general distinguishing number or license described by Subsection (b);

(C) acts with authority to direct, control, or materially influence the applicant's or holder's licensed business operations as an owner, officer, director, manager, principal, partner, trustee, or member, including a member of an LLC, of a person described by Paragraph (A) or (B), and, if the person is serving as a trustee of a trust that holds an ownership interest in a person described by Paragraph (A) or (B), exercises managerial control over the applicant's, holder's, or license holder's business operations, and whose act or omission would be cause for denying, revoking, or suspending the general distinguishing number or license; or

(D) is formally designated in writing on an application described by Subsection (b) as an authorized representative of a person described by Paragraph (A) or (B), and whose act or omission in the course or scope of that representation would be cause for denying, revoking, or suspending the general distinguishing number or license.

(b) The Texas Department of Motor Vehicles is entitled to obtain criminal history record information as provided by Subsection (~~b-c~~) that relates to a covered individual in connection with a general distinguishing number issued under Section 503.029, 503.0295, or 503.030, Transportation Code, or a license for a dealer, manufacturer, distributor, converter, vehicle lessor, or vehicle lease facilitator issued under Section 2301.251, 2301.253, 2301.257, 2301.258, or 2301.261, Occupations Code, or Section 2302.101, Occupations Code.

(~~b-c~~) Subject to Section 411.087 and consistent with the public policy of this state, the Texas Department of Motor Vehicles is entitled to:

(1) obtain through the Federal Bureau of Investigation criminal history record information maintained or indexed by that bureau that pertains to a person described by Subsection (~~a-b~~); and

(2) obtain from the department or any other criminal justice agency in this state criminal history record information maintained by the department or that criminal justice agency that relates to a person described by Subsection (~~a-b~~).

(~~e-d~~) The Texas Department of Motor Vehicles may not release or disclose to any person criminal history record information obtained from the Federal Bureau of Investigation under Subsection (b)(~~1~~). Criminal history record information obtained by the Texas Department of Motor Vehicles under Subsection (b)(~~2~~) may not be released or disclosed to any person except on court order, with the written consent of the person who is the subject of the criminal history record information, or as provided by Subsection (~~d-e~~).

Revisions to Statutory Authorization for License Fingerprinting Background Check Process

~~(d-e)~~ The Texas Department of Motor Vehicles is not prohibited from disclosing criminal history record information obtained under Subsection (b)~~(2)~~ in a criminal proceeding or in a hearing in which the Texas Department of Motor Vehicles is a party.

~~(e-f)~~ The Texas Department of Motor Vehicles shall destroy criminal history record information that is obtained under this section after the information is used for its authorized purpose.

Revisions to Statutory Authorization for Advertising Enforcement

Background: Texas Occupations Code §2301.203(c) outlines the department's ability to file a complaint (Notice of Department Decision or NODD) against a license holder for an advertising violation. As a precedent condition, the statute requires the department to first provide the involved license holder with notice and an opportunity to cure the advertising violation. The department's operating practice has been to send Notice and Opportunity to Cure letters (warning letters) to license holders for advertising violations, consistent with the requirement in §2301.203(c) that the board provide notice and an opportunity to cure before filing a complaint. If the license holder committed a subsequent violation of the same advertising provision following a previous warning letter, the department would file a complaint through a Notice of Department Decision.

A recent advertising case was dismissed at the State Office of Administrative Hearings (SOAH) after a license holder argued the department had failed to comply with Occupations Code §2301.203(c). In the Dismissal Order, the Administrative Law Judge (ALJ) interpreted §2301.203, relying on *Cont'l Imports, Ltd. v. Brunke* as persuasive authority, to require a separate notice and an opportunity to cure for each individual advertisement that is alleged to violate the statute or administrative rules. *Cont'l Imports, Ltd. v. Brunke*, No. 03-10-00719-CV, 2011 WL 6938489, at *1 (*Tex. App.—Austin Dec. 30, 2011, pet. denied*).

Enforcement and legal staff have reviewed this ruling and determined that if other SOAH ALJs find it persuasive, this interpretation could effectively eliminate the department's ability to enforce state vehicle advertising laws. Individual vehicle advertisements are temporary or transitory in nature. By the time the department's Enforcement division receives a complaint about the advertisement and sends a notice to cure, the advertisement has likely already been removed by the dealer because the advertised vehicle has been sold. Without statutory clarification, department attorneys will only be able to send out Notice and Opportunity to Cure Letters continually unless the respondent violates the exact same provision for the exact same vehicle multiple times, thereby undermining the consumer protection intent of law.

Change Recommendation: The proposal revises the statute related to violation notice and cure processes to allow the department to pursue enforcement of violations when the license holder has previously been provided notice of a violation of the same board rule relating to advertising but continues to act counter to regulatory requirements, regardless of whether the subsequent violation involves the same vehicle.

Fiscal Impact: This recommendation is not expected to have a material fiscal impact on department or state operations because it clarifies existing enforcement authority rather than expanding program scope. The recommendation is intended to allow the department to properly enforce advertising regulations applicable to motor vehicle dealers and support consumer protection efforts. Advertising violation penalties are generally set at \$4,000 per violation under current penalty guidelines and are intended to deter repeat offenders and support consumer protection. These cases frequently settle, and in some instances department attorneys have been able to structure settlement payments providing refunds to affected consumers.

Revisions to Statutory Authorization for Advertising Enforcement

Proposed Statutory Language:

Texas Occupations Code §2301.203(c)

(c) The board may not file a complaint alleging a violation of this chapter or a board rule relating to advertising until the board has notified the license holder involved of the alleged violation and given the license holder an opportunity to cure the violation without further proceedings or liability.

(d) If the board has previously notified the license holder involved of an alleged violation of this chapter or a board rule relating to advertising, and the license holder is alleged to have engaged in a subsequent violation of the same provision of this chapter or the same board rule relating to advertising, then the board may file a complaint alleging a violation of this chapter or the board rule allegedly violated.

