

To: Texas Department of Motor Vehicles Board
From: Monique Johnston, Motor Vehicle Division Director
Agenda Item: 9
Subject: Chapter 215, Motor Vehicle Distribution
(Relating to HB 718 and SB 224 Legislative Implementation, and Cleanup)

***This supplement
replaces the version
included for Agenda
Item 9 in the main
Board eBook.*

RECOMMENDATION

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

PURPOSE AND EXECUTIVE SUMMARY

The proposed amendments, new sections, and repeals would implement House Bill (HB) 718 and Senate Bill (SB) 224, 88th Legislature, Regular Session (2023), and clarify language in Chapter 215.

FINANCIAL IMPACT

In the first five years the program will create costs to the department for implementation and ongoing administration, ranging from \$13.5 million to \$21.5 million per year. However, these costs will be offset by an increase in revenue to the department from the new \$10 license plate fee.

BACKGROUND AND DISCUSSION

This proposal implements HB 718 and SB 224, both of which were enacted during the 88th Legislature, Regular Session (2023). HB 718 amended Transportation Code, Chapter 503 to eliminate the use of temporary tags when purchasing a motor vehicle and replaces these tags with categories of license plates, effective July 1, 2025. HB 718 requires the department to determine new distribution methods, systems, and procedures and set certain fees. Section 34 of HB 718 grants the department authority to adopt rules necessary to implement or administer these changes in law and requires the department to adopt related rules by December 1, 2024. Beginning July 1, 2025, if a motor vehicle is sold to a Texas resident, a Texas dealer will assign a license plate to the vehicle unless the buyer has a specialty or other qualifying license plate, and the assigned license plate will stay with the vehicle if the vehicle is later sold to another Texas buyer.

On May 29, 2023, catalytic converter recordkeeping and inspection requirements in SB 224 became effective for certain license holders under Occupations Code, Chapter 2301 and owners of a garage or repair shop. Two new sections, §215.122 and §215.162, are being proposed in addition to other amendments to implement this statutory change. If the board adopted these proposals, the department would recommend an earlier effective date than July 1, 2025.

Repeals of §215.153 and §215.159 are proposed to implement HB 718 as §215.153 contains the specifications for all temporary tags, and §215.159 contains the requirements for temporary tags issued and displayed by a converter.

In 2019, the Sunset Commission recommended the board establish advisory committees and adopt rules regarding standard advisory committee structure and operating criteria. The board adopted rules in 2019 and advisory committees

have since provided valuable input on rule proposals considered by the board for proposal or adoption. In February and March 2024, the department provided an early draft of rule changes implementing HB 718 to three department advisory committees, the Vehicle Titles and Registration Advisory Committee (VTRAC), the Motor Vehicle Industry Regulation Advisory Committee (MVIRAC), and the Customer Service and Protection Advisory Committee (CSPAC). Committee members voted on formal motions and provided informal comments on other provisions. The department incorporated input from all three committees and the Tax-Assessor Collector Association (TACA) in proposed §§215.2, 215.138, 215.140, 215.150-215.152, 215.155-215.158, and 215.178. Additionally, stakeholders including the Texas Automobile Dealers Association (TADA), the Texas Independent Automobile Dealers Association (TIADA), the Texas Recreational Vehicle Association (TRVA), and the Texas Motorcycle Dealers Association (TMDA) provided feedback and input on one or more rule proposals.

PROPOSAL OF REVISIONS TO

SUBCHAPTER A. GENERAL PROVISIONS

43 TAC §215.1 and §215.2

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

43 TAC §§215.101, 215.102, AND 215.120-122

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

43 TAC §§215.131-133, 215.138, 215.140, 215.141, 215.143, 215.144, 215.147, 215.148, 215.150-

215.160, AND 215.162

SUBCHAPTER E. LESSORS AND LEASE FACILITATORS

43 TAC §215.178

REPEAL OF

SUBCHAPTER D. GENERAL DISTINGUISHING NUMBERS AND IN-TRANSIT LICENSES

§§215.151, 215.153, 215.154 and 215.159

INTRODUCTION. The Texas Department of Motor Vehicles (department) proposes amendments to 43 Texas Administrative Code (TAC) Subchapter A, General Provisions, §215.1 and §215.2; proposes amendments to Subchapter C. Franchised Dealers, Manufacturers, Distributors, and Converters, 43 TAC §§215.101, 215.102, 215.120, and 215.121, and proposes new §§215.122, 215.123, and 215.124; in Subchapter D. General Distinguishing Numbers and In-Transit Licenses, proposes amendments to §§215.131–133; 215.138, 215.140, 215.141, 215.143, 215.144, 215.147, 215.148, 215.150, 215.152, 215.155-215.158, and 215.160, proposes new §§215.151, 215.154, and 215.162, and proposes repeals of §§215.151, 215.153, 215.154 and 215.159; and in Subchapter F. Lessors and Lease Facilitators, proposes

1 amendments to §215.178. These amendments, new sections, and repeals are necessary to implement
2 House Bill (HB) 718 and Senate Bill (SB) 224, enacted during the 88th Legislature, Regular Session (2023).
3 HB 718 amended Transportation Code, Chapter 503 to eliminate the use of temporary tags when
4 purchasing a motor vehicle and replaced these tags with categories of license plates, effective July 1, 2025.
5 HB 718 requires the department to determine new distribution methods, systems, and procedures, and
6 set certain fees. Section 34 of HB 718 grants the department authority to adopt rules necessary to
7 implement or administer these changes in law and requires the department to adopt related rules by
8 December 1, 2024. Beginning July 1, 2025, if a motor vehicle is sold to a Texas resident, a Texas dealer will
9 assign a license plate to the vehicle unless the buyer has a specialty or other qualifying license plate, and
10 the assigned license plate will stay with the vehicle if the vehicle is later sold to another Texas buyer.
11 Proposed amendments implementing Occupations Code, Chapters 1956 and 2305, as amended by SB 224,
12 require certain license holders under Occupations Code, Chapter 2301, and an owner of a garage or repair
13 shop to keep records regarding catalytic converters and make those records available for inspection.

14 Two new sections are being proposed, §215.122 and §215.162, to implement the catalytic
15 converter recordkeeping and inspection requirements in SB 224, which became effective on May 29,
16 2023.

17 Repeals of §215.151 and §215.154 are proposed to implement HB 718 and new replacement rules
18 are being proposed for each of these two sections. Repeals of §215.153 and §215.159 are also proposed
19 to implement HB 718 as §215.153 contains the specifications for all temporary tags, and §215.159
20 contains the requirements for temporary tags issued and displayed by a converter. Neither of these rules
21 are necessary effective July 1, 2025, when temporary tags will no longer exist.

22 In 2019, the Sunset Commission recommended the board establish advisory committees and
23 adopt rules regarding standard advisory committee structure and operating criteria. The board adopted

rules in 2019 and advisory committees have since provided valuable input on rule proposals considered by the board for proposal or adoption. In February and March 2024, the department provided an early draft of rule changes implementing HB 718 to three department advisory committees, the Vehicle Titles and Registration Advisory Committee (VTRAC), the Motor Vehicle Industry Regulation Advisory Committee (MVIRAC), and the Customer Service and Protection Advisory Committee (CSPAC). Committee members voted on formal motions and provided informal comments on other provisions. The department incorporated input from all three committees and the Tax Assessor-Collector Association (TACA) in proposed §§215.2, 215.138, 215.140, 215.150-215.152, 215.155-215.158, and 215.178. Additionally, stakeholders including the Texas Automobile Dealers Association (TADA), the Texas Independent Automobile Dealers Association (TIADA), the Texas Recreational Vehicle Association (TRVA), and the Texas Motorcycle Dealers Association (TMDA) provided feedback and input on one or more rule proposals.

Proposed nonsubstantive amendments are necessary to modify language to be consistent with statutes and other chapters in Title 43 of the Texas Administrative Code; to modify language to be consistent with current practice including use of records or electronic systems; to improve readability through the use of consistent terminology; to clarify or delete unused, archaic, or inaccurate definitions, terms, references or other language; to clarify existing requirements, or to modernize language and improve readability.

The effective date for these rules is proposed to be July 1, 2025, unless otherwise designated.

EXPLANATION.

Subchapter A. General Provisions.

Proposed amendments to §215.1 would add references to Occupations Code, Chapter 2305, and Transportation Code, Chapters 504 and 520, as the scope of the rules in this chapter changed to include these statutes. Occupations Code, Chapter 2305 implements SB 224, Transportation Code 504, which

1 regulates the transfer and removal of license plates, implements HB 718, and Transportation Code,
2 Chapter 520 contains provisions regarding dealer responsibilities that may be delegated by a county tax
3 assessor-collector to a dealer deputy including the issuance of a license plate upon the sale of a vehicle as
4 authorized by HB 718.

5 Proposed amendments to §215.2(a) add statutory references to definitions in Occupations Code,
6 Chapter 2305, and Transportation Code, Chapter 520 to reflect the change in the scope of the chapter. A
7 proposed amendment in §215.2(b)(4) would add a definition for employee and defines the term as a
8 natural person employed directly by a license holder for wages or a salary and would eliminate contractors
9 from being considered employees under Chapter 215. Proposed amendments would renumber the
10 remaining definitions in this subsection. The effective date for this section is proposed to be 20 days after
11 the adoption is filed with the Texas Secretary of State.

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

13 Proposed amendments to §215.101 would add references to Occupations Code, Chapter 2305,
14 and Transportation Code, Chapters 504 and 520, as the scope of the rules in this chapter changed to
15 include these statutes. Occupations Code, Chapter 2305 implements SB 224, Transportation Code 504,
16 which regulates the transfer and removal of license plates, implements HB 718, and Transportation Code,
17 Chapter 520 contains provisions regarding dealer responsibilities that may be delegated by a county tax
18 assessor-collector to a dealer deputy including the issuance of a license plate upon the sale of a vehicle as
19 authorized by HB 718. The effective date for this section is proposed to be 20 days after the adoption is
20 filed with the Texas Secretary of State.

21 A proposed amendment to §215.102(e)(1)(K)(iv) requires an applicant for a manufacturer's
22 distributor's, or converter's license to inform the department whether the applicant repairs a motor
23 vehicle with a catalytic converter in Texas and if this type of repair is performed, the physical address at

1 which the applicant performs this repair. This proposed amendment will allow the department to obtain
2 the information necessary to carry out its responsibilities to inspect license holders' records of catalytic
3 converter repair under SB 224. The effective date for this section is proposed to be 20 days after the
4 adoption is filed with the Texas Secretary of State.

5 Proposed amendments to §215.120(d) and §215.120(e) would require a manufacturer,
6 distributor, or converter to maintain a record of the license plates assigned for its use in the designated
7 electronic system that the department will use to manage these industry license plates. Certain data for
8 these license plates are currently housed in eLICENSING, the department's electronic licensing system.
9 During the next several months, the department will decide whether license holders will be required to
10 maintain industry license plate data in the current system or in the new license plate system that is being
11 developed and deployed to implement the broader changes required by HB 718. A proposed amendment
12 to §215.120(f) encourages license holders to immediately report all stolen license plates to local law
13 enforcement. This proposed amendment would give local law enforcement earlier notice, which may aid
14 law enforcement in identifying and stopping related criminal activity more quickly than if the stolen
15 license plate was solely reported in the department's electronic database. A proposed amendment to
16 §215.120(g) would repeal the current text as these license holders will no longer be required to keep local
17 records because all records will be held in the department-designated system, and the remaining
18 subsections would be re-lettered accordingly.

19 Proposed amendments to §215.121 would add sanctions for a license holder who fails to report
20 a lost, stolen, or damaged license plate to the department and who fails to keep or maintain records
21 related to catalytic converters. A proposed amendment to §215.121(b)(7) would add the phrase "or fails
22 to report a lost, stolen, or damaged license plate" to inform a license holder that a sanction may apply for
23 failure to report these types of plates within the timeframe required by rule. This sanction is necessary as

1 failure to report such a plate will prevent this information from being promptly transmitted to law
2 enforcement and risks public harm. A proposed amendment to §215.121(b)(18) would add a sanction for
3 a license holder who fails to maintain the catalytic converter records required under Occupations Code,
4 Chapter 2305, Subchapter D. This sanction is important as a license holder's failure to keep catalytic
5 converter records will impede law enforcement from investigating related criminal activity, which harms
6 Texas citizens. The effective date for this section is proposed to be 20 days after the adoption is filed with
7 the Texas Secretary of State.

8 Proposed new §215.122 implements SB 224, which is currently in effect. Proposed new §215.122
9 informs a manufacturer, distributor, or converter that if the license holder repairs a vehicle with a catalytic
10 converter in Texas, the license holder must comply with the recordkeeping and inspection requirements
11 under Occupations Code, Chapter 2305, Subchapter D. These recordkeeping and record inspection
12 requirements are required by statute and allow law enforcement to investigate related criminal activity,
13 which harms Texas citizens. The effective date for this section is proposed to be 20 days after the adoption
14 is filed with the Texas Secretary of State.

15
16 Subchapter D. General Distinguishing Numbers and In-Transit Licenses.

17 Proposed amendments to §215.131 add references to Transportation Code, Chapters 504 and
18 520, and Occupations Code, Chapter 2305, as the scope of the rules in this subchapter changed to include
19 these statutes. SB 224 amended Occupations Code, Chapter 2305 to give the department authority to
20 inspect license holders' catalytic converter records, and Transportation Code, Chapter 520 contains
21 provisions regarding dealer responsibilities that may be delegated by a county tax assessor-collector to a
22 dealer deputy including the issuance of a license plate upon the sale of a vehicle as authorized by HB 718.

1 The effective date for this section is proposed to be 20 days after the adoption is filed with the Texas
2 Secretary of State.

3 Proposed amendments to §215.132 would define certain terms used in the section: buyer's
4 license plate, buyer's temporary license plate, and dealer's temporary license plate. Proposed
5 amendments also delete the definition of temporary tag. A buyer's license plate is proposed to be defined
6 as a general issue plate or set of license plates issued by a dealer to a vehicle buyer under Transportation
7 Code, §503.063 for a vehicle that will be titled and registered in Texas. This term is also proposed to be
8 defined to include a buyer's provisional license plate, which is a short-term use license plate that a dealer
9 may issue if the dealer does not have the applicable license plate available for the type of vehicle the
10 buyer is purchasing. A buyer's temporary license plate is proposed to be defined as a temporary license
11 plate to be issued by a dealer to a non-resident vehicle buyer whose vehicle will be titled and registered
12 out-of-state in accordance with Transportation Code, §503.063(i). A dealer's temporary license plate is
13 defined as a license plate that a dealer who holds a general distinguishing number (GDN) may purchase
14 and use for the purposes allowed under Transportation Code, §502.062. Proposed amendments to these
15 definitions would implement HB 718, which eliminates temporary paper tags and requires the department
16 to create new categories of license plates that will be affixed to a vehicle upon purchase. Some of the
17 remaining definitions are proposed to be re-lettered to allow for the addition and deletion of definitions.

18 Proposed amendments to §215.133(c)(1)(I) would add a reference to the "license plate system"
19 to implement HB 718, which eliminates temporary paper tags and becomes effective on July 1, 2025.
20 Additionally, a proposed amendment to §215.133 would add §215.133(c)(1)(P) to require GDN applicants
21 to disclose whether the applicant repairs a motor vehicle with a catalytic converter in Texas, and if so, the
22 physical address where the repair is performed. This proposed amendment will allow the department to
23 obtain the information necessary to carry out its responsibilities under SB 224. To allow for the additional

1 requirement, the following subsection is re-lettered accordingly. A proposed amendment to
2 §215.133(c)(2)(J) would add a requirement that applicants complete training in webDEALER, the
3 department's system through which dealers submit to the county tax assessor-collector title and
4 registration applications for purchasers. This amendment would implement HB 718, which requires all
5 dealer title and registration applications for purchasers to go through webDEALER beginning on July 1,
6 2025. Proposes amendments to §215.133(c)(3)(B) would add "dealer" and "temporary license" before the
7 word "plate" to be consistent with the amended definitions in §215.132, and to implement HB 718 when
8 it becomes effective on July 1, 2025. The effective date for this section is proposed to be the first day of a
9 calendar month following a period of at least 20 days after the adoption is filed with the Texas Secretary
10 of State.