(e) The board shall adopt rules for the enforcement and implementation of this section, including rules to define a maximum length of time between alleged violations the board may enforce under subsection (d).

Board Meeting Date: 10/8/2026
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: John Ralston, Director of Budget and Forecasting
Agenda Item: 11.A
Subject: FY 2026 Annual Report of Revenues and Expenditures for September 1, 2025 - August 31, 2026

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

To present the TxDMV Fiscal Year (FY) 2026 Annual Report of Revenues and Expenditures for September 1, 2025 - August 31, 2026. The report includes statistical and detailed information on revenues, the TxDMV Fund 0010 balance, actual expenditures, and outstanding obligations.

Highlights include:

- TxDMV deposited \$2.4 billion in revenue to the General Revenue Fund (0001), State Highway Fund (0006), and TxDMV Fund (0010) in FY 2026, which is 4.6% more than FY 2025 deposits.
- TxDMV Fund revenue deposits total \$221.8 million, which is 11.5% more than FY 2025 TxDMV Fund deposits.
- The adjusted balance of the TxDMV Fund as of August 31, 2026, is \$171.7 million.
- TxDMV Fund actual expenditures total \$211.0 million, with \$16.0 million in outstanding obligations as of August 31, 2026.
- General Revenue Fund actual expenditures total \$22.0 million, with \$57.4 million in outstanding obligations as of August 31, 2026. General Revenue Fund obligations are primarily for Motor Vehicle Crime Prevention Authority (MVCPA) activities and the Registration and Title System Modernization project.
- In FY 2026, the department deposited sufficient revenue to support its actual expenditures and outstanding obligations for the year.

FINANCIAL IMPACT

TxDMV funds most of its expenditures from revenues deposited to the TxDMV Fund, except the MVCPA, which receives its appropriation from a portion of the motor vehicle insurer fees collected by the state comptroller and deposited to the General Revenue Fund. (The multi-year Registration and Title System Modernization project is funded by a one-time General Revenue appropriation.)

BACKGROUND AND DISCUSSION

Please see the attached report, which provides detailed financial information supporting this briefing item.



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

FY 2026 Financial Summary

Annual Report of Revenues and Expenditures

(September 1, 2025–August 31, 2026)

Finance and Operations Division

October 8, 2026



Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.



FY 2026 Annual Report of Revenues and Expenditures

(September 1, 2025–August 31, 2026)

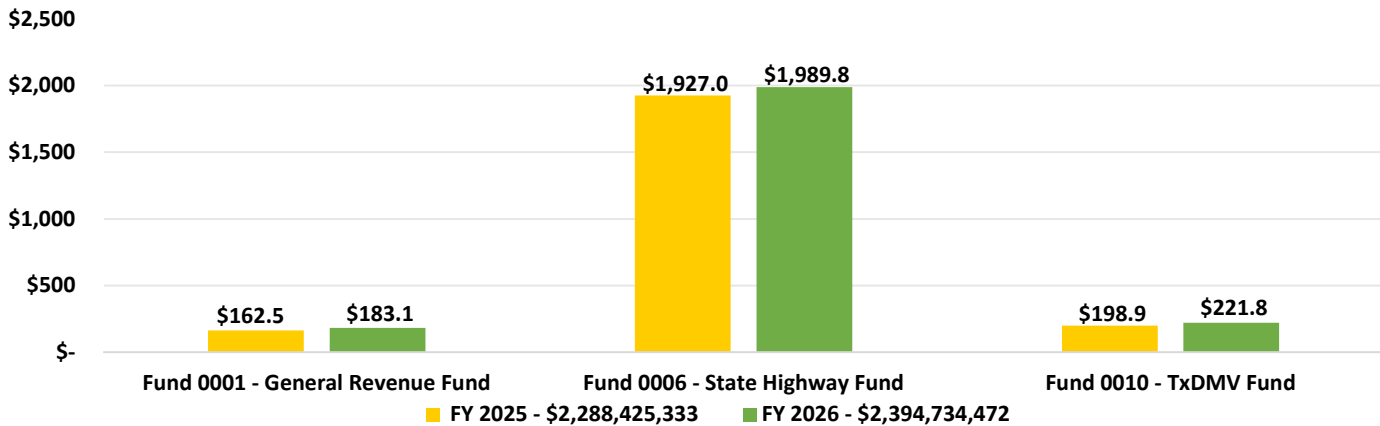
October 8, 2026

FY 2025 versus FY 2026 Revenues - All Funds

September 1 through August 31

FY 2025 and FY 2026 Comparison of Revenue by Fund

(in millions)



- The Texas Department of Motor Vehicles (TxDMV) collected \$2.4 billion in fiscal year (FY) 2026. This is 4.6% more than FY 2025 collections. FY 2025 and FY 2026 revenue deposits for all funds by revenue category are shown in the table below.

FY 2025 and FY 2026 Revenue by Category - All Funds

Revenue Category	FY 2025 Actual	FY 2026 Actual	Variance	% Difference
Motor Vehicle Certificates of Title	\$ 96,092,783	\$ 96,105,577	\$ 12,794	0.0%
Motor Vehicle Registration	1,884,972,808	1,955,575,125	70,602,317	3.7%
Motor Carrier - Oversize/Overweight	179,054,104	195,961,254	16,907,150	9.4%
Motor Carrier Credentialing	5,668,178	5,505,158	(163,020)	(2.9%)
Motor Vehicle Business Licenses	7,221,657	6,217,240	(1,004,417)	(13.9%)
Miscellaneous Revenue	55,280,772	68,925,434	13,644,662	24.7%
Processing and Handling Fee	60,135,032	66,444,683	6,309,651	10.5%
Total	\$ 2,288,425,333	\$ 2,394,734,472	\$ 106,309,138	4.6%