11 Proposed amendments to §215.138 would add certain dealer's plates to those subject to the
12 requirements of the chapter, clarify certain exceptions to the license plate requirements, and add record
13 keeping and reporting requirements to prevent fraud and theft. Proposed amendments to §215.138 adds
14 personalized prestige and temporary license plates to the types of license plates to which the
15 requirements of the section apply. These types of license plates are proposed to be added in §215.138(a),
16 (b), (c), (f) and (j) to implement HB 718. This section lists the requirements for dealer's license plates and
17 referencing these additional types of plates in each subsection ensures these requirements are inclusive
18 of all types of dealer's plates that may be used by a dealer. Proposed amendments to §215.138(c) would
19 add §215.138(c)(3) and (c)(4) to add golf carts and off-highway vehicles, as described by Transportation
20 Code Chapters 551 and 551A, respectively, to ensure that §215.138(c) incorporates all the types of
21 vehicles that dealer's plates may not be displayed on, including those with the statutory exceptions, for
22 clarity and ease of reference. Proposed amendments to §215.138(h) would add the requirement that a
23 dealer maintain records of each dealer's plate in the department's designated electronic license plate

1 system rather than in the dealer's records. This proposed amendment allows the department to prevent
2 fraud and allows law enforcement access to these records. Additionally, in §215.138(h)(4), which
3 describes information that must be entered into the system, proposed language requires a dealer to enter
4 the name of the person in control of the vehicle or license plate. This proposed change would make it
5 easier for the department and law enforcement to identify and investigate fraud and other illegal activity,
6 while allowing dealers flexibility to assign a license plate to a vehicle or a driver. A proposed amendment
7 to §215.138(j) encourages a dealer to immediately alert law enforcement by reporting a stolen license
8 plate to a local law enforcement agency. This proposed amendment would give local law enforcement
9 earlier notice, which may aid law enforcement in identifying and stopping related criminal activity more
10 quickly than if the stolen license plate was solely reported in the department's electronic database. A
11 proposed amendment would strike §215.138(k), which previously required a dealer's license plate record
12 to be available for inspection by the department. This proposed subsection is no longer necessary as
13 dealers will be entering these records into the department's designated electronic license plate system.
14 A proposed amendment would re-letter (l) to (k) for continuity. A proposed amendment to §215.138(l)
15 would clarify that a wholesale motor vehicle auction GDN holder that also holds a dealer's GDN may
16 display a dealer's temporary license plate assigned to their dealer GDN on a vehicle that is being
17 transported to or from the licensed auction location. This proposed addition clarifies that a person who
18 holds both GDNs may use a dealer's temporary license plate to legally transport vehicles between its
19 businesses.

20 Proposed amendments to §215.140 would add requirements regarding delivery of buyer's license
21 plates and storage of those license plates. HB 718 eliminated temporary tags and created a need for
22 buyer's plates to be delivered to dealers so that dealers may issue license plates to buyers upon vehicle
23 purchase. This statutory change requires dealers to properly receive, secure, and store license plates to

1 prevent fraud, plate theft, and related criminal activity. A proposed amendment to §215.140(a)(5)(F) adds
2 buyer's plates to the types of license plates that will not be mailed to an out-of-state address, but that will
3 only be delivered or mailed to a dealer's physical location. These proposed amendments are necessary to
4 responsibly implement HB 718, which eliminates temporary tags and creates a need for buyer's plates to
5 be delivered to dealers so that they may issue them to buyers upon vehicle purchase. Another proposed
6 amendment to §215.140 would add §215.140(a)(6)(E), which requires a dealer to store all license plates
7 in a dealer's possession in a locked or secured room or closet or in at least one securely locked,
8 substantially constructed safe or steel cabinet bolted or affixed to the floor in such a way that it cannot
9 be readily removed, to deter theft or fraudulent misuse of license plates. A proposed amendment to
10 §215.140(b)(5) would add subsection (E), which would create a similar requirement for a wholesale motor
11 vehicle auction GDN holder to securely store license plates removed from vehicles sold at auction, such
12 as license plates from vehicles sold to out-of-state buyers or for export.

13 Proposed amendments to §215.141 would remove references to temporary tags and add
14 sanctions that the department may assess if a license holder fails to comply with new license plate
15 requirements or catalytic converter record requirements. These proposed changes are necessary to
16 enforce the provisions of HB 718 and SB 224. A proposed amendment to §215.141(b)(10) would add
17 references to "buyer's license plate or set of license plates or temporary license plates" to reflect the new
18 plate types that the department has developed to implement HB 718, which will become effective July 1,
19 2025. Proposed amendments to §215.141(b)(12) and §215.141(b)(13) would add an expiration date for
20 temporary tags of July 1, 2025, to implement HB 718. A proposed amendment to §215.141(b)(25) would
21 update the title of a referenced rule to reflect the proposed new title for that rule. Proposed new
22 §215.141(b)(26) would authorize sanctions should a license holder fail to securely store a license plate.
23 Proposed new §215.141(b)(27) would authorize sanctions should a license holder fail to maintain a record

1 of dealer license plates as required under §215.138. Proposed new §215.141(b)(28) would authorize
2 sanctions should a license holder fail to file or enter a vehicle transfer notice. Proposed new
3 §215.141(b)(29) would authorize sanctions should a license holder fail to enter a lost, stolen, or damaged
4 license plate in the electronic system designated by the department within the time prescribed by rule.
5 Proposed new §215.141(b)(34) would authorize sanctions should a license holder fail to remove a license
6 plate or set of license plates from a vehicle sold to an out-of-state buyer or from a vehicle sold for export.
7 The proposed amendments for §215.141(b)(26)-(29) and (34) would make the requirements of HB 718
8 enforceable by the department when HB 718 becomes effective on July 1, 2025. Proposed new
9 §215.141(b)(35) would authorize sanctions should a license holder fail to keep or maintain records
10 required under Occupations Code, Chapter 2305, Subchapter D or to allow an inspection of these records
11 by the department, to implement the record-keeping and inspection requirements of SB 224. The
12 effective date for this section is proposed to be 20 days after the adoption is filed with the Texas Secretary
13 of State.

14 A proposed amendment to §215.143(c) would streamline license plate recordkeeping for
15 in-transit license plates by requiring a drive-a-way operator to maintain required license plate data in the
16 department-designated system instead of in a local record. Additionally, in §215.143(c)(4), a proposed
17 amendment changes the requirement that the record contain the name of the person in control of the
18 vehicle to the person in control of the license plate. This proposed amendment would allow a drive-a-way
19 operator to designate in the license plate system which employee is currently responsible for an in-transit
20 plate, which would inform the department or law enforcement in case of a complaint. A proposed
21 amendment in §215.143(d)(1) strikes “operator’s plate record” and replaces it with
22 “department--designated system” for consistency. A proposed amendment to §215.143(e) would add
23 language encouraging a drive-a-way operator to immediately alert law enforcement by reporting a stolen

1 license plate to local law enforcement. This proposed amendment would give local law enforcement
2 earlier notice, which may aid law enforcement in identifying and stopping related criminal activity more
3 quickly than if the stolen license plate was solely reported in the department’s electronic database. A
4 proposed amendment would strike §215.143(f), which requires that a drive-a-way operator’s license plate
5 record be available for inspection, as this is no longer necessary because these license holders will be
6 required to enter that information into the department’s designated system. The remaining sections are
7 re-lettered for continuity.

8 Proposed amendments to §215.144 would replace references to the electronic title system in
9 subsection §215.144(e)(8) and §215.144(e)(9) with references to webDEALER as defined in §217.71 to
10 clarify the system to be used. A proposed amendment to §215.144(e)(9) would delete an inadvertent use
11 of “new” to describe a motor vehicle as the paragraph covers both new and used motor vehicles and is
12 unnecessary and would add “properly stamped” which was inadvertently deleted in the June 1, 2024,
13 amendment to this rule. Proposed amendments to §215.144(f)(3) would add a reference to title to clarify
14 that the reasonable time periods apply to both filing of a title and registration, simplify language to
15 improve readability, and add a new subparagraph (C) regarding timeliness for filing a title or registration
16 for certain military personnel. A proposed amendment to §215.144(i)(2)(C) would change the
17 requirement to make title application on public motor vehicle auctions from 20 working days of sale to a
18 reasonable time as defined in §215.144 (f) for consistency. Proposed amendments to §215.144(l) would
19 add punctuation and create two new subsections. The first subsection is retitled “webDEALER” and
20 incorporates existing language regarding the department’s web-based title application. The proposed new
21 subsection is titled “License Plate System.” This section requires a license holder to comply with §215.151,
22 which contains general requirements for the issuance of license plates by dealers and is an important
23 reference for dealers.

1 Proposed amendments to §215.147(d) would add a requirement that a dealer remove, void, and
2 destroy or recycle any license plate or registration insignia as required under §215.158 before transferring
3 ownership of a vehicle to be exported, and strike paragraphs (1)-(3) relating to temporary tags. These
4 amendments are necessary to implement HB 718 and to prevent theft and fraud of these plates which
5 are no longer assigned to a vehicle registered in Texas.

6 A proposed amendment to §215.148 would make a non-substantive change to delete a repetitive
7 phrase and parenthetical in §215.148(c). The effective date for this section is proposed to be 20 days after
8 the adoption is filed with the Texas Secretary of State.

9 A proposed amendment to §215.150 would change the name of the section to strike “Temporary
10 Tags” and replace that phrase with “License Plates” to implement HB 718, which eliminated temporary
11 tags. A proposed amendment to §215.150(a) would require a dealer to issue a general issue license plate
12 or set of license plates for a vehicle type the dealer is authorized to sell to (1) a buyer of a new vehicle,
13 unless the buyer has an authorized plate or set of plates which may be assigned to the vehicle, and (2) a
14 buyer of a used vehicle if a license plate or set of plates did not come with the vehicle or if the buyer does
15 not have authorized plates that can be assigned to the vehicle. The proposed amendments to §215.150
16 would recognize that under HB 718, a converter may not issue a temporary tag or license plate effective
17 July 1, 2025, and that the purpose of the department’s database will change from the tracking and
18 issuance of temporary tags to the tracking and issuing of license plates on July 1, 2025. Other proposed
19 amendments throughout this section would implement HB 718 by striking all language referencing
20 temporary tags.

21 New §215.150(b) would add an exception to the requirements in §215.150(a) for vehicles sold to
22 commercial fleet buyers authorized by a county tax assessor-collector as a dealer deputy under §217.166,
23 because these commercial fleet buyers are authorized as dealer deputies to assign license plates to

1 vehicles purchased from a dealer. Proposed new §215.150(c) would require a dealer to issue a buyer's
2 temporary license plate to an out-of-state buyer for a vehicle to be registered in another state.

3 Proposed amendments to current §215.150(b) would re-letter the subsection as §215.150(d) and
4 would replace "license holder" with "dealer" for consistency in terminology. Another amendment to
5 current §215.150(b) would remove a list of the types of temporary tags and substitute in its place a cite
6 to license plates under Transportation Code, §503.063, which was amended by HB 718 to replace
7 temporary tags with license plates. Additionally, proposed amendments to current §215.150(b) would
8 replace references to the temporary tag database with references to the license plate system and update
9 associated statutory and rule references to implement HB 718.

10 Proposed amendments to §215.150(c) would re-letter it to §215.150(e), delete "federal, state, or
11 local" to describe a governmental agency as this descriptor is unnecessary, clarify that a governmental
12 agency may issue either a general issue license plate or a buyer's temporary license plate unless the buyer
13 has a qualifying license plate to place on the vehicle, remove references to buyer's temporary tags and
14 internet down tags, and update Transportation Code and rule citations.

15 Proposed amendments to current §215.150(d) would re-letter it to §215.150(f), strike the term
16 "converter," and strike references to the temporary tag database, replacing those references with license
17 plate system to implement HB 718. Additionally, a proposed amendment to re-lettered §215.150(f)(4)
18 would delete current language and would replace with a requirement for a dealer to secure all license
19 plates, including license plates assigned to vehicles in inventory, dealer's license plates, and unissued
20 buyer's license plates in a locked and secured room or closet or in one or more securely locked,
21 substantially constructed safes or steel cabinets bolted or affixed to the floor or wall. A proposed
22 amendment also requires dealers to properly mark and destroy, recycle, or return all void license plates

1 as required under §215.158. These amendments are necessary to responsibly implement license plate
2 management required under HB 718 and to deter license plate theft and fraud.

3 Current §215.151 is proposed for repeal as this section describes how to use and affix temporary
4 tags, which HB 718 has eliminated. Proposed new §215.151, titled “License Plate General Use
5 Requirements, would implement HB 718, which requires the department set rules for affixing license
6 plates to vehicles. Proposed new §215.151 would maintain consistency with how plates are currently
7 affixed under §217.27. Proposed new §215.151(a) sets out the requirements for securing a license plate
8 or set of plates to a vehicle for a Texas buyer, in accordance with §217.27. Proposed new §215.151(b)
9 would requires a dealer to issue a buyer’s temporary license plates and secure these license plates to the
10 vehicle for those vehicles purchased by non-resident buyers who intend to title and register the vehicle in
11 another state. Proposed new §215.151(c) would require a dealer to remove and destroy a plate or set of
12 plates on a used vehicle if the buyer has a specialty, personalized or other qualifying plate to put on the
13 vehicle. Proposed new §215.151(d) would require a dealer to secure plates that are assigned to a
14 particular used vehicle and either put those license plates back on the vehicle at the time of sale, or if the
15 vehicle is sold to an out-of-state buyer or for export, to update the license plates system and destroy or
16 recycle those plates in accordance with department rules. These proposed revisions are necessary to
17 implement HB 718.

18 Proposed amendments to §215.152 would replace all references to temporary tags with
19 references to dealer-issued buyer’s license plates to implement HB 718, which eliminated temporary tags
20 and the temporary tag database and requires a dealer to issue or reassign a license plate or set of license
21 plates to most vehicle buyers. Proposed amendments to §215.152(a) would strike the terms “converter”
22 and “temporary tag database” and replace those terms with “webDEALER” and “the license plate system,”
23 and add language requiring a dealer to be responsible for verifying receipt of license plates in the license

1 plate system. These proposed amendments recognize that under HB 718, a converter may not issue a
2 temporary tag or license plate effective July 1, 2025, and that the purpose of the database will change
3 from the tracking and issuance of temporary tags to the tracking and issuing of license plates on July 1,
4 2025.

5 Proposed amendments to §215.152(b) would update the cross-reference with the proposed new
6 title of §215.157, “Issuing License Plates when Internet Not Available,” and would replace current
7 language by substituting requirements for a dealer to enter information in the license plate system,
8 including information about the vehicle, the buyer, and the license plate number assigned.

9 Proposed amendments to §215.152(c) would require the department to inform each dealer of
10 the annual maximum number of buyer’s license plates the dealer is authorized to obtain, substitute
11 “obtain” for “issue,” and add a reference to Transportation Code §503.063. Additional proposed
12 amendments to §215.152(c) would add language to describe the two types of buyer’s license plate
13 allotments that a dealer is eligible to obtain from the department, which are: (1) an allotment of
14 unassigned general issue license plates or set of license plates for vehicles to be titled and registered in
15 Texas, and (2) a separate allotment of buyer’s temporary license plates for non-resident buyers.

16 Proposed amendments to §215.152(d)(1) would provide that a dealer’s allotment will be based
17 on vehicle title transfers, sales, or license plate issuance data as determined from the department’s
18 systems from the previous fiscal year, as well as previously used multipliers based on time in operation or
19 actual in-state and out-of-state sales transactions. Proposed amendments to these previously existing
20 factors in §215.152(d)(A) and (B) would replace the “number of dealer’s temporary tags issued” with the
21 number of transactions processed through the department. Proposed amendments to §215.152(d)(4)
22 would strike temporary tags and add the word “annual” to be clear that the allotment of license plates is
23 on an annual basis.

1 A proposed amendment would strike as unnecessary former §215.152(e), which relates to
2 allocating temporary tags for converters because a converter may not issue a temporary tag or license
3 plate effective July 1, 2025, under Transportation Code, Chapter 503, as amended by HB 718. The
4 remaining subsections of §215.152 are proposed to be re-lettered accordingly.

5 Proposed amendments to current §215.152(f), proposed to be re-lettered as §215.152(e) would
6 strike references to “converter,” and replace references to temporary tags with references to general
7 issue and buyer’s temporary license plates. Additionally, proposed amendments to current §215.152(f)(1)
8 would provide that a new franchised dealer may be issued 200 general issue license plates and 100 buyer’s
9 temporary plates annually, and would provide that the franchised dealer may request more license plates
10 based on credible information indicating a higher quantity is warranted. These proposed plate allocations
11 are based on historical data for newly licensed franchised dealers. Proposed amendments would strike
12 current §§215.152(f)(1)(A) and (B) because they relate only to temporary tags. Proposed amendments to
13 current §215.152(f)(2) would provide the annual allocation of license plates for new non-franchised
14 dealers as 100 general issue license plates and 48 buyer’s temporary license plates. These proposed plate
15 allocations are based on historical data for newly licensed non-franchised dealers. Another proposed
16 amendment to current §215.152(f) would strike §215.152(e)(3), because it relates only to the converter’s
17 temporary tag allocation.

18 Proposed amendments to current §§215.152(g) and (h), which are proposed to be re-lettered as
19 §§215.152(f) and (g), would replace references to temporary tags with references to license plates
20 throughout, changes “license” to “GDN” and “dealership” to “dealer” for consistency in terminology, and
21 update subsection designations based on proposed amendments.

22 New proposed §215.152(h) would state that the plates will be distributed on a quarterly basis, so
23 that dealers will have enough inventory on hand to conduct business but will not have to store the entirety

1 of the annual plate allotment at once. New proposed §215.152(i) would explain when a dealer may submit
2 a request for additional plates, to ensure that dealers are able to order more plates well in advance of
3 needing them and paralleling the current requirements for temporary tag requests in current §215.152(i)
4 and would delete prior language that would no longer be applicable under HB 718. New proposed
5 §215.152(j) would require a request to be submitted in in the license plate system. New proposed
6 §215.152(k) would explain the process by which a dealer must submit the request for additional plates
7 and the information that is required from the dealer, incorporating language currently in §215.152(i) with
8 the terms and statutory citations changed for consistency with HB 718 implementation. Proposed
9 amendments to the language currently in §215.152(i) that is proposed to be incorporated into new
10 §215.152(k)(3) would change the division within the department where appeals will be reviewed from the
11 Motor Vehicle Division to the Vehicle Titles and Registration Division to be consistent with current agency
12 operations. Other proposed amendments would re-letter current §§215.152(j) and (k), delete references
13 to converters and temporary tags because a converter may not issue a temporary tag or license plate
14 effective July 1, 2025, under Transportation Code, Chapter 503, as amended by HB 718, add references to
15 license plate system activity, and update statutory references. A proposed amendment would strike
16 §215.152(l), as this subsection, prohibiting rollover of temporary tag allotments from one calendar year
17 to the next, is no longer necessary. Each of these proposed amendments is necessary to implement HB
18 718.

19 Section 215.153 is proposed for repeal as part of HB 718 implementation because it only sets out
20 the specifications for the design of temporary tags and is therefore no longer necessary. Similarly,
21 §215.154 is proposed for repeal because it only describes how dealer's temporary tags are to be used,
22 and these temporary tags will no longer exist following the implementation of HB 718.

1 Proposed new §215.154 would implement HB 718 by addressing the allocation of a new license
2 plate type created by HB 718, a dealer's temporary license plate. Proposed new §215.154(a) would base
3 the number of dealer's temporary license plates a dealer may order on the type of license for which the
4 dealer applied and the number of vehicles the dealer sold during the previous year, to deter theft and
5 fraudulent misuse of temporary plates by limiting supply. Proposed new §215.154(b) would give the
6 maximum number of dealer's temporary license plates issued to new license applicants during the
7 applicants' first license term in a graphic table. Proposed new §215.154(c) would list the exceptions for
8 which a dealer would not be subject to the initial allotment so that certain dealers who previously
9 qualified for more license plates may continue using their current allocation. Proposed new §215.154(d)
10 would allow a dealer to obtain more than the maximum initial allotment limits for dealer's temporary
11 plates by providing sales numbers from the prior year that justify an increased allocation, to allow for
12 flexibility and business continuity for those dealers who have a documented need for additional plates.
13 Similarly, proposed new §215.154(e) would allow wholesale motor vehicle dealers to obtain more than
14 the maximum initial allotment of dealer's temporary plates by providing the department with numbers of
15 vehicles purchased over the past 12 months that predict a need for additional license plates, to ensure
16 that a wholesaler has sufficient temporary plates to meet documented demand. Proposed new
17 §215.154(f) would allow the department to waive maximum issuance restrictions if the waiver is essential
18 for the continuity of business if the dealer provides the department with sales data and reason for the
19 waiver request, so as to allow the department flexibility to meet the demonstrated business needs of its
20 licensees with appropriate allocations on a case-by-case basis. Proposed new §215.154 would thus
21 implement HB 718 with an allocation system for dealer temporary license plates that balances the need
22 to limit allocations to avoid excess inventory creating an increased risk of license plate fraud or theft, with
23 the need to provide license holders with the plates they need to have on hand for their customers.

1 Proposed amendments to §215.155 would replace all references to buyer’s temporary tags with
2 “general issue license plates or set of plates or buyer’s temporary license plate” to implement HB 718,
3 which eliminated temporary tags in favor of license plates. A proposed amendment to §215.155(c) would
4 require that for a wholesale transaction, a dealer may not issue a buyer’s plate; rather, the purchaser
5 must use its own dealer’s plate to display on a purchased vehicle. If a general issue plate or set of plates
6 is already assigned to the vehicle, the selling dealer must provide the general issue plates to the
7 purchasing dealer. This proposed amendment is to ensure that an assigned license plate stays with the
8 vehicle to which the license plate was originally assigned. The proposed amendments to §215.155 include
9 striking §215.155(e) as unnecessary because it only addresses requirements for temporary tags, which HB
10 718 has eliminated. The remaining subsections of §215.155 would be re-lettered accordingly. Proposed
11 amendments to current §215.155(f) would strike the current temporary tag fee and prescribe a new \$10
12 fee for buyer’s plates. Proposed amendments to current §215.155(f) would similarly strike the current
13 temporary tag fee that governmental agencies may charge and prescribe a new \$10 fee that governmental
14 agencies may charge for buyer’s plates. HB 718 amended Transportation Code §503.063(g) to eliminate
15 the temporary tag fee and to require the department to prescribe a fee to be charged by the dealer to the
16 buyer for license plates that are issued or assigned to the buyer upon vehicle purchase. The department
17 has determined that a \$10 fee will be sufficient to cover the expected costs associated with registering
18 and processing the new license plates required by HB 718. Additionally, a proposed amendment to current
19 §215.155(f)(1) would replace “electronic title system” with “designated electronic system” to better
20 reflect current department procedure.

21 Proposed amendments to §215.156 would replace all references to temporary tags with
22 references to buyer’s license plates, to implement HB 718, which eliminated temporary tags in favor of
23 license plates. The purpose of §215.156 is to describe the requirements for a dealer to provide a vehicle

1 buyer with a buyer's license plate receipt. Proposed amendments requiring a dealer to print a receipt
2 from the department's designated electronic system reflect that HB 718 will require dealers to print
3 license plate receipts from a different electronic system. The proposed amendments to §215.156 would
4 delete unnecessary language describing the process for printing temporary tag receipts, since HB 718
5 abolished temporary tags. Proposed amendments would also remove references to metal plates in favor
6 of "vehicle registration insignia" to reflect new processes and standardize terminology across chapters.
7 Additionally, proposed new §215.156(7) would require the receipt to include the procedure by which the
8 vehicle registration insignia will be provided to the buyer, as is required under Transportation Code,
9 §503.0631(d-1), as amended by HB 718. The proposed amendments to §215.156 would also delete
10 unnecessary language and punctuation.

11 Proposed amendments to §215.157 would implement HB 718 by describing the process for a
12 dealer to issue a license plate and a license plate receipt when internet access is not available by replacing
13 the prior requirement for a dealer to print out an internet down tag with a requirement for a dealer to
14 document the issuance of a buyer's general issue license plate and then enter that information in the
15 license plate system not later than the close of the next business day. These proposed amendments are
16 necessary to implement HB 718 and maintain the integrity of the data in the license plate database.

17 Proposed amendments to §215.158 would describe the general requirements for buyer's license
18 plates necessary to implement HB 718. Proposed amendments to the title of §215.158 would add "for
19 Buyer's License Plates" and delete an unnecessary reference to "Preprinted Internet-down Temporary
20 Tag Numbers." Proposed amendments to §215.158 would delete language related to internet-down
21 temporary tags, which are obsolete since HB 718 eliminated temporary tags, and replace it with language
22 about license plates. Proposed amendments to §215.158(a) would also make nonsubstantive wording and
23 punctuation changes and delete an unnecessary descriptive phrase for a governmental agency to improve

1 readability and retain the dealer and governmental agency's responsibility for safekeeping of license
2 plates and for prompt reporting of license plates that are lost, stolen, or destroyed. A proposed
3 amendment to §215.158(a) would encourage a dealer or governmental agency to immediately report all
4 stolen license plates to local law enforcement. This proposed amendment would give local law
5 enforcement earlier notice, which may aid law enforcement in identifying and stopping related criminal
6 activity more quickly than if the stolen license plate was solely reported in the department's electronic
7 database. Proposed amendments to §215.158(b) would require a dealer to remove and void any
8 previously assigned plates that cannot stay with the motor vehicle. Under the proposed amendment, the
9 dealer must mark these license plates as void and destroy, recycle the void license plates with a metal
10 recycler registered under Occupations Code, Chapter 1956, or return the void license plates to the
11 department or a county tax assessor-collector. This is to prevent potential theft or fraud relating to plates
12 that have been removed from a vehicle. These amendments are necessary to responsibly implement HB
13 718. Proposed amendments to §215.158(c) would require a dealer to return all buyer's license plates in
14 their possession to the department within 10 days of closing the associated license or within 10 days of
15 the department revoking, canceling or closing the associated license, to reduce the risk of theft or
16 fraudulent misuse of the plates. The remaining subsections of §215.158 are proposed for deletion as these
17 subsections refer only to internet-down tags and are no longer necessary with the implementation of HB
18 718.

19 Proposed for repeal, §215.159 describes the requirements for converter's temporary
20 tags, which will not exist when HB 718 is implemented, making §215.159 unnecessary.

21 Proposed amendments to §215.160(a) and §215.160(b) would replace the references to titles
22 under Transportation Code, §501.100 with the words "issued a title" to clarify that if a dealer knows a
23 motor vehicle has formerly been a salvage vehicle, they must disclose this fact, regardless of whether the

1 motor vehicle is currently titled under Transportation Code, §501.100. The effective date for this section
2 is proposed to be 20 days after the adoption is filed with the Texas Secretary of State.

3 Proposed new §215.162 would implement SB 224 by requiring dealers that repair a motor vehicle
4 with a catalytic converter to comply with the statutory recordkeeping requirements in Occupations Code,
5 Chapter 2305, Subchapter D, and to allow the department to inspect those records during business hours.
6 The effective date for this section is proposed to be 20 days after the adoption is filed with the Texas
7 Secretary of State.

8
9 Subchapter F. Lessors and Lease Facilitators

10 A proposed amendment to §215.178(a)(2) would simplify language for improved readability by
11 changing “a request from a representative of the department” to “a department records request.”
12 Proposed amendments to §§215.178(c)(7)(C) and (D) and §215.178(c)(8) would replace references to the
13 electronic title system with references to webDEALER, as defined in 43 TAC §217.71, relating to
14 Automated and Web-Based Vehicle Registration and Title Systems, to provide additional context to the
15 specific part of the electronic title system to which the section applies. A proposed amendment in
16 §215.178(c)(8) would add an “a” before motor vehicle to correct sentence grammar. A proposed
17 amendment to §215.178(g) would add an exception to those records that may be kept electronically for
18 documents listed in subsection (c)(8) of this section, which are records that dealers are required to keep
19 in webDEALER. The effective date for this section is proposed to be 20 days after the adoption is filed with
20 the Texas Secretary of State.

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

1 regard to state government, Ms. Bowman has determined that for each year of the first five years the rule
2 will be in effect, the program will create costs to the department for implementation and ongoing
3 administration, ranging from \$13.5 million to \$21.5 million per year for each of the first five years.
4 However, Ms. Bowman has determined that for each year of the first five years the rule will be in effect,
5 these costs will be offset by an increase in revenue to the department from the new plate fee of \$10.

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

10 **PUBLIC BENEFIT AND COST NOTE.** Ms. Johnston and Ms. Thompson have also determined that, for each
11 year of the first five years the new section is in effect, there are multiple public benefits anticipated
12 because of the elimination of temporary tags and increased oversight of catalytic converter repairs and
13 that certain applicants and license holders may incur costs to comply with the proposal. The department
14 prioritized the public benefits associated with reducing fraud and related crime and improving public
15 health and safety, while carefully considering potential costs to license holders consistent with board and
16 department responsibilities.

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

1 Anticipated Costs To Comply With The Proposal. Ms. Johnston and Ms. Thompson anticipate
2 certain license holders may incur costs to comply with these proposed rules.

3 Proposed amendments to §215.102 and §215.133 may require applicants and license holders to
4 provide more information in the application. While some applicants may be required to spend a few
5 minutes more to complete an application, Ms. Johnston and Ms. Thompson have determined these costs
6 will be offset by the reduced risk of applicants and holders incurring financial and criminal penalties due
7 to noncompliance with Occupations Code, Chapter 2305, Subchapter D and may allow the department to
8 educate applicants about areas where the applicants' business operations may not meet the requirements
9 of the Occupations Code, prior to licensure. Importantly, this information allows the department to
10 comply with the requirements of Occupations Code, Chapter 2305 which requires the department to
11 enforce catalytic converter recordkeeping requirements consistent with the department's obligations to
12 detect and deter fraud and prevent consumer harm.

13 In proposed new §215.122 and §215.162, a license holder that repairs a vehicle with a catalytic
14 converter is required to comply with statutory recordkeeping requirements and to allow the department
15 to inspect those records. Ms. Thompson expects that most license holders already maintain the required
16 records in an existing system. However, if a license holder does not currently keep the required records,
17 a license holder will be required to keep additional records and may do so in a paper record or in a
18 spreadsheet using free software available on the internet. The department's civil penalty guidelines for
19 license holders who violate statutory provisions range from \$500 to \$10,000 per violation. Ms. Thompson
20 has determined that any recordkeeping cost will be offset by the reduced risk to these license holders
21 incurring financial penalties and potential criminal liability under Occupations Code, Chapter 2305 due to
22 noncompliance with laws and regulations and will benefit the public by preventing consumer harm
23 associated with the criminal activity related to catalytic converters.