- In FY 2026, as compared to FY 2025, the state showed growth in all of the underlying fee-depositing activities, except for motor carrier credentialing and motor vehicle business licenses, resulting in \$106.3 million more revenue than in FY 2025.
- Motor vehicle certificates of title revenue held steady from FY 2025. Motor vehicle registration revenue is up from FY 2025 mostly due to an increased number of annual-registration transactions. Motor carrier - oversize/overweight revenue increased due to a higher number of permits issued in FY 2026. Lower motor carrier credentialing revenue is partly due to a slightly lower number of credentialing applications filed. Lower motor vehicle business licenses revenue can be attributed to a decrease in dealer-license applications.
- The increase in miscellaneous revenue is attributable to the General Revenue Fund 0001 portion of the inspection-program replacement fee paid at annual registration of certain motor vehicles following the FY 2025 implementation of House Bill 3297, 88th Legislature, Regular Session; based on the statutory change, this fee portion now flows through the TxDMV accounting system. The increase in processing and handling fee revenue is due to an increased number of vehicle-registration transactions and the December 2025 elimination of the \$1 discount for renewals conducted online.

FY 2026 Projected versus Actual Revenues - All Funds

September 1 through August 31

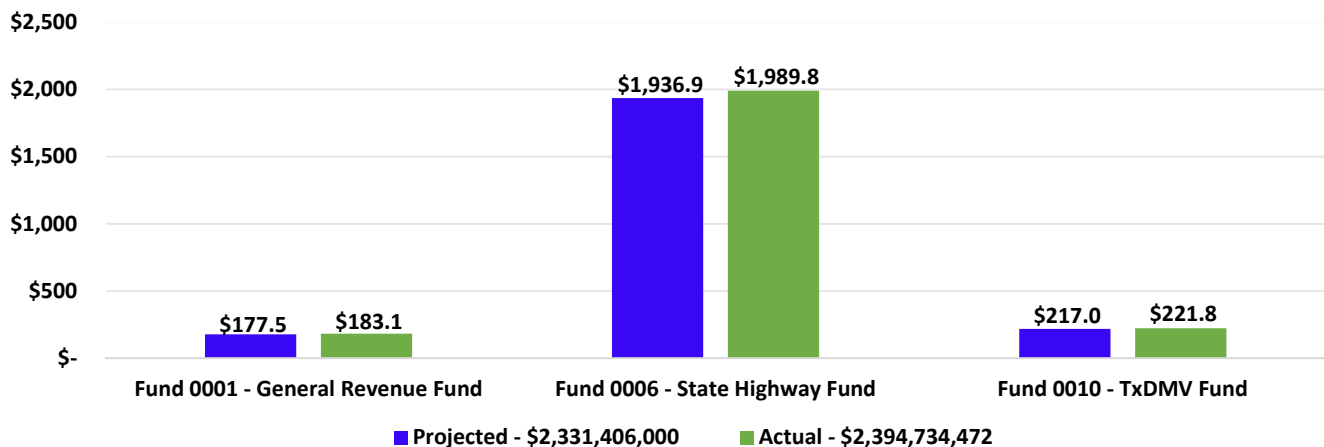
FY 2026 Projected vs Actual Revenue by Category - All Funds

Revenue Category	FY 2026 Projected	FY 2026 Actual	Variance	% Difference
Motor Vehicle Certificates of Title	\$ 97,454,000	\$ 96,105,577	\$ (1,348,423)	(1.4%)
Motor Vehicle Registration	1,910,234,000	1,955,575,125	45,341,125	2.4%
Motor Carrier - Oversize/Overweight	180,538,000	195,961,254	15,423,254	8.5%
Motor Carrier Credentialing	5,668,000	5,505,158	(162,842)	(2.9%)
Motor Vehicle Business Licenses	6,644,000	6,217,240	(426,760)	(6.4%)
Miscellaneous Revenue	66,733,000	68,925,434	2,192,434	3.3%
Processing and Handling Fee	64,135,000	66,444,683	2,309,683	3.6%
Total	\$ 2,331,406,000	\$ 2,394,734,472	\$ 63,328,472	2.7%

- Revenue for FY 2026 is 2.7% (\$63.3 million) above projections mostly due to higher-than-expected registration-fee collections.
- Motor vehicle certificates of title revenue is 1.4% (\$1.3 million) under projections due to less-than-expected rebuilt-salvage title issuance.
- Motor vehicle registration revenue is 2.4% (\$45.3 million) above projections because of a greater-than-expected number of annual-registration transactions and collections of the additional fee on certain electric vehicles.
- Motor carrier - oversize/overweight revenue is above projections by 8.5% (\$15.4 million) due to higher-than-expected permit issuance.
- Motor carrier credentialing is 2.9% (\$162,842) below projections due to fewer-than-expected credentialing applications filed. Motor vehicle business licenses is 6.4% (\$426,760) below projections, resulting from a lower-than-expected number of applications submitted.
- The variance in miscellaneous revenue of 3.3% (\$2.2 million) is mostly due to higher-than-expected collections of the inspection-program replacement fee. Processing and handling fee revenue is 3.6% (\$2.3 million) over projections due to a greater-than-expected number of annual-registration transactions.
- Total projected and actual revenues by fund are shown in the chart below.