1 Proposed amendments to §215.138, relating to Dealer’s License Plates, §215.147, relating to
2 Export Sales, and §215.158, relating to General Requirements for Buyer’s License Plates, require a dealer
3 to permanently mark the front of a license plate with the word “void” or a large “X” if a dealer’s temporary
4 plate or a buyer’s license plate is no longer valid for use. Department research suggests that the cost of a
5 permanent marker is \$1.50 per marker. Proposed amendments to these rules also require a dealer to
6 destroy a void buyer’s license plate, recycle a void plate with a registered metal recycler, or return the
7 void plate to the department, or to a county tax assessor-collector if the void license plate is a buyer’s
8 license plate. Aviation tin snips may be used to destroy a void license plate. Department research suggests
9 that the cost of tin snips, which can cut metal, is approximately \$20.00. A dealer or other license holder
10 may choose to recycle void license plates. Department research suggests that the cost of doing so through
11 a metal recycler will vary by locality and the availability of local recycling facilities, with some regions
12 benefitting from free curbside-pickup recycling programs and others requiring license holders to expend
13 transportation costs to take the plates to a recycling facility. Department research also suggests that scrap
14 aluminum, such as voided license plates, is currently worth about \$.50 per pound when sold to a metal
15 recycler. Lastly, a dealer may return a void buyer’s license plate to the department, including one of the
16 regional service centers, or a county tax assessor-collector office, or mail a void plate to the department.
17 Department research suggests that the average cost to mail a plate is \$9.65. The proposed rules provide
18 a license holder with multiple options for responsible disposal of void license plates and a license holder
19 may choose which option is least expensive or most convenient based on the license holder’s operation.
20 Ms. Johnston and Ms. Thompson have reviewed the department research regarding the cost of marking
21 and the options for destroying, recycling, or returning void license plates and have determined that these
22 costs are reasonable and necessary to reduce the potential for fraudulent plate use and to protect the
23 public, including law enforcement personnel.

1 Proposed amendments to §215.140, relating to Established and Permanent Place of Business
2 Premises Requirements, and §215.150, relating to Dealer Authorization to Issue License Plates, require a
3 dealer or wholesale motor vehicle auction to store license plates in a locked and secured room or closet,
4 or one or more securely locked, substantially constructed safes or steel cabinets bolted or affixed to the
5 floor or wall of sufficient size to store all license plates in the GDN holder's possession. The department
6 expects that many current license holders already use a secured room, closet, safe, or steel cabinet to
7 store valuable equipment or supplies, and therefore will incur no costs as a result of the proposed
8 amendments. However, certain license holders may have to purchase secure lock for an existing room,
9 closet, or steel cabinet. Department research suggests that the cost of a secure door lock is approximately
10 \$25.00 with approximately \$30 in labor for installation, and the cost of a lock for steel cabinet is
11 approximately \$12.00. A license holder may also have to secure an existing safe or steel cabinet to a floor
12 or wall; department research suggests that the cost of an anchoring kit for a safe is approximately \$11.00
13 and the cost of hardware necessary to secure a steel cabinet to a wall or floor is approximately \$30.00,
14 while necessary labor costs for either installation would be approximately \$50.00. If a license holder would
15 like to construct a closet, department research suggests that the cost to build a closet would be
16 approximately \$3,000 including a locking door. Department license plate storage estimates suggest that
17 an average license holder would be required to store approximately 75 to 250 plates including all dealer's
18 and buyer's license plate types. If a license holder wishes to buy a substantially constructed safe that bolts
19 to the floor or wall to hold that quantity of plates, department research suggests the cost is approximately
20 \$200, and that the cost of a substantially constructed steel cabinet is approximately \$130.00 - \$300.00,
21 depending on the quantity of plates that the dealer needed to store securely. Ms. Johnston and Ms.
22 Thompson have determined that these costs are necessary to protect license plates from being stolen and

1 used to commit fraud and other crimes and to ensure that license plates are available for use by a license
2 holder when a vehicle is sold.

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

8 The cost analysis in the Public Benefit and Cost Note section of this proposal determined that
9 proposed amendments may result in additional costs for certain license holders. Based on data from the
10 Comptroller and the Texas Workforce Commission, the department estimates that most license holders
11 are small or micro-businesses. The department has tried to minimize costs to license holders. The new
12 proposed requirements are designed to set minimum standards that will prevent license plate fraud and
13 protect public health and safety and provide options that will allow a license holder to do so at a
14 reasonable cost. These requirements do not include requirements that will cause a license holder to incur
15 unnecessary or burdensome costs, such as employing additional persons.

16 Under Government Code §2006.002, the department must perform a regulatory flexibility
17 analysis. The department considered the alternatives of not adopting amendments, exempting small and
18 micro-business license holders from these amendments, and adopting a limited version of these
19 amendments for small and micro-business applicants and license holders. The department rejects all three
20 options. The department reviewed licensing records, including records for license holders who have been
21 denied access to the temporary tag system, and determined that small and micro-business license holders
22 are largely the bad actors perpetrating fraud. The department, after considering the purpose of the
23 authorizing statutes, does not believe it is feasible to waive or limit the requirements of the proposed

1 amendments for small or micro-business GDN dealers. Also, Government Code §2006.002(c-1) does not
2 require the department to consider alternatives that might minimize possible adverse impacts on small
3 businesses and micro-businesses if the alternatives would not be protective of the health and safety of
4 the state.

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

9 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the
10 first five years the proposed new sections, amendments, and repeals are in effect, a government program
11 would be created or eliminated. Implementation of the proposed new sections, amendments, and repeals
12 will require the creation of new employee positions and will not eliminate existing employee positions.
13 Implementation will not require an increase in future legislative appropriations to the department but will
14 result in an increase in fees paid to the department. The proposed new sections, amendments, and repeals
15 create new regulations that govern the processes involved in the issuance of license plates in lieu of
16 temporary tags; expand regulations that cover recordkeeping requirements for licensees and sanctions
17 for failure to keep records or report lost, missing or stolen license plates; and repeal existing regulations
18 that covered the procedures involved in the issuance of temporary tags, in addition to repealed provisions
19 §§215.151, 215.153, 215.154 and 215.159. The proposed rules do not limit any existing regulations. Lastly,
20 the proposed new sections, amendments, and repeals do not affect the number of individuals subject to
21 the rule's applicability and will not affect this state's economy.

22 **REQUEST FOR PUBLIC COMMENT.**

1 If you want to comment on the proposal, submit your written comments by 5:00 p.m. Central Time (CST
2 or CDT as applicable) on August 12, 2024. A request for a public hearing must be sent separately from
3 your written comments. Send written comments or hearing requests by email to *rules@txdmv.gov* or by
4 mail to Office of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin,
5 Texas 78731. If a hearing is held, the department will consider written comments and public testimony
6 presented at the hearing.

7 **STATUTORY AUTHORITY.** In addition to the rulemaking authority provided in Section 34 of HB 718, the
8 department proposes amendments, new sections, and repeals 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; Transportation
22 Code, §503.002, which authorizes the board to adopt rules for the administration of Transportation Code,
23 Chapter 503; Transportation Code, §503.009, which authorizes the board to adopt rules for certain

1 contested cases; Transportation Code, §503.061, which allows the board to adopt rules regulating the
2 issuance and use of dealer's license plates; Transportation Code, §503.0631 which requires the
3 department to adopt rules to implement and manage the department's database of dealer-issued buyer's
4 license plates; §503.0633 which allows the department to establish the maximum number of license
5 plates or sets of license plates a dealer may obtain annually under Transportation Code, §503.063 and
6 §503.065; Transportation Code, §504.0011, which allows the board to adopt rules to implement and
7 administer Chapter 504; Transportation Code, §520.003 which requires the department to adopt rules to
8 administer Chapter 520; Transportation Code, §520.0071 which requires the board to adopt rules
9 classifying deputies performing titling and registration duties, the duties and obligations of these deputies,
10 the type and amount of bonds that may be required by a county tax assessor-collector for a deputy
11 performing titling and registration duties, and the fees that may be charged or retained by deputies;
12 Transportation Code, §520.021 which allows the department to adopt rules and policies for the
13 maintenance and use of the department's automated registration and titling system; and Transportation
14 Code, §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to
15 implement the powers and the duties of the department, as well as the statutes referenced throughout
16 this preamble.

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

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

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

CROSS REFERENCE TO STATUTE. These proposed new sections, amendments, and repeals implement Government Code, Chapter 2001; Occupations Code, Chapters 2301 and 2305; and Transportation Code, Chapters 501-504, 520, and 1001–1003.

SUBCHAPTER A. GENERAL PROVISIONS

43 TAC §215.1 and §215.2

STATUTORY AUTHORITY. In addition to the rulemaking authority provided in Section 34 of HB 718, the department proposes 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,

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

16 The department also adopts amendments under the authority of Transportation Code,
17 §§501.0041, 502.0021, 503.002, and 520.003; and Government Code, §2001.004 and §2001.054, in
18 addition to the statutory 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. Transportation Code, §503.002 authorizes the
22 board to adopt rules for the administration of Transportation Code, Chapter 503. Transportation Code,
23 §520.003 authorizes the department to adopt rules to administer Chapter 520.

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

CROSS REFERENCE TO STATUTE. These proposed amendments implement Government Code, Chapter 2001; Occupations Code, Chapters 2301 and 2305; and Transportation Code, Chapters 501-503, 520, and 1001–1005.

Text.

§215.1. Purpose and Scope.

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

§215.2. Definitions; Conformity with Statutory Requirements.

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

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

(6) [(5)] 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) [(6)] 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.

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

43 TAC §§215.101, 215.102, AND 215.120-124

STATUTORY AUTHORITY. In addition to the rulemaking authority provided in Section 34 of HB 718, the department proposes amendments and new sections to Chapter 215 under Occupations Code, §2301.151, which gives the board authority to regulate the distribution, sale, and lease of motor vehicles

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; Transportation
13 Code, §503.061, which allows the board to adopt rules regulating the issuance and use of dealer's license
14 plates; Transportation Code, §503.0631 which requires the department to adopt rules to implement and
15 manage the department's database of dealer-issued buyer's license plates; §503.0633 which allows the
16 department to establish the maximum number of license plates or sets of license plates a dealer may
17 obtain annually under Transportation Code, §503.063 and §503.065; Transportation Code, §520.0071
18 which requires the board to adopt rules classifying deputies performing titling and registration duties, the
19 duties and obligations of these deputies, the type and amount of bonds that may be required by a county
20 tax assessor-collector for a deputy performing titling and registration duties, and the fees that may be
21 charged or retained by deputies; Transportation Code, §520.021 which allows the department to adopt
22 rules and policies for the maintenance and use of the department's automated registration and titling
23 system; and Transportation Code, §1002.001, which authorizes the board to adopt rules that are

1 necessary and appropriate to implement the powers and the duties of the department, as well as the
2 statutes referenced throughout this preamble.

3 The department also adopts amendments under the authority of Transportation Code,
4 §§501.0041, 502.0021, and 503.002; and Government Code, §2001.004 and 2001.054, in addition to the
5 statutory 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. Transportation Code, §503.002 authorizes the
9 board to adopt rules for the administration of Transportation Code, Chapter 503.

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

14 **CROSS REFERENCE TO STATUTE.** These proposed new sections and amendments implement Government
15 Code, Chapter 2001; Occupations Code, Chapters 2301 and 2305; and Transportation Code, Chapters 501-
16 503, 520, and 1001–1005.

17
18 Text.

19 §215.101. Purpose and Scope.

20 This subchapter implements Occupations Code, Chapters 2301 and 2305, and
21 Transportation Code, Chapters 503, 504, 520, and 1001 – 1005, and applies to franchised dealers,
22 manufacturers, distributors, and converters.

§215.102. Application Requirements.

(a) No person may engage in business, serve in the capacity of, or act as a manufacturer, distributor, converter, or franchised dealer in Texas unless that person holds a license.

(b) A license application must be on a form prescribed by the department and properly completed by the applicant. A license application must include all required information, supporting documents, and fees and must be submitted to the department electronically in the licensing system designated by the department.

(c) A license holder renewing or amending its license must verify current license information, provide related information and documents for any new license requirements or changes to the license, and pay required fees including any outstanding civil penalties owed the department under a final order.

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

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

(1) Required information:

(A) type of license requested;

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

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

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

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

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

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

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

20 (I) military service status;

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

23 (K) if applying for a manufacturer's, distributor's, or converter's license:

(i) financial resources, business integrity and experience, facilities
and personnel for serving franchised dealers;

(ii) a description of the business model or business process and
product and services used or offered sufficient to allow the department to determine if the license
type applied for is appropriate under Texas law; ~~and~~

(iii) number of standard license plates requested; and[-]

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

(L) if applying for a manufacturer's or distributor's license:

(i) if the applicant or any entity controlled by the applicant owns an
interest in a Texas motor vehicle dealer or dealership, controls a Texas dealer or dealership, or acts
in the capacity of a Texas dealer;

(ii) a statement regarding the manufacturer's compliance with
Occupations Code Chapter 2301, Subchapter I and §§2301.451-2301.476; and

(iii) if a franchise agreement for each line-make being applied for
exists which states the obligations of a Texas franchised dealer to the applicant and the obligations
of the applicant to the Texas franchised dealer.

(M) if applying for a manufacturer's license, the line-make information
including the world manufacturer identifier assigned by the National Highway Traffic Safety
Administration, line-make name, and vehicle type;

(N) if applying for a distributor's license:

(i) the manufacturer for whom the distributor will act;

(ii) whether the manufacturer is licensed in Texas;

(iii) the person in this state who is responsible for compliance with the warranty covering the motor vehicles to be sold; and

(iv) the terms of the contract under which the distributor will act for the manufacturer.

(O) if applying for a converter's license:

(i) a name and description for each conversion package; and

(ii) the manufacturer or distributor and line-make of the underlying new motor vehicle chassis to be converted.

(P) if applying for a franchised dealer's license:

(i) reason for the new application;

(ii) dealership location on a system-generated map;

(iii) whether the dealership is under construction and expected completion date;

(iv) information about the performance of sales or warranty services at the location; and

(v) information necessary to obtain a franchised dealer GDN under §215.133 of this title (relating to GDN Application Requirements for a Dealer or a Wholesale Motor Vehicle Auction).

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

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

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

(C) 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 armed forces identification.

(D) if applying for a manufacturer's, distributor's, or converter's license, a written description of the business model or business process and brochures, photos, or other documents describing products and services sufficient to allow the department to identify a motor vehicle product type and the appropriate license required under Texas law;

(E) if applying for a manufacturer's or distributor's license:

(i) a list of each franchised dealer in Texas including the dealer's name and physical address, or if motor vehicle sales or offers to sell to Texas residents will solely be over the internet, a list of each out-of-state dealer or person authorized by the manufacturer or distributor to sell a new motor vehicle online to a Texas resident including the dealer's or person's

1 name, physical address, and license number issued by the state in which the dealer or person is
2 located; and

3 (ii) a list of motor vehicle product line-makes manufactured or
4 distributed for sale.