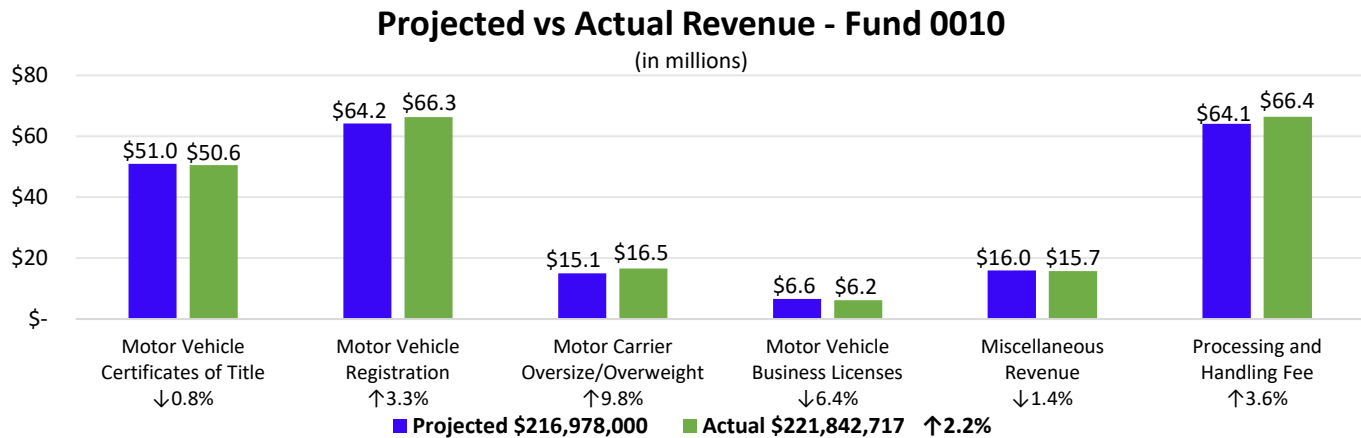
Sep - Aug FY 2026 Projected vs Actual Revenue by Fund

(in millions)



FY 2026 TxDMV Fund 0010 Revenue Highlights

September 1 through August 31



- TxDMV Fund 0010 revenue is 2.2% (\$4.9 million) above projections for FY 2026.
- Motor vehicle certificates of title revenue is 0.8% below projections due to lower-than-expected delinquent title-transfer penalty collections.
- Motor vehicle registration revenue is 3.3% above projections mostly due to higher-than-expected collections of the dealer-issued buyer's-plate fee and dealer's temporary-license-plate fee.
- Motor carrier - oversize/overweight revenue is 9.8% over projections due to higher-than-expected permit issuance.
- Motor vehicle business licenses revenue is 6.4% under projections due to a lower-than-expected number of applications (mostly for general distinguishing numbers).
- Miscellaneous revenue is 1.4% below projections mostly due to lower-than-expected motor vehicle dealer civil-penalty collections, following changes in the nature and complexity of enforcement cases pursued.
- Processing and handling fee revenue is 3.6% over projections, mostly attributable to a greater-than-expected number of underlying registration transactions.

FY 2025 and FY 2026 Actual Revenue - Fund 0010					
Revenue Category	FY 2025		FY 2026		
	Actual		Actual	Variance	% Difference
Motor Vehicle Certificates of Title	\$ 50,185,938	\$	50,572,562	\$ 386,624	0.8%
Motor Vehicle Registration	47,916,613		66,329,932	18,413,319	38.4%
Motor Carrier - Oversize/Overweight	15,243,053		16,534,276	1,291,223	8.5%
Motor Vehicle Business Licenses	7,221,657		6,217,240	(1,004,417)	(13.9%)
Miscellaneous Revenue	18,220,896		15,744,024	(2,476,872)	(13.6%)
Processing and Handling Fee	60,135,032		66,444,683	6,309,651	10.5%
Total	\$ 198,923,189	\$	221,842,717	\$ 22,919,529	11.5%

- Total TxDMV Fund 0010 revenue is 11.5% (\$22.9 million) more than in FY 2025. The increase in motor vehicle certificates of title is mostly attributable to higher original-title fee collections. The increase in motor vehicle registration is mostly due to the July 2025 introduction of the new dealer-issued buyer's plate established by House Bill 718, 88th Legislature, Regular Session, which carries a fee of \$10 versus the former buyer's-tag fee of \$5. The decrease in motor vehicle business licenses revenue from last year is attributable to fewer applications for licensure. Within the miscellaneous category, lower interest rates on the fund balance resulted in decreased TxDMV Fund 0010 interest as compared to last year. The increase in processing and handling fee revenue is due to an increased number of vehicle-registration transactions and the elimination of the \$1 discount for renewals conducted online.

FY 2026 Actual Expenditures by Fund (September 1 through August 31)

FY 2026 expenditures (excluding encumbrances) for all funds totaled \$313,632,266. Fund 7805 is used to report payments to the Texas Facilities Commission for the Camp Hubbard Renewal Project. These expenditures are funded by appropriation year 2025 commercial-paper revenue notes issued by the Texas Public Finance Authority (TPFA) that will be repaid through lease payments to TPFA from TxDMV Fund 0010. Expenditures in Fund 7805 accrue to budget year 2025.

	Fund 0010 Sep-Aug FY 26	Fund 0001 Sep-Aug FY 26	Fund 7805 Sep-Aug FY 26	Grand Total Sep-Aug FY 26
Operating Expenditures				
Salaries and Wages	\$ 61,971,411	\$ 1,680,688	\$ -	\$ 63,652,099
Other Personnel	\$ 2,934,964	\$ 77,865	\$ -	\$ 3,012,829
Professional Fees	\$ 35,069,065	\$ 3,884,738	\$ 440,147	\$ 39,393,951
Fuels & Lubricants	\$ 79,503	\$ -	\$ -	\$ 79,503
Consumables	\$ 1,154,475	\$ 577	\$ -	\$ 1,155,052
Utilities	\$ 5,203,768	\$ 4,498	\$ 6,191	\$ 5,214,457
Travel	\$ 546,711	\$ 111,040	\$ -	\$ 657,751
Rent - Building	\$ 1,487,334	\$ 33,914	\$ -	\$ 1,521,247
Rent - Machine and Other	\$ 226,080	\$ 3,270	\$ -	\$ 229,349
Other Operating	\$ 80,893,495 ⁽¹⁾	\$ 7,293,949	\$ 80,182,631	\$ 168,370,075
Grants	\$ -	\$ 8,469,400	\$ -	\$ 8,469,400
Other Capital	\$ 3,552,549	\$ 46,922	\$ -	\$ 3,599,471
Total Operating Expenditures	\$ 193,119,354	\$ 21,606,861	\$ 80,628,969	\$ 295,355,184
Fringe Benefits				
Retirement	\$ 5,823,355	\$ 121,685	\$ -	\$ 5,945,040
Group Insurance	\$ 7,282,629	\$ 146,685	\$ -	\$ 7,429,314
OASI (Old Age and Survivor's Insurance)	\$ 4,768,270	\$ 113,795	\$ -	\$ 4,882,066
Unemployment Reimbursement to GR	\$ 4,552	\$ 3,026	\$ -	\$ 7,578
Benefit Replacement Pay	\$ 13,085	\$ -	\$ -	\$ 13,085
Total Fringe Benefits	\$ 17,891,891	\$ 385,191	\$ -	\$ 18,277,082
Total Expenditures	\$ 211,011,245	\$ 21,992,052	\$ 80,628,969	\$ 313,632,266