5 (F) if applying for a manufacturer's license:

6 (i) a list of authorized distributors or representatives; and

7 (ii) a franchised dealer's preparation and delivery obligations before
8 delivery of a new vehicle to a retail purchaser and the schedule of compensation to be paid to the
9 franchised dealer;

10 (G) if applying for a distributor's license, either:

11 (i) pages of the executed distributor agreement containing at
12 minimum the following:

13 (I) the legal business name of each party;

14 (II) authorized signature of each party;

15 (III) distribution territory;

16 (IV) distribution agreement effective date and end date,
17 or written confirmation from the distributor and manufacturer that the distribution agreement is
18 expected to be in effect for the entire license period;

19 (V) physical location, mailing address, and email address of
20 each party;

21 (VI) distributor responsibilities under the agreement related
22 to warranty matters under Occupations Code, Chapter 2301, and franchised dealer matters under
23 Occupations Code, Chapter 2301, Subchapter H, Dealers, Subchapter I, Warranties:

Reimbursement of Dealer, Subchapter J, Manufacturers, Distributors, and Representative, and
Subchapter K, Mediation Between Dealer and Manufacturer or Distributor;

(VII) party or person responsible for providing warranty
services; and

(VIII) motor vehicle line-makes and vehicle types included in
the agreement; or

(ii) a completed department-provided questionnaire containing the
information required in clause (i) signed by the applicant and the manufacturer as true and
complete. An authorized representative for the manufacturer may sign the questionnaire,
however, the applicant or applicant's representative may not sign the questionnaire on behalf of a
manufacturer.

(H) if applying for a franchised dealer's license, pages of the executed
franchise agreement containing at minimum the following:

(i) the legal business name of each party;
(ii) authorized signature of each party;
(iii) authorized dealership location;
(iv) list of motor vehicle line-makes and vehicle types to be sold or
serviced; and

(v) a department Evidence of Relocation form signed by the
manufacturer or distributor, if applicable; and

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

(3) Required fees:

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

2 (B) the fee as prescribed by law for each plate requested by the applicant.

3 (f) An applicant operating under a name other than the applicant shall use the name under
4 which the applicant is authorized to do business, as filed with the Secretary of State or county
5 clerk, and the assumed name of such legal entity shall be recorded by the applicant on the
6 application using the letters "DBA." The applicant may not use a name or assumed name that may
7 be confused with or is similar to that of a governmental entity or that is otherwise deceptive or
8 misleading to the public.

9 (g) A manufacturer or distributor may add a new line-make to an existing license during the
10 license period by submitting a license amendment application and providing brochures, photos, or
11 other documents describing the new line-make sufficient to allow the department to identify the
12 line-make and vehicle product type. A license amendment to add a line-make to a manufacturer's
13 or distributor's license must be approved by the department before the new line-make may be
14 added to a franchised dealer's license.

15

16 §215.120. Standard License Plates.

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

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

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

(b) A manufacturer may use a manufacturer's standard license plate to test a prototype motor vehicle on a public street or highway including a commercial motor vehicle prototype designed to carry a load. A manufacturer's standard license plate may not be used on a commercial motor vehicle prototype or new commercial motor vehicle to carry a load for which the manufacturer or other person receives compensation.

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

(d) A manufacturer, distributor, or converter shall maintain a record of each standard license plate issued to the manufacturer, distributor, or converter by the department in the department-designated system. The license plate record must contain:

(1) the license plate number;

(2) the year and make of the vehicle to which the license plate is affixed;

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

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

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

(1) document the license plate as "void" in the department-designated system [license plate record in subsection (d)]; and

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

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

(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. A license holder is also encouraged to immediately alert law enforcement by reporting a stolen license plate to a local law enforcement agency.

~~[(g) The license holder's license plate record must be available for inspection and copying by the department during normal business hours or be available to submit electronically to the department upon request.]~~

(g)~~[(h)]~~ In evaluating requests for additional standard license plates, the department shall consider the business justification provided by a license holder including the following:

(1) the number of vehicles assembled or modified;

(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 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 in its discretion deems necessary to support the number of license plates requested.

(h)~~(i)~~ 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.

§215.121. 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.

(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 records required under this chapter;

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

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

(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 501–503 or 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 §211.3 of this title (relating to Criminal Offense Guidelines);

(12) 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;

(13) 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;

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

(15) violates any state or federal law or regulation relating to the manufacture, distribution, modification, or sale of a motor vehicle;

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

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

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

§215.122. Catalytic Converter Record Requirements.

A manufacturer, distributor, or converter that repairs a motor vehicle with a catalytic converter

shall:

(1) comply with the recordkeeping requirements in Occupations Code, Chapter 2305, Subchapter

D; and

(2) allow the department to inspect these records during business hours.

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

**43 TAC §§215.131-133, 215.138, 215.140, 215.141, 215.143, 215.144, 215.147, 215.148, 215.150-
215.160, AND 215.162**

STATUTORY AUTHORITY. In addition to the rulemaking authority provided in Section 34 of HB 718, the department proposes amendments and new sections 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; 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; §503.0633 which allows the department to establish the maximum number of license plates or sets of license plates a dealer may obtain annually under Transportation Code, §503.063 and §503.065; Transportation Code, §504.0011 which allows the board to adopt rules to implement and administer Chapter 504; Transportation Code, §520.0071 which requires the board to adopt rules classifying deputies performing titling and registration duties, the duties and obligations of these deputies, the type and amount of bonds that may be required by a county tax assessor-collector for a deputy performing titling and registration duties, and the fees that may be charged or retained by deputies; Transportation Code, §520.021 which allows the department to adopt rules and policies for the maintenance and use of the department's automated registration and titling system; 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, 502.0021, 503.002, 504.0011, and 520.003; and Government Code, §2001.004 and §2001.054, in addition to the statutory authority referenced throughout this preamble.

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

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

CROSS REFERENCE TO STATUTE. These proposed new sections and amendments implement Government Code, Chapter 2001; Occupations Code, Chapters 2301 and 2305; and Transportation Code, Chapters 501 - 504, 520, and 1001–1005.

Text.

§215.131. Purpose and Scope.

This subchapter implements Transportation Code, Chapters 503, 504, 520, and 1001–1005, and Occupations Code, Chapters 2301 and 2305, and applies to general distinguishing numbers and drive-a-way operator in-transit licenses issued by the department.

§215.132. Definitions.

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

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

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

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

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

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

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

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

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

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

~~[(7) Temporary tag--A buyer's temporary tag, converter's temporary tag, or dealer's temporary tag as described under Transportation Code, Chapter 503.]~~

(10) ~~[(8)]~~ Towable recreational vehicle--Has the same meaning as "house trailer" defined by this section.

(11) ~~[(9)]~~ Travel Trailer--Has the same meaning as "house trailer" defined by this section.

(12) ~~[(10)]~~ Vehicle--Has the meaning assigned by Transportation Code, §503.001.

(13) ~~[(11)]~~ VIN--Vehicle identification number.

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

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

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

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

1 provide related information and documents for any new requirements or changes to the GDN, and
2 pay required fees including any outstanding civil penalties owed the department under a final
3 order. An applicant for a new dealer or wholesale motor vehicle auction GDN must provide the
4 following:

5 (1) Required information:

6 (A) type of GDN requested;

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

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

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

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

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

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

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

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

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

(K) military service status;

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

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

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

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

(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

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

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

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

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

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

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

12 (i) driver license;

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

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

17 (iv) passport; or

18 (v) United States military identification card.

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

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

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

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

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

(J) proof of completion of webDEALER training conducted by the department under §217.174(g) of this title (relating to webDEALER Access, Use, and Training); and

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

(3) Required fees:

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

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

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

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

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

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

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

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

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

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

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

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

22 (k) To be eligible for an independent motor vehicle GDN, a person must complete dealer
23 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 GDN for at least 10 years as of September 1, 2019, is exempt from the dealer education and training requirement; and.

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

§215.138. Use of Dealer's License Plates.

(a) A dealer's standard, personalized prestige, or temporary ~~or personalized prestige~~ license plate must be attached to the rear of a vehicle in accordance with §217.27 of this title (relating to Vehicle Registration Insignia).

(b) A copy of the receipt for a dealer's standard, personalized prestige, or temporary ~~or personalized prestige~~ license plate issued by the department should be carried in the vehicle to present to law enforcement personnel upon request.

(c) A dealer's standard, personalized prestige, or temporary ~~or personalized prestige~~ license plate may not be displayed on:

(1) a laden commercial vehicle being operated or moved on the public streets or highways; ~~or~~

(2) the dealer's service or work vehicle, except as provided by Transportation Code, §503.068(b-1); [-]

(3) a golf cart as defined under Transportation Code Chapter 551; or

(4) an off-highway vehicle as defined under Transportation Code Chapter 551A.

(d) For purposes of this section, a dealer's service or work vehicle includes:

(1) a vehicle used for towing or transporting another vehicle;

(2) a vehicle, including a light truck, used in connection with the operation of the dealer's shops or parts department;

(3) a courtesy car on which a courtesy car sign is displayed;

(4) a rental or lease vehicle; and

(5) a boat trailer owned by a dealer or manufacturer that is used to transport more than one boat.

(e) For purposes of this section, a light truck as defined by Transportation Code, §541.201, is not considered a laden commercial vehicle when it is:

(1) mounted with a camper unit; or

(2) towing a trailer for recreational purposes.

(f) A dealer's standard, personalized prestige, or temporary ~~[or personalized prestige]~~ license plate may be displayed only on the type of vehicle for which the GDN is issued and for which a dealer is

1 licensed to sell. A nonfranchised dealer may not display a dealer's standard or personalized prestige
2 license plate on a new motor vehicle.

3 (g) A dealer's standard or personalized prestige license plate may be displayed only on a vehicle
4 that has a valid inspection in accordance with Transportation Code, Chapter 548.

5 (h) A dealer shall maintain in an electronic license plate system designated by the department a
6 record of each dealer's standard, ~~[or]~~ personalized prestige, or temporary license plate issued by the
7 department to that dealer. The license plate record must contain:

8 (1) the license plate number;

9 (2) the year and make of the vehicle to which the dealer's license plate is affixed;

10 (3) the VIN of the vehicle; and

11 (4) the name of the person in control of the vehicle or license plate.

12 (i) If a dealer cannot account for a dealer's standard or personalized prestige license plate that
13 the department issued to that dealer, the dealer shall:

14 (1) document the dealer's license plate as "void" in the dealer's license plate record;

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

18 (3) if found, cease use of the dealer's license plate.

19 (j) A dealer's standard, personalized prestige, or temporary ~~[or personalized prestige]~~ license
20 plate is no longer valid for use after the dealer reports to the department that the dealer's license plate

1 is lost, stolen, or damaged. A dealer is also encouraged to immediately alert law enforcement by
2 reporting a stolen license plate to a local law enforcement agency. A dealer shall:

3 (1) render a void plate unusable by permanently marking the front of the plate with the
4 word "VOID" or a large "X"; and

5 (2) destroy or recycle the license plate or return the license plate to the department
6 within 10 days.

7 ~~[(k) A dealer's license plate record must be available for inspection and copying by the~~
8 ~~department during normal business hours or be available to submit electronically to the department~~
9 ~~upon request.]~~

10 ~~(k)[(4)]~~ A dealer shall return a department-issued license plate, sticker, or receipt to the
11 department within 10 days of the dealer closing the associated license or the department revoking or
12 canceling the license.

13 (l) A wholesale motor vehicle auction GDN holder that also holds a dealer GDN may display a
14 dealer's temporary license plate assigned to that dealer GDN on a vehicle that is being transported to or
15 from the licensed auction location.

16
17 §215.140. Established and Permanent Place of Business Premises Requirements.

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

(1) Business hours for retail dealers.

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

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

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

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

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

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

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

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

16 (B) Interior Sign

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

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

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

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

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

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

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

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

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

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

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

(H) The dealer's office space must:

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

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

(iii) accommodate required office equipment; and

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

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

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

(A) a desk;

(B) two chairs;

(C) internet access; ~~and~~

(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 both assigned plates for vehicles in inventory and unissued 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.

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

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

4 (10) Dealer housed with other business.

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

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

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

16 (11) Display area and storage lot requirements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(E) if the lease agreement is a sublease in which the property owner is not the lessor, the dealer 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 dealer is authorized to sublease the location and may operate a vehicle sales business from the location.

(14) Dealer must display GDN and bond notice. A dealer must display the dealer's GDN issued by the department at all times in a manner that makes the GDN easily readable by the public and in a conspicuous place at each place of business for which the dealer's GDN is issued. A dealer required to obtain a surety bond must post a bond notice adjacent to and in the same manner as the dealer's GDN is displayed. The notice must include the bond company name, bond identification number, and

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

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

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

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

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

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

1 if it is easily visible to the public within 100 feet of the main entrance of the business office. A business
2 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.

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

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

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

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

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

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

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

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

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

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

16 (A) a desk;

17 (B) a chair;

18 (C) internet access; ~~and~~

19 (D) a working telephone number listed in the business name or assumed name
20 under which business is conducted; and [-]

1 (E) a locked and secured room or closet or at least one securely locked,
2 substantially constructed safe or steel cabinet bolted or affixed to the floor or wall in such a way that the
3 safe or steel cabinet cannot be readily removed and of sufficient size to store all license plates necessary
4 to remove from a vehicle upon sale at auction such as a license plate or set of license plates removed
5 from a vehicle sold to an out-of-state buyer or sold for export.

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

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

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

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

19 (D) If the business location includes gasoline pumps or a charging station or
20 includes another business that sells gasoline or has a charging station, the display area may not be part

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

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

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

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

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

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

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

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

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

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

(iv) the signature of the property owner as the lessor and the signature of the applicant or holder as the tenant or lessee; and

(C) if the lease agreement is a sublease in which the property owner is not the lessor, the wholesale motor vehicle auction must also obtain a signed and notarized statement from the property owner including the following information:

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

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

§215.141. Sanctions.

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

(1) deny an application;

- 1 (2) revoke a license;
- 2 (3) suspend a license;
- 3 (4) assess a civil penalty;
- 4 (5) issue a cease and desist order; or
- 5 (6) or take other authorized action.

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

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

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

12 (3) fails to maintain records required under this chapter;

13 (4) refuses or fails to comply with a request by the department for electronic records or
14 to examine and copy electronic or physical records during the license holder's business hours at the
15 licensed business location:

16 (A) sales records required to be maintained by §215.144 of this title (relating to
17 Vehicle Records);

18 (B) ownership papers for a vehicle owned by that dealer or under that dealer's
19 control;

(C) evidence of ownership or a current lease agreement for the property on which the business is located; or

(D) the Certificate of Occupancy, Certificate of Compliance, business license or permit, or other official documentation confirming compliance with county and municipal laws or ordinances for a vehicle business at the licensed physical location.

(5) refuses or fails to timely comply with a request for records made by a representative of the department;

(6) holds a wholesale motor vehicle dealer's license and sells or offers to sell a motor vehicle to a person other than a licensed or authorized dealer;

(7) sells or offers to sell a type of vehicle that the person is not licensed to sell;

(8) fails to submit a license amendment application in the electronic licensing system designated by the department to notify the department of a change of the license holder's physical address, mailing address, telephone number, or email address within 10 days of the change;

(9) fails to submit a license amendment application in the electronic licensing system designated by the department to notify the department of a license holder's name change, or management or ownership change within 10 days of the change;

(10) ~~except as provided by law,~~ issues more than one buyer's license plate or set of plates 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;

(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 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 §211.3 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; Transportation Code, Chapters 503 and 1001 - 1005; or

other laws;

(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 [~~Authorization to Issue Temporary Tags~~]);

(26) on or after July 1, 2025, fails to securely store a license plate;

(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;

~~[utilizes a temporary tag that fails to meet the requirements of §215.153 of this title
(relating to Specifications for All Temporary Tags);]~~

(30) [(27)] violates any state or federal law or regulation relating to the sale of a motor
vehicle;

(31) [(28)] 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);

(32) [(29)] fails to issue a refund as ordered by the board or department; or

(33) [(30)] 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 or set of license plates from a
vehicle sold to an out-of-state buyer or from a vehicle sold for export; 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.

§215.143. Drive-a-way Operator In-Transit License Plates.

(a) A drive-a-way operator may apply for a drive-a-way in-transit standard license plate:

(1) when applying for a new or renewal in-transit license, or

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

(b) A drive-a-way operator must display an in-transit license plate in the rear of each transported motor vehicle from the vehicle's point of origin to its point of destination in Texas in accordance with §217.27 of this title (relating to Vehicle Registration Insignia).

(c) A drive-a-way operator shall maintain a record of each license plate issued to the operator by the department in the department-designated system. The record of each license plate issued must contain:

(1) the license plate number;

(2) the year and make of the vehicle to which the license plate is affixed;

(3) the VIN of the vehicle; and

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

(d) If a drive-a-way operator cannot account for a license plate or a license plate is damaged, the operator must:

(1) document the license plate as "void" in the department-designated system ~~[operator's plate record]~~;

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

(3) if found once reported, cease use of the license plate.

(e) A license plate is no longer valid for use after the drive-a-way operator reports to the department that the plate is lost, stolen, or damaged. A drive-a-way operator must render a void plate unusable by permanently marking the front of the plate with the word "VOID" or a large "X" and once marked, may destroy or recycle the license plate, or return the license plate to the department for recycling within 10 days. A drive-a-way operator is also encouraged to immediately alert law enforcement by reporting a stolen license plate to a local law enforcement agency.

~~[(f) The drive-a-way operator's license plate record must be available for inspection and copying by the department during normal business hours or be available to submit electronically to the department upon request.]~~

(f)~~[(g)]~~ In evaluating requests for additional license plates, the department will consider the business justification provided by a drive-a-way operator including the following:

(1) the number of vehicles currently being transported to a location in Texas;

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

(3) the size and type of business; and

(4) the operator's record of tracking and reporting missing or damaged plates to the department.

(g)~~[(h)]~~ If a drive-a-way operator closes the associated license or the associated license is revoked or canceled by the department, the operator must return a license plate to the department within 10 days.

§215.144. Vehicle Records.

(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 (1) the date of the purchase;
- 2 (2) the date of the sale;
- 3 (3) the VIN;
- 4 (4) the name and address of the person selling the vehicle to the dealer;
- 5 (5) the name and address of the person purchasing the vehicle from the dealer;
- 6 (6) the name and address of the consignor if the vehicle is offered for sale by
- 7 consignment;
- 8 (7) except for a purchase or sale where the Tax Code does not require payment of motor
- 9 vehicle sales tax, a county tax assessor-collector receipt marked paid;
- 10 (8) a copy of all documents, forms, and agreements applicable to a particular sale,
- 11 including a copy of:
 - 12 (A) the title application;
 - 13 (B) the work-up sheet;
 - 14 (C) the front and back of the manufacturer's certificate of origin or
 - 15 manufacturer's statement of origin, unless the dealer obtains the title through webDEALER as defined in
 - 16 §217.71 of this title (relating to Automated and Web-Based Vehicle Registration and Title Systems) ~~the~~
 - 17 ~~electronic title system~~];
 - 18 (D) the front and back of the title for the purchase and the sale, unless the
 - 19 dealer enters or obtains the title through webDEALER as defined in §217.71 of this title ~~the electronic~~
 - 20 ~~title system~~];

- 1 (E) the factory invoice, if applicable;
- 2 (F) the sales contract;
- 3 (G) the retail installment agreement;
- 4 (H) the buyer's order;
- 5 (I) the bill of sale;
- 6 (J) any waiver;
- 7 (K) any other agreement between the seller and purchaser;
- 8 (L) the purchaser's photo identification;
- 9 (M) the odometer disclosure statement signed by the buyer, unless the vehicle is
- 10 exempt; and
- 11 (N) the rebuilt salvage disclosure, if applicable.
- 12 (9) the original manufacturer's certificate of origin, original manufacturer's statement of
- 13 origin, or original title for a ~~new~~ motor vehicle offered for sale by a dealer which must be properly
- 14 stamped if the title transaction is entered into webDEALER as defined in §217.71 of this title ~~the~~
- 15 ~~electronic titling system~~ by the dealer;
- 16 (10) the dealer's monthly Motor Vehicle Seller Financed Sales Returns, if any; and
- 17 (11) if the vehicle sold is a motor home or a towable recreational vehicle subject to
- 18 inspection under Transportation Code, Chapter 548, a copy of the written notice provided to the buyer at
- 19 the time of the sale, notifying the buyer that the vehicle is subject to inspection requirements.

(f) Title assignments.

(1) For each vehicle a dealer acquires or offers for sale, the dealer must properly take assignment in the dealer's name of any:

(A) title;

(B) manufacturer's statement of origin;

(C) manufacturer's certificate of origin; or

(D) other evidence of ownership.

(2) Unless not required by Transportation Code, §501.0234(b), a dealer must apply in the name of the purchaser of a vehicle for the title and registration, as applicable, of the vehicle with a county tax assessor-collector.

(3) To comply with Transportation Code, §501.0234(f), a title or registration is considered filed within a reasonable time if ~~[the registration is]~~ filed within:

(A) 30 days of the vehicle sale date ~~[date of sale of the vehicle for a vehicle titled or registered in Texas]~~; or

(B) 45 days of the vehicle sale date ~~[date of sale of the vehicle]~~ for a dealer-financed transaction ~~[involving a vehicle that is titled or registered in Texas]~~; or [-]

(C) 60 days of the vehicle sale date for a vehicle purchased by a member or reserve member of the United States armed forces, Texas National Guard, or National Guard of another state serving on active duty.

1 (4) The dealer is required to provide to the purchaser the receipt for the title and
2 registration application.

3 (5) The dealer is required to maintain a copy of the receipt for the title and registration
4 application in the dealer's sales file.

5 (g) Out-of-state sales. For a sale involving a vehicle to be transferred out of state, the dealer
6 must:

7 (1) within 30 days of the date of sale, either file the application for certificate of title on
8 behalf of the purchaser or deliver the properly assigned evidence of ownership to the purchaser; and

9 (2) maintain in the dealer's record at the dealer's licensed location a photocopy of the
10 completed sales tax exemption form for out of state sales approved by the Texas Comptroller of Public
11 Accounts.

12 (h) Consignment sales. A dealer offering a vehicle for sale by consignment must have a written
13 consignment agreement or a power of attorney for the vehicle, and shall, after the sale of the vehicle,
14 take assignment of the vehicle in the dealer's name and, pursuant to subsection (f), apply in the name of
15 the purchaser for transfer of title and registration, if the vehicle is to be registered, with a county tax
16 assessor-collector. The dealer must, for a minimum of 48 months, maintain a record of each vehicle
17 offered for sale by consignment, including the VIN and the name of the owner of the vehicle offered for
18 sale by consignment.

19 (i) Public motor vehicle auctions.

20 (1) A GDN holder that acts as a public motor vehicle auction must comply with
21 subsection (h) of this section.

1 (2) A public motor vehicle auction:

2 (A) is not required to take assignment of title of a vehicle it offers for sale;

3 (B) must take assignment of title of a vehicle from a consignor prior to making
4 application for title on behalf of the buyer; and

5 (C) must make application for title on behalf of the purchaser and remit motor
6 vehicle sales tax within a reasonable time as defined in subsection (f) of this section. ~~[20 working days of~~
7 ~~the sale of the vehicle.]~~

8 (3) A GDN holder may not sell another GDN holder's vehicle at a public motor vehicle
9 auction.

10 (j) Wholesale motor vehicle auction records. A wholesale motor vehicle auction license holder
11 shall maintain, for a minimum of 48 months, a complete record of each vehicle purchase and sale
12 occurring through the wholesale motor vehicle auction. The wholesale motor vehicle auction license
13 holder shall make the record available for inspection and copying by the department during business
14 hours.

15 (1) A wholesale motor vehicle auction license holder shall maintain at the licensed
16 location a record reflecting each purchase and sale for at least the preceding 24 months. Records for
17 prior time periods may be kept off-site.

18 (2) Within 15 days of receiving a department request, a wholesale motor vehicle auction
19 license holder shall deliver a copy of the specified records to the address listed in the request.

(3) A wholesale motor vehicle auction license holder's complete record of each vehicle purchase and sale must, at a minimum, contain:

- (A) the date of sale;
- (B) the VIN;
- (C) the name and address of the person selling the vehicle;
- (D) the name and address of the person purchasing the vehicle;
- (E) the dealer's license number of both the selling dealer and the purchasing dealer, unless either is exempt from holding a license;
- (F) all information necessary to comply with the federal odometer disclosure requirements in 49 CFR Part 580;
- (G) auction access documents, including the written authorization and revocation of authorization for an agent or employee, in accordance with §215.148 of this title (relating to Dealer Agents);
- (H) invoices, bills of sale, checks, drafts, or other documents that identify the vehicle, the parties, or the purchase price;
- (I) any information regarding the prior status of the vehicle such as the Reacquired Vehicle Disclosure Statement or other lemon law disclosures; and
- (J) a copy of any written authorization allowing an agent of a dealer to enter the auction.

(k) Electronic records. A license holder may maintain a record in an electronic format if the license holder can print the record at the licensed location upon request by the department, except as provided by subsection (l) of this section.

(l) Use of department electronic titling and registration systems: [-]

(1) webDEALER. A license holder utilizing the department's web-based title application known as webDEALER, as defined in §217.71 of this title (relating to Automated and Web-Based Vehicle Registration and Title Systems), shall comply with §217.74 of this title (relating to Access to and Use of webDEALER). Original hard copy titles are not required to be kept at the licensed location but must be made available to the department upon request.

(2) License Plate System. A license holder must comply with §215.151 of this title (relating to Buyer's License Plates General Use Requirements) regarding requirements to enter information into the department-designated electronic system for license plates.

§215.147. Export Sales.

(a) Before selling a motor vehicle for export from the United States to another country, a dealer must obtain a legible photocopy of the buyer's government-issued photo identification document. The photo identification document must be issued by the jurisdiction where the buyer resides and be:

(1) a passport;

(2) a driver license;

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

(4) a national identification certificate or identity document; or

(5) other identification document containing the:

(A) name of the issuing jurisdiction;

(B) buyer's full name;

(C) buyer's foreign address;

(D) buyer's date of birth;

(E) buyer's photograph; and

(F) buyer's signature.

(b) A dealer that sells a vehicle for export from the United States shall place a stamp on the title that includes the words "For Export Only" and includes the dealer's GDN. The stamp must be legible, in black ink, at least two inches wide, and placed on the:

(1) back of the title in all unused dealer reassignment spaces; and

(2) front of the title in a manner that does not obscure any names, dates, mileage statements, or other information printed on the title.

(c) In addition to the records required to be maintained by §215.144 of this title (relating to Vehicle Records), a dealer shall maintain, for each motor vehicle sold for export, a sales file record. The

sales file record shall be made available for inspection and copying upon request by the department. The sales file record of each vehicle sold for export must contain:

(1) a completed copy of the Texas Motor Vehicle Sales Tax Exemption Certificate for Vehicles Taken Out of State, indicating that the vehicle has been purchased for export to a foreign country;

(2) a copy of the front and back of the title of the vehicle, showing the "For Export Only" stamp and the GDN of the dealer; and

(3) if applicable, an Export-only Sales Record Form, listing each motor vehicle sold for export only.

(d) A dealer, at the time of sale of a vehicle for export, shall remove, void, and destroy or recycle any license plate or registration insignia as required under §215.158 (relating to General Requirements for Buyer's License Plates) before transferring the vehicle. [;]

~~[(1) enter the information required by Transportation Code, §503.061 in the temporary tag database;]~~

~~[(2) designate the sale as "For Export Only"; and]~~

~~[(3) issue a buyer's temporary tag, in accordance with Transportation Code, §503.063.]~~

§215.148. Dealer Agents.

(a) A dealer shall provide written authorization to each person with whom the dealer's agent or employee will conduct business on behalf of the dealer, including to a person that:

1 (1) buys and sells motor vehicles for resale; or

2 (2) operates a licensed auction.

3 (b) If a dealer's agent or employee that conducts business on behalf of the dealer commits an
4 act or omission that would be cause for denial, revocation, or suspension of a license in accordance with
5 Occupations Code, Chapter 2301 or Transportation Code, Chapter 503, the board may:

6 (1) deny an application for a license; or

7 (2) revoke or suspend a license.

8 (c) The board may take action described in subsection (b) of this section after notice and an
9 opportunity for hearing, in accordance with Occupations Code, Chapter 2301 and Chapter 224 of this
10 title ~~[(relating to)]~~(relating to Adjudicative Practice and Procedure)[~~}]~~.

11 (d) A dealer's authorization to an agent or employee must:

12 (1) be in writing;

13 (2) be signed by the dealer principal or person in charge of daily activities of the
14 dealership;

15 (3) include the agent's or employee's name, current mailing address, and telephone
16 number;

17 (4) include the dealer's business name, address, and dealer license number or numbers;

18 (5) expressly authorize buying or selling by the specified agent or employee;

(6) state that the dealer is liable for any act or omission regarding a duty or obligation of the dealer that is caused by that agent or employee, including any financial considerations to be paid for the vehicle;

(7) state that the dealer's authorization remains in effect until the recipient of the written authorization is notified in writing of the revocation of the authority; and

(8) be maintained as a required dealer's record and made available upon request by a representative of the department, in accordance with the requirements of §215.144 of this title (relating to Vehicle Records).

(e) A license holder, including a wholesale motor vehicle auction that buys and sells vehicles on a wholesale basis, including by sealed bid, is required to verify the authority of any person claiming to be an agent or employee of a licensed dealer who purports to be buying or selling a motor vehicle:

(1) on behalf of a licensed dealer; or

(2) under the written authority of a licensed dealer.

(f) A title to a vehicle bought by an agent or employee of a dealer shall be:

(1) reassigned to the dealer by the seller or by the auction; and

(2) shall not be delivered to the agent or employee but delivered only to the dealer or the dealer's financial institution.

(g) Notwithstanding the prohibitions in this section, an authorized agent or employee may sign a required odometer statement.

(h) In a wholesale transaction for the purchase of a motor vehicle, the seller may accept as consideration only:

- (1) a check or a draft drawn on the purchasing dealer's account;
- (2) a cashier's check in the name of the purchasing dealer; or
- (3) a wire transfer from the purchasing dealer's bank account.

§215.150. Dealer Authorization to Issue License Plates ~~[Temporary Tags]~~.

(a) A dealer that holds a GDN must ~~[may]~~ issue a general issue license plate or set of license plates for a vehicle type the dealer is authorized to sell to:

(1) a buyer of a new vehicle to be titled and registered in Texas, unless the buyer has a specialty, personalized, or other qualifying license plate eligible to be assigned to the vehicle with approval of the department; or

(2) a buyer of a used vehicle to be titled and registered in Texas if a general issue license plate or set of license plates did not come with the vehicle and the buyer does not have a specialty, personalized, or other qualifying license plate eligible to be assigned to the vehicle with approval of the department.