TxDMV Fund 0010 Balance

FY 2026 Beginning Balance	\$ 176,884,894
Revenue	
Motor Vehicle Certificates of Title	\$ 50,572,562
Motor Vehicle Registration	\$ 66,329,932 ⁽¹⁾
Motor Carrier - Oversize/Overweight	\$ 16,534,276
Motor Vehicle Business Licenses	\$ 6,217,240
Miscellaneous Revenue	\$ 15,744,024
Processing and Handling Fee	\$ 66,444,683 ⁽²⁾
Total Revenue	\$ 221,842,717
Total Fund 0010 Expenditures	\$ 211,011,245
Ending Fund Balance	\$ 187,716,367
Adjustment for Encumbrances	\$ 16,049,179
Adjusted Fund Balance	\$ 171,667,187

FY 2026 Revenues & Expenditures



Expenditures in Fund 7805 reflect activity processed in FY 2026 but accrue to appropriation year 2025, which is the year in which the Camp Hubbard Renewal project was funded.

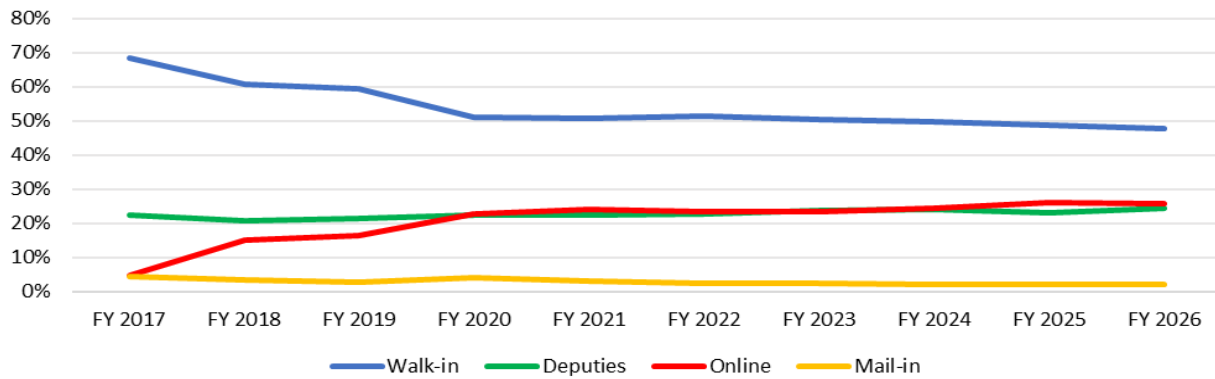
Footnotes:

⁽¹⁾ Included in motor vehicle registration fees are MyPlates revenue collections of \$12,107,059, and included in Other Operating expenditures are MyPlates expenditures of \$12,007,281.

⁽²⁾ Processing and handling fee revenue does not include the portion of the fees retained for administrative expenses by the counties or Texas.gov, per TxDMV board rule.

Processing and Handling Fee Transactions

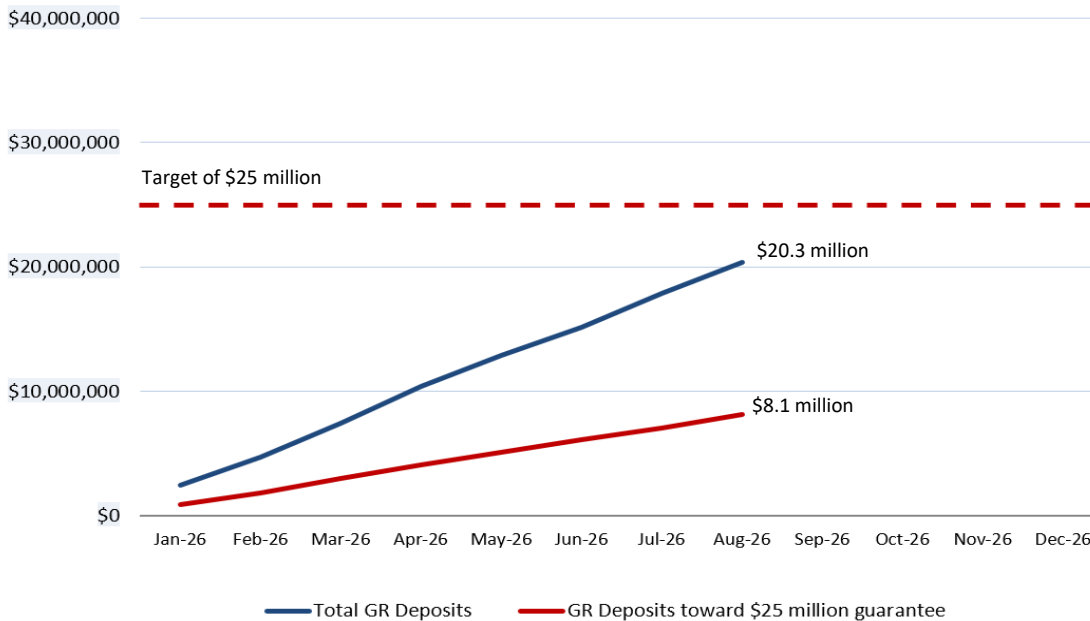
Transaction Mix from Annual Registrations



- In FY 2026, a bit under half (47.3%) of annual-registration transactions were processed at county offices.
- The percentage of annual-registration transactions conducted online increased slightly year-over-year, accounting for 26.4% (7.1 million) of the 26.9 million total transactions in FY 2026 compared to 26.1% in FY 2025.
- Deputy and mail-in percentages have remained relatively constant since FY 2017, and are at 24.1% and 2.2%, respectively, for FY 2026.

Vendor Plates

2nd-Contract Renewal Cumulative Deposits to the General Revenue Fund

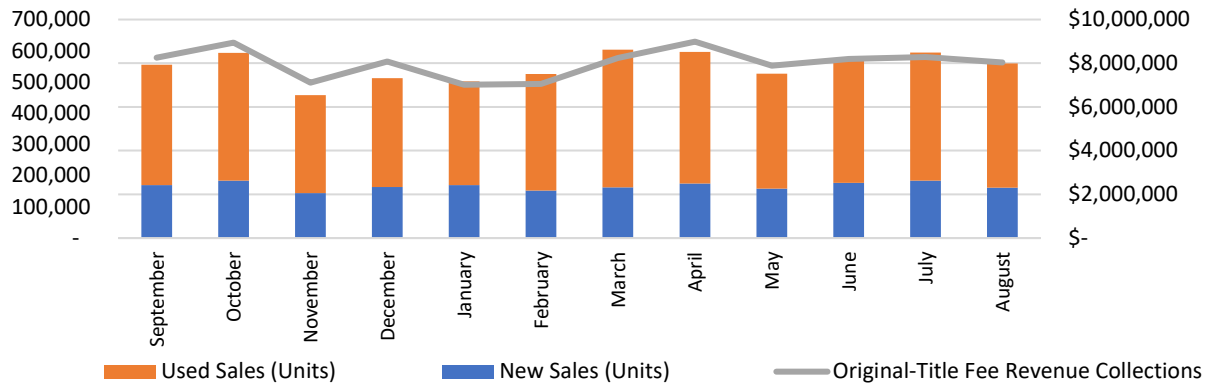


- General Revenue Fund 0001 deposits associated with the second-contract renewal from January 1, 2026, to August 31, 2026, totaled \$20.3 million.
- The second-contract renewal's \$25 million guarantee has not been met.
- In the second-contract renewal, new orders and renewals accounted for 36.6% and 63.4%, respectively, of the Fund 0001 mix.

- The second-contract renewal period is January 1, 2026, to December 31, 2031. General Revenue Fund 0001 deposits under the renewal period total \$20.3 million through August 31, 2026, with \$8.1 million counting toward the \$25 million guarantee.

Motor Vehicle Certificates of Title

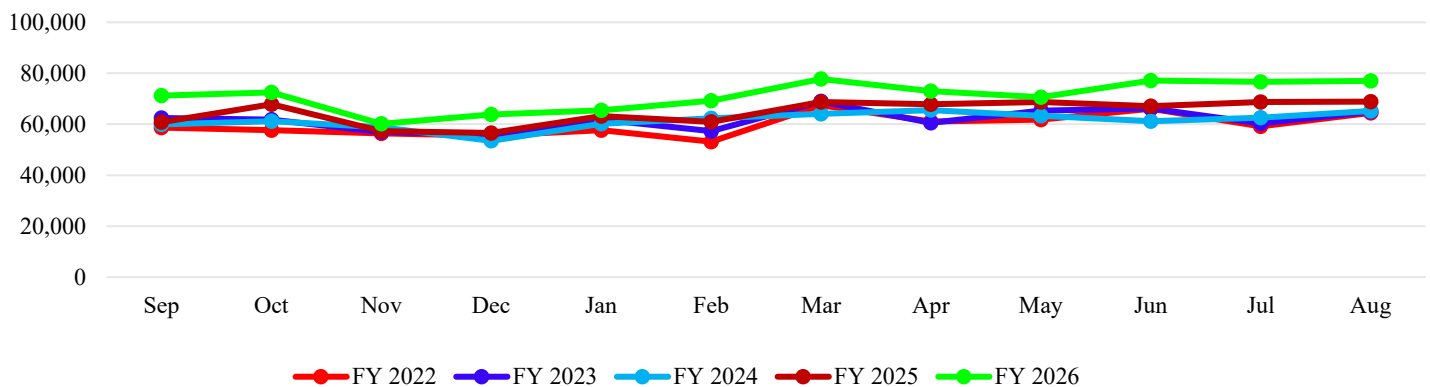
Monthly Auto Sales and Original-Title Fee Revenue Collections



- Original-title fees are the largest component of motor vehicle certificates of title revenue. In FY 2026, TxDMV collected revenue from the issuance of about 7.1 million original titles. Original-title issuance is driven by new- and used-vehicle sales; original-title revenue collections are reflected in the gray trend line above. FY 2026 saw an increase in overall vehicle sales as compared to FY 2025.
- Auto sales in FY 2026 increased 2.9% from FY 2025, with used-vehicle sales up 2.7% and new-vehicle sales up 3.1%.

Motor Carrier Oversize/Overweight Permits

Monthly Oversize/Overweight Permit Issuance



- The number of motor carrier oversize/overweight permits issued in FY 2026 is 854,426 as compared to 776,696 in FY 2025, an increase of 10.0%. Activity in the oil-and-gas and construction sectors is the chief driver of the issuance of motor-carrier permits, resulting in a strong upward trend in oversize/overweight fee deposits since FY 2025.
- As shown in the trend lines in the graph above, FY 2026 saw an increase 77,730 in the number of permits issued as compared to FY 2025.
- Permit counts have increased, and revenue in this category saw a 9.4% year-over-year increase in all three combined funds in FY 2026.

FY 2026 Financial Summary as of August 31

FY 2026 Expenditure Highlights

- The adjusted FY 2026 budget as of August 31, 2026, was \$461.5 million. This amount includes the original baseline total as approved by the 89th Legislature and adjustments as shown in the table below.