~~[a dealer's temporary tag, buyer's temporary tag, or a preprinted Internet-down temporary tag for authorized purposes only for each type of vehicle the dealer is licensed to sell or lease. A converter that holds a converter's license under Occupations Code, Chapter 2301 may issue a converter's temporary tag for authorized purposes only.]~~

1 **(b) Notwithstanding subsection (a), a dealer that holds a GDN is not required to issue a general**
2 **issue license plate or set of plates to a vehicle sold to a commercial fleet buyer authorized as a Dealer**
3 **Deputy under §217.166 of the title (relating to Dealer Deputies).**

4 **(c) A dealer that holds a GDN must issue a buyer's temporary license plate to an out-of-state**
5 **buyer for a vehicle that is to be registered in another state.**

6 **(d) [(b)] A dealer [license holder] may issue a license plate under Transportation Code §503.063**
7 **[an applicable dealer's temporary tag, buyer's temporary tag, or converter's temporary tag] until:**

8 **(1) the department denies access to the license plate system [temporary tag database]**
9 **under Transportation Code §503.0633(f) [§503.0632(f)] and §224.58 of this title (relating to Denial of**
10 **Dealer [or Converter] Access to License Plate System [Temporary Tag System]);**

11 **(2) the dealer [license holder] issues the maximum number of license plates [temporary**
12 **tags] authorized under Transportation Code, §503.0633(a) - (d)[§503.0632(a)-(d)]; or**

13 **(3) the GDN [license] is canceled, revoked, or suspended.**

14 **(e) [(c)] A [federal, state, or local] governmental agency that is exempt under Transportation**
15 **Code, § [Section]503.024 from the requirement to obtain a dealer general distinguishing number may**
16 **issue a general issue license plate or set of license plates or a buyer's temporary license plate to the**
17 **buyer of a vehicle owned by the governmental agency unless the buyer has a specialty, personalized, or**
18 **other qualifying license plate that is eligible to be assigned to the vehicle with approval of the**
19 **department. [one buyer's temporary tag, or one preprinted Internet-down temporary tag, in accordance**
20 **with Transportation Code §503.063.] A governmental agency that issues a general issue or buyer's**

1 temporary license plate ~~[buyer's temporary tag, or preprinted Internet-down temporary tag,]~~ under this
2 subsection:

3 (1) is subject to the provisions of Transportation Code §503.0631 and §503.0671
4 ~~§503.067~~ applicable to a dealer; and

5 (2) is not required to charge the registration fee authorized under Transportation Code
6 §503.063(g) and specified in §215.155(g) of this title (relating to Buyer's License Plates).

7 (f) [(d)] A dealer ~~[or converter]~~ is responsible for all use of and access to all license plates in the
8 dealer's possession and the license plate system ~~[the applicable temporary tag database]~~ under the
9 dealer's ~~[or converter's]~~ account, including access by any user or unauthorized person. Dealer ~~[and~~
10 ~~converter]~~ duties include monitoring license plate storage and issuance ~~[temporary tag usage]~~, managing
11 account access, and taking timely and appropriate actions to maintain license plate and system security,
12 including:

13 (1) establishing and following reasonable password policies, including preventing the
14 sharing of passwords;

15 (2) limiting authorized users to owners and bona fide employees with a business need to
16 access license plates and the license plate system ~~[database]~~;

17 (3) removing users who no longer have a legitimate business need to access the system;

18 (4) securing all license plates, including license plates assigned to vehicles in inventory,
19 dealer's license plates, and unissued buyer's license plates, by storing license plates in a locked and
20 secured room or closet or one or more securely locked, substantially constructed safes or steel cabinets
21 bolted or affixed to the floor or wall of sufficient size to store all dealer and buyer's license plates in a

1 dealer's possession, and by promptly marking and destroying, recycling, or returning void license plates
2 as required under §215.158 of this title (relating to General Requirements for Buyer's License Plates; and
3 [securing printed tags and destroying expired tags, by means such as storing printed tags
4 in locked areas and shredding or defacing expired tags; and]

5 (5) securing equipment used to access the license plate system. ~~[temporary tag database~~
6 ~~and print temporary tags.]~~

7
8 §215.151. License Plate General Use Requirements.

9 (a) If a buyer purchases a vehicle to be registered in Texas, a dealer must secure, or a
10 government agency may secure, a license plate or set of license plates to the vehicle in accordance with
11 §217.27 of this title (relating to Vehicle Registration Insignia) and update the license plate system
12 accordingly.

13 (1) A dealer must secure, or a governmental agency may secure, a buyer-provided
14 license plate on the purchased vehicle if a buyer provides a specialty, personalized, or other qualifying
15 license plate that is eligible to be assigned to the vehicle with approval of the department and update
16 the license plate system accordingly.

17 (2) A dealer must issue a general issue license plate or set of license plates to the buyer
18 if a buyer purchases a new vehicle from a dealer and the buyer does not have a specialty, personalized,
19 or other qualifying license plate to transfer to the vehicle.

1 (3) A dealer must issue, or a governmental agency may issue, a general issue license
2 plate or set of license plates to a buyer purchasing a used vehicle if the vehicle does not have an
3 assigned license plate in the license plate system or the assigned license plate is missing or damaged and
4 the buyer does not have a specialty, personalized, or other qualifying license plate to transfer to the
5 vehicle.

6 (b) If a non-resident buyer purchases a vehicle to be titled and registered in another state, a
7 dealer must issue, or a governmental agency may issue, a buyer's temporary license plate and secure the
8 temporary license plate to the rear of a vehicle in accordance with §217.27 of this title (relating to
9 Vehicle Registration Insignia) and update the license plate system accordingly.

10 (c) If a vehicle has an assigned license plate or set of license plates and the buyer provides a
11 specialty, personalized, or other qualifying license plate to transfer to the vehicle, a dealer must update
12 the license plate status in the license plate system, mark the license plate as void and destroy, recycle, or
13 return the license plate as required in §215.158 of the title (relating to General Requirements for Buyer's
14 License Plates).

15 (d) A dealer, including a wholesale dealer, must remove a general issue license plate or set of
16 license plates from a purchased vehicle, store the license plate or set of license plates in a secure
17 location in accordance with §215.150(d) of this title (relating to Dealer Authorization to Issue License
18 Plates), and:

19 (1) provide the assigned license plate or set of license plates to a Texas buyer that
20 purchases the vehicle; or

(2) if the vehicle is sold to an out-of-state buyer or for export, update the license plate status in the license plate system, mark the license plate as void and destroy, recycle, or return the license plate as required in §215.158 of the title (relating to General Requirements for Buyer's License Plates).

§215.152. Obtaining Dealer-Issued Buyer's License Plates. ~~[Numbers for Issuance of Temporary Tags.]~~

(a) A dealer [,] or [a] governmental agency~~[-, or a converter]~~ is required to have internet access to connect to webDEALER and the license plate system ~~[the temporary tag databases]~~ 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 License Plates 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.

~~[Except as provided by §215.157 of this title (relating to Advance Numbers, Preprinted Internet-down Temporary Tags), before a temporary tag may be issued and displayed on a vehicle, a dealer, a governmental agency, or converter must:]~~

~~[(1) enter in the temporary tag database true and accurate information about the vehicle, dealer, converter, or buyer, as appropriate; and]~~

1 ~~[(2) obtain a specific number for the temporary tag.]~~

2 (c) The department will inform each dealer annually of the maximum number of buyer's license
3 plates ~~[temporary tags]~~ the dealer is authorized to obtain ~~[issue]~~ during the calendar year under
4 Transportation Code, §503.063, including:

5 (1) an allotment of unassigned general issue license plates or sets of license plates to be
6 issued to a buyer of a vehicle that is to be titled and registered in Texas, and

7 (2) a separate allotment of buyer's temporary license plates to be issued to a non-
8 resident buyer for a vehicle that will be registered and titled in another state. ~~§503.0632. The number of~~
9 ~~buyer's temporary tags allocated to each dealer by the department will be determined based on the~~
10 ~~following formula:]~~

11 ~~[(1) Sales data determined from the department's systems from the previous three fiscal~~
12 ~~years. A dealer's base number will contain the sum of:]~~

13 ~~[(A) the greater number of:]~~

14 ~~[(i) in-state buyer's temporary tags issued in one fiscal year during the~~
15 ~~previous three fiscal years; or]~~

16 ~~[(ii) title transactions processed through the Registration and Title~~
17 ~~System in one fiscal year during the previous three fiscal years; but]~~

18 ~~[(iii) the amount will be limited to an amount that is not more than two~~
19 ~~times the number of title transactions identified in subparagraph (ii) of this paragraph; and]~~

1 ~~[(B) the addition of the greatest number of out-of-state buyer's temporary tags~~
2 ~~issued in one fiscal year during the previous three fiscal years;]~~

3 ~~[(2) the total value of paragraph (1) of this subsection will be increased by a multiplier~~
4 ~~based on the dealer's time in operation giving a 10 percent increase in tags for each year the dealer has~~
5 ~~been in operation up to 10 years;]~~

6 ~~[(3) the total value of paragraph (2) of this subsection will be increased by a multiplier~~
7 ~~that is the greater of:]~~

8 ~~[(A) the dealer's actual growth rate percentage identified from the preceding~~
9 ~~two fiscal years, calculated by the growth of the number of title transactions processed through the~~
10 ~~Registration and Title System plus the growth of the number of out-of-state buyer's temporary tags~~
11 ~~issued, except that it may not exceed 200 percent; or]~~

12 ~~[(B) the statewide actual growth rate percentage identified from the preceding~~
13 ~~two fiscal years, calculated by the growth of the number of title transactions processed through the~~
14 ~~Registration and Title System plus the growth of the number of out-of-state buyer's temporary tags~~
15 ~~issued, not less than zero, to determine the buyer's temporary tag allotment; and]~~

16 ~~[(4) the department may increase the determined allotment of buyer's temporary tags~~
17 ~~for dealers in the state, in a geographic or population area, or in a county, based on:]~~

18 ~~[(A) changes in the market;]~~

19 ~~[(B) temporary conditions that may affect sales; and]~~

20 ~~[(C) any other information the department considers relevant.]~~

(d) The department will calculate a dealer's maximum annual allotment of unassigned general
issue license plates and buyer's temporary license plates based on the following formula:

~~[inform each dealer annually of the maximum number of agent temporary tags and vehicle~~
~~specific temporary tags the dealer is authorized to issue during the calendar year under Transportation~~
~~Code §503.0632. The number of agent temporary tags and vehicle-specific temporary tags allocated to~~
~~each dealer by the department, for each tag type, will be determined 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;

~~[dealer temporary tag data for agent temporary tags and vehicle-specific temporary tags~~
~~determined from the department's systems from the previous three fiscal years. A dealer's base number~~
~~will contain the maximum number of dealer temporary tags issued during the previous three fiscal~~
~~years;]~~

(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 ~~[in tags]~~ 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
~~[dealer's temporary tags issued]~~, except that it may not exceed 200 percent; or

(B) the statewide actual growth rate percentage identified from the preceding two fiscal years, calculated by the growth of the number of relevant transactions processed through the department-designated registration and title system or license plate system ~~[dealer's temporary tags issued]~~, not less than zero, to determine the dealer's annual ~~[temporary tag]~~ allotment; and

(4) the department may increase the annual ~~[a dealer's]~~ allotment ~~[of agent temporary tags and vehicle specific temporary tags]~~ 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) The department will inform each converter annually of the maximum number of temporary tags the converter is authorized to issue during the calendar year under Transportation Code §503.0632. The number of temporary tags allocated to each converter by the department will be determined based on the following formula:]~~

~~[(1) converter temporary tag data determined from the department's systems from the previous three fiscal years. A converter's base number will contain the maximum number of converter temporary tags issued during the previous three fiscal years;]~~

~~[(2) the total value of paragraph (1) of this subsection will be increased by a multiplier based on the converter's time in operation giving a 10 percent increase in tags for each year the dealer has been in operation up to 10 years; and]~~

1 ~~[(3) the total value of paragraph (2) of this subsection will be increased by a multiplier~~
2 ~~that is the greater of:]~~

3 ~~[(A) the converter's actual growth rate percentage identified from the preceding~~
4 ~~two fiscal years, calculated by the growth of the number of converter's temporary tags issued, except~~
5 ~~that it may not exceed 200 percent; or]~~

6 ~~[(B) the statewide actual growth rate percentage identified from the preceding~~
7 ~~two fiscal years, calculated by the growth of the number of converter's temporary tags issued, not less~~
8 ~~than zero, to determine the converter's temporary tag allotment;]~~

9 ~~[(4) the department may increase a converter's allotment of converter temporary tags~~
10 ~~for converters in the state, in a geographic or population area, or in a county, based on:]~~

11 ~~[(A) changes in the market;]~~

12 ~~[(B) temporary conditions that may affect sales; and]~~

13 ~~[(C) any other information the department considers relevant.]~~

14 (e) ~~[(f)]~~ A dealer~~[or converter that is]~~ licensed after the commencement of a calendar year shall
15 be allocated ~~[authorized to issue]~~ the number of general issue license plates or sets of plates and buyer's
16 temporary plates allocated ~~[temporary tags allotted]~~ in this subsection prorated on all or part of the
17 remaining months until the commencement of the calendar year after the dealer's ~~[or converter's]~~ initial
18 license expires. The initial allocations shall be as determined by the department in granting the license,
19 but not more than:

(1) 200 general issue license plates or sets of plates and 100 buyer's temporary license plates ~~[1,000 temporary tags]~~ for a franchised dealer ~~[per each tag type, buyer's temporary tags, agent temporary tags, and vehicle specific tags,]~~ unless the dealer provides credible information indicating that a greater number of buyer's license plates or sets of 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. [;]

~~[(A) the dealer provides credible information indicating that a greater number of tags 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; and]~~

~~[(B) if more than 1,000 temporary tags are determined to be needed based on anticipated sales and growth, the total number of temporary tags needed, including the 1,000, will be doubled;]~~

(2) 100 general issue license plates or sets of plates and 48 buyer's temporary license plates ~~[300 temporary tags]~~ for a nonfranchised dealer ~~[per each tag type, buyer's temporary tags, agent temporary tags, and vehicle specific tags,]~~ unless the dealer provides credible information indicating that a greater number of license plates or sets of license plates ~~[tags]~~ is warranted based on anticipated sales as otherwise provided in this section. [; and]

~~[(3) A converter will be allocated 600 temporary tags, unless the converter provides credible information indicating that a greater number of tags is warranted based on anticipated sales, including information from the manufacturer or distributor, or as otherwise provided in this section.]~~

(f) ~~[(g)]~~ An existing dealer ~~[or converter]~~ that is:

(1) moving its operations from one location to a different location will continue with its allotment of general issue license plates or sets of plates and buyer's temporary license plates ~~[temporary tags]~~ and not be allocated license plates ~~[temporary tags]~~ under subsection (e) ~~[(f)]~~ of this section;

(2) opening an additional location will receive a maximum allotment of buyer's general issue license plates or sets of plates and buyer's temporary license plates ~~[temporary tags]~~ 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) ~~[(f)]~~ of this section;

(3) purchased as a buy-sell ownership agreement will receive the maximum allotment of general issue license plates or sets of plates and buyer's temporary license plates ~~[temporary tags]~~ provided to the location being purchased and not be allocated license plates ~~[temporary tags]~~ under subsection (e) ~~[(f)]~~ of this section; and

(4) inherited by will or laws of descent will receive the maximum allotment of general issue license plates or sets of plates and buyer's temporary license plates ~~[temporary tags]~~ provided to the location being inherited and not be allocated license plates ~~[temporary tags]~~ under subsection (e) ~~[(f)]~~ of this section.

(g) ~~[(h)]~~ A new dealer ~~[or converter]~~ may also provide credible information supporting a request for additional general issue license plates or sets of plates and buyer's temporary license plates ~~[temporary tags]~~ to the amount allocated under subsection (e) ~~[(f)]~~ of this section based on:

(1) franchised dealer, manufacturer, or distributor sales expectations;

(2) a change in GDN [~~license~~] required by death or retirement, except as provided in subsection (f) [~~(g)~~] of this section;

(3) prior year's sales by a dealer [~~dealership~~] 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 general issue license plates or sets of plates and buyer's temporary license plates will each be divided by four and allocated to a dealer on a quarterly basis. A dealer's remaining unissued license plates at the end of a calendar quarter will count towards the dealer's next quarterly allotment.

(i) A dealer may request more general issue license plates or sets of plates or buyer's temporary license plates:

(1) after using 50 percent of the quarterly allocation of general issue plates or sets of plates or buyer temporary plates, a dealer may request an advance on the next quarter's allotment; or

(2) after using 50 percent of the allotted annual maximum number of general issue plates or sets of plates or buyer temporary plates a dealer may request an increase in the annual allotted number of license plates.