FY 2026 Budget	Amount
Original Baseline Appropriations	\$ 275,536,446
Unexpended Balances from FY 2025 and Other Adjustments	\$ 167,408,488
Benefit Costs	\$ 18,549,578
Adjusted Appropriations	\$ 461,494,512

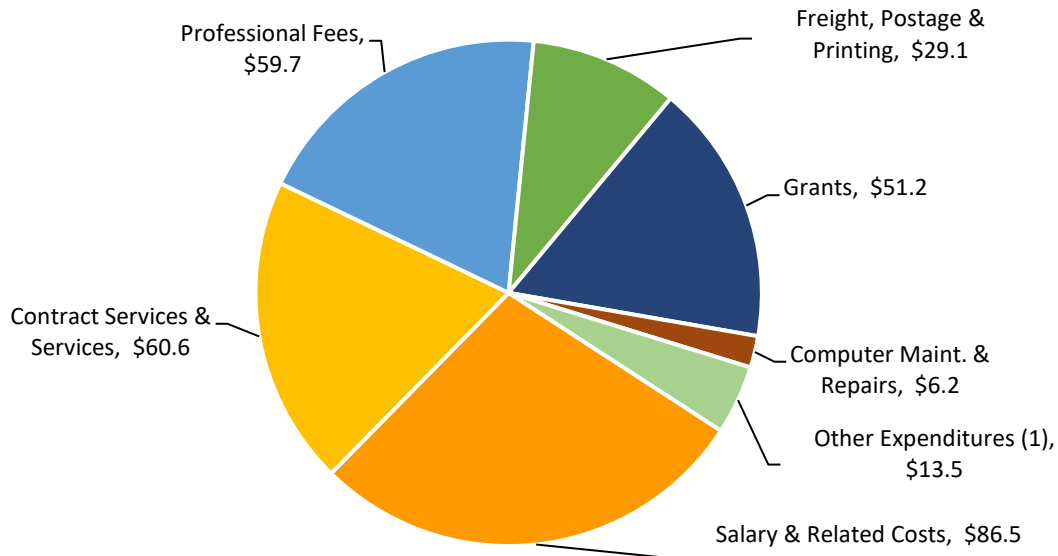
- The baseline total of \$461.5 million provides funding for 952.0 full-time equivalents (FTEs), ongoing operating costs, and FY 2026 funding for capital projects.
- Notable major items included in the original baseline appropriation for FY 2026 is the authorization of 50.0 new FTEs to maintain core services and customer support, and the continued full-year funding for the catalytic converter theft prevention programs administered by the Motor Vehicle Crime Prevention Authority (MVCPA).
- The \$167.4 million in unexpended balances and other adjustments as of August 31, 2026, was primarily a combination of the continuation of capital projects funded in FY 2025 and brought forward to FY 2026 and MVCPA lapses brought forward from FY 2025.
- Capital project carryforwards from FY 2025 include Automation projects (\$8.2 million); Registration and Title System (RTS) Replacement Phase One (\$1.7 million); and Regional Service Center (RSC) Maintenance (\$522,000).
- The adjusted budget of \$461.5 million also includes funding approved by the 89th Legislature for the RTS modernization project. A total of \$125 million in General Revenue funds was authorized by House Bill 500, 89th Legislature, Regular Session, for the second phase of a project that will modernize RTS. The funds were appropriated in FY 2025 and brought forward to FY 2026. This project is currently in development, and procurement processes are underway.
- The FY 2026 adjusted budget also includes contingencies authorized by the Legislature for costs related to the implementation of Senate Bills 1902 and 2007, 89th Legislature, Regular Session.

FY 2026 Financial Summary as of August 31

September 1 through August 31

- Expenditures and outstanding obligations as of August 31, 2026, totaled \$306.7 million (\$233.0 million in expenditures and \$73.7 million in encumbrances).

FY 2026 Expenditures and Encumbrances by Category - All Funds
(in millions)

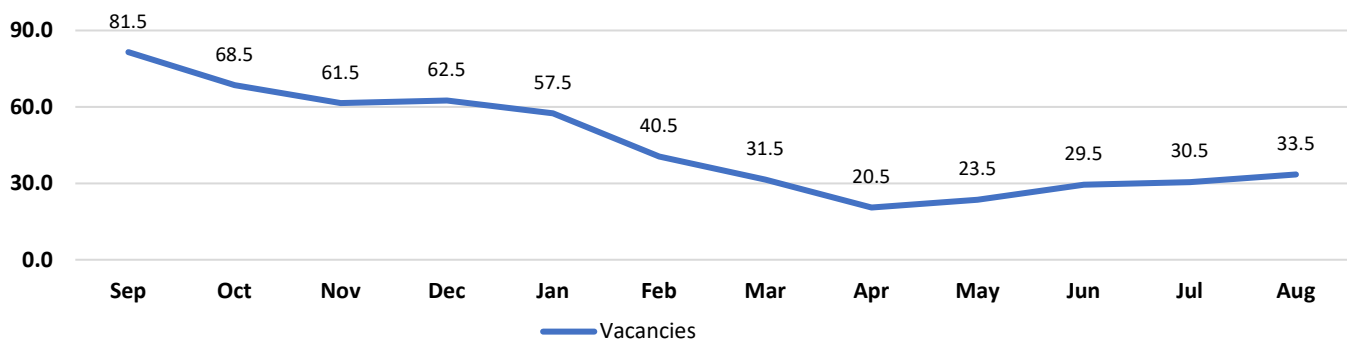


⁽¹⁾ Other Expenditures includes: Rents/Utilities (\$7.3 million), Capital (\$3.6 million), Other Expenses (\$1.3 million), and Travel/Training (\$1.3 million).

Full-Time Equivalents

- The FY 2026 authorized FTE cap is 952.0, which is an increase of 50.0 FTEs from the FY 2025 cap of 902.0.
- The 50.0 new FTEs authorized for FY 2026 were allocated to Administrative Hearings, Finance, Information Technology, Customer Relations, Enforcement, Motor Vehicle, and Vehicle Titles and Registration. The new FTEs address ongoing operational needs to maintain core services and customer support. The new FTEs caused a spike in vacant positions at the beginning of FY 2026.
- Overall vacancies were lower in FY 2026 as compared to prior fiscal years.

Monthly Vacancies - Most Recent 12 Months



FY 2026 Financial Summary as of August 31

Capital Budget and Projects

Capital Budget Financial Status

	Revised Budget	Expenditures	Encumbrances	Available Budget
TxDMV Automation System	\$ 18,120,708	(\$9,655,121)	(\$744,090)	\$ 7,721,497
Other Information Resources Projects	\$ 32,112,536	(\$22,312,460)	(\$6,409,208)	\$ 3,390,867
Other Capital Projects	\$ 12,253,071	(\$3,680,314)	(\$136,997)	\$ 8,435,760
Grand Total, Capital Budget	\$ 62,486,315	(\$35,647,896)	(\$7,290,295)	\$ 19,548,124

- The Revised Capital Budget for FY 2026 includes \$11.6 million carried forward from FY 2025 and \$50.9 million in new FY 2026 appropriations.

TxDMV Automation System Projects

Project Name	FY 2026 Budget	FY 2026 Obligations	Notes
Cybersecurity	\$ 86,961	\$ 30,752	In progress. This project addresses two solutions - a privileged-access management solution and a security information event management solution.
RTS Support	\$ 12,243,663	\$ 7,260,864	Project ongoing.
Motor Carrier Credentialing System (MCCS) Rewrite	\$ 3,965,074	\$ 1,438,152	Updated application was launched in August, and project transitioning to ongoing maintenance phases.
Voice-to-Cloud	\$ 200,010	\$ 149,547	Project in implementation phase.
Accounts Receivables	\$ 1,625,000	\$ 1,519,898	In progress and estimated to be completed in FY 2027. The project is synchronized with the completion of the MCCS Rewrite project.
	\$ 18,120,708	\$ 10,399,211	

FY 2026 Financial Summary as of August 31

Other Information Resources Projects

Project Name	FY 2026 Budget	FY 2026 Obligations	Notes
County Technology	\$ 5,000,000	\$ 3,677,343	Major items in progress include continuing refresh of computer equipment in tax assessor-collector offices; and upgrades of connectivity with tax assessor-collector offices.
Data Center Services	\$ 24,596,158	\$ 24,586,158	This project provides for annual Data Center Services costs.
PC Replacement	\$ 792,000	\$ 446,293	Provides funding for annual computer refresh. The majority of these funds were obligated in the third quarter of FY 2026 and the remaining balance will carry forward to FY 2027.
RTS Replacement Phase One	\$ 1,724,378	\$ 11,875	This project is to modernize RTS. The project is in progress. Funds for Phase Two were approved by the Legislature during the 88th legislative session.
	\$ 32,112,536	\$ 28,721,669	

FY 2026 Financial Summary as of August 31

Other Capital Projects

Project Name	FY 2026 Budget	FY 2026 Obligations	Notes
Regional Service Center (RSC) Maintenance	\$ 1,522,126	\$ 200,865	This funding will be used for the Pharr Regional Service Center project. Funds may also be used to address improvements in other locations.
Headquarters (HQ) Maintenance	\$ 1,730,945	\$ 76,200	This funding is used for maintenance issues at the Camp Hubbard (HQ) campus. The remaining balance will carry forward to FY 2027.
	\$ 3,253,071	\$ 277,065	

Board Meeting Date: 10/8/2026

BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Jason Gonzalez, Internal Audit Director
Agenda Item: 11.B
Subject: Internal Audit Division Status Update

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

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

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

Internal Engagements:

The Internal Audit Division has five ongoing internal engagements: the License Plate Inventory Management Advisory; Audit Recommendation Follow-up Activities; the Quality Assurance and Improvement Program Report; the Annual Activities Report; and the Network Security Audit.

The License Plate Inventory Management Advisory is currently in the planning phase. The objective is to evaluate the design of license plate inventory distribution and inventory management processes for the Vehicle Title & Registration Division.

Also, the Audit Recommendation Follow-up Activities are currently in the fieldwork phase. The objective is to validate whether audit recommendations have been implemented.

Next, the Quality Assurance and Improvement Program review is in the reporting phase. The objective is to provide a summary of the Internal Audit Division activities and compliance with applicable audit standards.

Additionally, the Annual Activities Report is in the reporting phase. The objective is to summarize the prior fiscal year's internal audit activities, in compliance with Texas Government Code, Chapter 2102.

Finally, the Network Security Audit is in the reporting phase. The objective is to evaluate network security control maturity (readiness baseline), network transformation planning and governance, and the future state of network security architecture.

External Engagements:

The Department is currently going through four external audit engagements.

The Quality Assurance External Peer Review is currently in the fieldwork phase. The objective is to evaluate the Internal Audit Division's compliance with the Texas Internal Auditing Act, the Institute of Internal Auditor's Global Internal Audit Standards, and the U.S. Government Accountability Office's Government Auditing Standards.

Also, the Texas Department of Public Safety's Crime Records Division performed a Criminal Justice Information Services (CJIS) Technical Security Audit to ensure compliance with federal CJIS security requirements. The audit concluded that the Department is compliant with CJIS security requirements.

Next, the Texas Workforce Commission is performing a review of the Department's compliance with Texas Labor Code, Chapter 21, specifically, our Equal Employment Opportunity practices. The audit is currently in the planning phase.

Finally, the Texas Comptroller of Public Accounts is finalizing a routine audit of potential duplicate payments. The audit scope includes a review of transactions processed from Sept. 1, 2019, through Aug. 31, 2025. The audit is in the reporting phase.



Texas Department
of Motor Vehicles