~~[After using 50 percent of the allotted maximum number of temporary tags, a dealer or converter may request an increase in the number of temporary tags by submitting a request in the department's eLICENSING system.]~~

1 (j) To receive more general issue license plates or sets of plates or buyer's temporary license
2 plates under subsection (i), a dealer must submit a request in the department's designated license plate
3 system.

4 (k) A dealer requesting an increase in the maximum annual allotment of general issue license
5 plates or sets of plates or buyer's temporary license plates

6 ~~[(1) The dealer or converter]~~ must provide information demonstrating the need for
7 additional license plates ~~[temporary tags]~~ results from business operations, including anticipated needs,
8 as required by Transportation Code, §503.0633(c). ~~[\$503.0632(c).]~~ Information may include
9 documentation of sales and tax reports filed as required by law, information of anticipated need, or
10 other information of the factors listed in Transportation Code, §503.0633(b). ~~[\$503.0632(b).]~~

11 (1) ~~[(2)]~~ The department shall consider the information presented and may consider
12 information not presented that may weigh for or against granting the request that the department in its
13 sole discretion determines to be relevant in making its determination. Other relevant information may
14 include information of the factors listed in Transportation Code, §503.0633(b) ~~[\$503.0632(b)]~~, the timing
15 of the request, and the requestor's ~~[applicant's]~~ license plate ~~[temporary tag]~~ activity.

16 (2) ~~[(3)]~~ The department may allocate a lesser or greater number of additional license
17 plates ~~[temporary tags]~~ than the amount requested. Allocation of a lesser or greater number of
18 additional license plates ~~[temporary tags]~~ is not a denial of the request. Allocation of additional license
19 plates ~~[temporary tags]~~ under this paragraph does not limit the dealer's ~~[or converter's]~~ ability to submit
20 additional requests for more license plates ~~[temporary tags]~~.

1 (3) [(4)] If a request is denied, the denial will be sent to the dealer [~~or converter~~] by
2 email to the requestor's email address.

3 (A) A dealer [~~or converter~~] may appeal the denial to the designated director in
4 the Vehicle Titles and Registration Division. [~~Motor Vehicle Division Director~~]

5 (B) The appeal must be requested through the designated license plate system
6 [~~eLICENSING system~~] within 15 days of the date the department emailed the denial to the dealer [~~or~~
7 ~~converter~~].

8 (C) The appeal may discuss information provided in the request but may not
9 include additional information.

10 (D) The designated director in the Vehicle Titles and Registration Division [~~Motor~~
11 ~~Vehicle Division Director~~] will review the appeal [~~submission~~] and any additional statements concerning
12 the information submitted in the original request and render an opinion within 15 days of receiving the
13 appeal. The designated director in the Vehicle Titles and Registration Division [~~Motor Vehicle Division~~
14 ~~Director~~] may decide to deny the appeal [~~request~~] and issue no additional license plates [~~tags~~] or award
15 an amount of additional license plates [~~temporary tags~~] that is lesser, equal to, or greater than the
16 request.

17 (E) The requesting dealer [~~or converter~~] will be notified as follows:

18 (i) If the designated director in the Vehicle Titles and Registration
19 Division [~~Motor Vehicle Division Director~~] decides to deny the appeal, the department will contact the
20 requesting dealer [~~license holder~~] by email regarding the decision and options to submit a new request
21 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 ~~[Motor Vehicle Division Director]~~ awards an amount of additional license plates ~~[temporary tags]~~ that is lesser, equal to, or greater than the request, the additional license plates ~~[temporary tags]~~ will be added to the dealer's allocation ~~[or converter's account]~~ and the dealer ~~[license holder]~~ will be contacted by email regarding the decision, informed that the request has not been denied, and options to submit a new request.

(5) The designated director in the Vehicle Titles and Registration Division's ~~[Motor Vehicle Division Director's]~~ decision on appeal is final.

(6) Once a denial is final, a dealer ~~[or converter]~~ may only submit a subsequent request for additional license plates ~~[temporary tags]~~ during that calendar year if the dealer ~~[or converter]~~ is able to provide additional information not considered in a prior request.

(l) [(j)] A change in the allotment under subsection (i) of this section does not create a dealer ~~[or converter]~~ base for subsequent year calculations.

(m) [(k)] The department may at any time initiate an enforcement action against a dealer ~~[or converter]~~ if license plate system activity ~~[temporary tag usage]~~ suggests that misuse or fraud has occurred as described in Transportation Code §503.0633(f) or §503.0671. ~~[[§§503.038, 503.0632(f), or 503.067.]~~

~~[(l) Unused temporary tag allotments from a calendar year do not roll over to subsequent years.]~~

§215.154. Dealer's Temporary License Plate Allocation.

1 (a) The number of dealer's temporary license plates a dealer may order for business use is based
2 on the type of license for which the dealer applied and the number of vehicles the dealer sold during the
3 previous year.

4 (b) Unless otherwise qualified under this section, the maximum number of dealer's temporary
5 license plates the department will issue to a new license applicant during the applicant's first license
6 term is indicated in the following table.

7 Attached Graphic

8 (c) A dealer that applies for a license is not subject to the initial allotment limits described in this
9 section and may rely on that dealer's existing allocation of dealer's temporary license plates if that
10 dealer is:

11 (1) a franchised dealership subject to a buy-sell agreement, regardless of a change in the
12 entity of ownership;

13 (2) any type of dealer that is relocating and has been licensed by the department for a
14 period of one year or longer; or

15 (3) any type of dealer that is changing its business entity type and has been licensed by
16 the department for a period of one year or longer.

17 (d) A dealer may obtain more than the maximum number of dealer's temporary license plates
18 provided by this section by submitting to the department proof of sales for the previous 12-month
19 period that justifies additional license plates.

1 (1) The number of additional dealer’s temporary license plates the department will issue
2 to a dealer that demonstrates need through proof of sales is indicated in the following table.

3 Attached Graphic

4 (2) For purposes of this section, proof of sales for the previous 12-month period may
5 consist of a copy of the most recent vehicle inventory tax declaration or monthly statements filed with
6 the taxing authority in the county of the dealer's licensed location. Each copy must be stamped as
7 received by the taxing authority.

8 (e) A wholesale motor vehicle dealer may obtain more than the maximum number of dealer’s
9 temporary license plates provided by this section by submitting to the department proof of the number
10 of vehicles the dealer has purchased in the previous 12-month period that justifies additional license
11 plates.

12 (1) Evidence of the wholesale motor vehicle dealer’s vehicle purchases for the previous
13 12-month period must include the date of purchase, VIN of the vehicle purchased, and the selling
14 dealer’s name, and any other information the department in its discretion deems necessary to
15 determine the need for additional dealer’s temporary license plates for the wholesale motor vehicle
16 dealer.

17 (2) Upon review and approval of a wholesale motor vehicle dealer’s proof of vehicle
18 purchases documentation, the department shall issue up to 5 additional dealer’s temporary license
19 plates to the dealer.

20 (f) The Director of the Motor Vehicle Division may waive the dealer’s temporary license plate
21 issuance restrictions if the waiver is essential for the continuation of the business. The director will

determine the number of dealer's temporary license plates the department will issue based on the dealer's past sales, dealer's inventory, and any other factor the Director determines pertinent.

(1) A request for a waiver must be submitted to the director in writing and specifically state why the additional dealer's temporary license plates are necessary for the continuation of the dealer's business.

(2) A request for a waiver must be accompanied by proof of the dealer's sales for the previous 12-month period, if applicable.

§215.155. Buyer's License Plates ~~[Temporary Tags]~~.

(a) A dealer may issue and secure a buyer's general issue license plate or set of plates or a buyer's temporary license plate ~~[temporary tag may be displayed]~~ only on a vehicle:

(1) from the selling dealer's inventory; and

(2) that can be legally operated on the public streets and highways; and

(3) for which a sale or lease has been consummated; and

(4) that has a valid inspection in accordance with Transportation Code Chapter 548,

unless:

(A) an inspection is not required under Transportation Code §503.063(i) or (j); or

(B) the vehicle is exempt from inspection under Chapter 548.

(b) A dealer may not issue a buyer's general issue or temporary license plate ~~[temporary tag must be issued and provided]~~ to the buyer of a vehicle that is to be titled but not registered ~~[but the temporary tag must not be displayed on the vehicle]~~.

(c) For a wholesale transaction: ~~[7]~~

(1) a dealer may not issue a buyer's license plate; rather the purchasing dealer places on the motor vehicle its own:

(A) ~~[(1)]~~ dealer's temporary license plate ~~[tag]~~; or

(B) ~~[(2)]~~ dealer's standard or personalized prestige license plate.

(2) if a general issue plate or set of plates is assigned to a vehicle, the selling dealer must provide the license plate or set of plates to the purchasing dealer for placement on the vehicle at time of retail sale.

(d) A buyer's temporary license plate ~~[tag]~~ is valid until the earlier of:

(1) the date on which the vehicle is registered; or

(2) the 60th day after the date of purchase.

~~[(e) The dealer or governmental agency, must ensure that the following information is placed on a buyer's temporary tag:]~~

~~[(1) the vehicle-specific number obtained from the temporary tag database;]~~

~~[(2) the year and make of the vehicle;]~~

~~[(3) the VIN of the vehicle;]~~

1 ~~[(4) the month, day, and year of the expiration of the buyer's temporary tag; and]~~

2 ~~[(5) the name of the dealer or governmental agency.]~~

3 (e) ~~[(f)]~~ A dealer shall charge a buyer a fee of \$10 ~~[\$5 for the buyer's temporary tag or Internet-~~
4 ~~down buyer's temporary tag issued]~~, unless the vehicle is exempt from payment of registration fees
5 under Transportation Code, §502.453 or §502.456. A dealer shall remit the fee to the county with the
6 title transfer application for deposit to the credit of the Texas Department of Motor Vehicles fund. If the
7 vehicle is sold by a dealer to an out-of-state resident:

8 (1) the dealer shall remit the entire fee to the department for deposit to the credit of the
9 Texas Department of Motor Vehicles fund if payment is made through the department's designated
10 electronic system ~~[electronic title system]~~; or

11 (2) the dealer shall remit the fee to the county for deposit to the credit of the Texas
12 Department of Motor Vehicles fund.

13 (f) ~~[(g)]~~ A governmental agency may charge a buyer a fee of \$10 ~~[\$5 for the buyer's temporary~~
14 ~~tag or Internet-down buyer's temporary tag issued]~~, unless the vehicle is exempt from payment of
15 registration fees under Transportation Code, §502.453 or §502.456. If collected by a governmental
16 agency, the fee must be sent to the county for deposit to the credit of the Texas Department of Motor
17 Vehicles fund.

18
19 §215.156. Buyer's License Plate ~~[Temporary Tag]~~ Receipt.

1 A dealer[, or [federal, state, or local] governmental agency[,]] must print a buyer's license plate
2 receipt from the department's designated electronic system and provide the~~[a buyer's temporary tag]~~
3 receipt to the buyer of each vehicle for which a buyer's license plate or set of license plates is issued.
4 ~~[temporary tag is issued, regardless of whether the buyer's temporary tag is issued using the temporary~~
5 ~~tag database or if the tag is a preprinted Internet-down temporary tag. The dealer, or federal, state, or~~
6 ~~local governmental agency, may print the image of the buyer's temporary tag receipt issued from the~~
7 ~~temporary tag database or create the form using the same information.]~~ The dealer[, or [federal, state,
8 ~~or local] governmental agency, shall instruct the buyer to keep a copy of the buyer's license~~
9 ~~plate~~[temporary tag] receipt in the vehicle until the vehicle is registered in the buyer's name and the
10 vehicle registration insignia is affixed to the motor vehicle windshield or plate, as applicable ~~[and until~~
11 ~~metal plates are affixed to the vehicle]~~. The buyer's license plate ~~[temporary tag]~~ receipt must include
12 the following information:

- 13 (1) the issue date of the buyer's license plate or set of plates ~~[temporary tag]~~;
- 14 (2) the year, make, model, body style, color, and VIN of the vehicle sold;
- 15 (3) the license plate ~~[vehicle-specific temporary tag]~~ number;
- 16 (4) ~~[the expiration date of the temporary tag;]~~
- 17 ~~[(5)]~~ the date of the sale;
- 18 (5) ~~[(6)]~~ the name of the issuing dealer and the dealer's license number or the name of
19 the issuing federal, state, or local governmental agency; ~~[and]~~
- 20 (6) ~~[(7)]~~ the buyer's name and mailing address; and [-]

(7) the procedure by which the vehicle's registration insignia will be provided to the buyer as required under Transportation Code, §503.0631.

§215.157. Issuing Buyer's License Plates and License Plate Receipts When Internet Not Available.
[~~Advance Numbers, Preprinted Internet-down Temporary Tags~~].

~~[(a)] In accordance with Transportation Code, §503.0631(d), [a dealer, or a federal, state, or local governmental agency, may obtain an advance supply of preprinted Internet-down temporary tags with specific numbers and buyer's temporary tag receipts to issue in lieu of buyer's temporary tags if the dealer is unable to access the internet.]~~

~~[(b)] If~~ if a dealer[, or a federal, state, or local] governmental agency[, is unable to access the internet at the time of a sale, the dealer[, or a federal, state, or local] governmental agency [, must complete the preprinted Internet-down temporary buyer's tag and buyer's temporary tag receipt by providing details of the sale, signing the buyer's temporary tag receipt, and retaining a copy. The dealer, or a federal, state, or local governmental agency,] must document the issuance of a buyer's general issue license plate or set of plates or a buyer's temporary license plate on a receipt form prescribed by the department and enter the required information regarding the sale in the license plate system [temporary tag database] not later than the close of the next business day [that the dealer has access to the internet]. The buyer's license plate [temporary tag] receipt must include a statement that the dealer [, or a federal, state, or local] or governmental agency, has internet access but, at the time of the sale, the dealer [, or a federal, state, or local] or governmental agency, was unable to access the internet or the license plate system and meet the requirements in §215.156 of this title (relating to Buyer's License Plate Receipt) [temporary tag database].

§215.158. General Requirements for Buyer's License Plates ~~[and Allocation of Preprinted Internet-down
Temporary Tag Numbers]~~.

(a) A [The] dealer[, or [a federal, state, or local] governmental agency[, is responsible for the
safekeeping of all license plates in the dealer's or governmental agency's possession consistent with the
requirements in §215.150 (relating to Dealer Authorization to Issue License Plates). [preprinted Internet-
down temporary tags and shall store them in a secure place, and promptly destroy any expired tags.] A
[The] dealer[, or [a federal, state, or local] governmental agency shall report any loss, theft, or
destruction of a buyer's license plate [preprinted Internet-down temporary tags] to the department in
the system designated by the department within 24 hours of discovering the loss, theft, or destruction. A
dealer or governmental agency is also encouraged to immediately alert law enforcement by reporting a
stolen license plate to a local law enforcement agency.

(b) When a dealer is required to remove and void a previously assigned general issue plate or set
of plates or other type of license plate from a vehicle sold to an out-of-state buyer or for another reason
allowed by rule, the dealer shall render a void plate unusable by permanently marking the front of the
plate with the word "VOID" or a large "X"; and within 10 days:

(1) destroy the license plate or set of plates; or

(2) recycle the license plate or set of license plates using a metal recycler registered
under Occupations Code, Chapter 1956; or

(3) return the license plate or set of plates to the department or county tax assessor-
collector.

~~[A dealer, or a federal, state, or local governmental agency, may use a preprinted Internet down temporary tag up to 12 months after the date the preprinted Internet down temporary tag is created. A dealer, or a federal, state, or local governmental agency, may create replacement preprinted Internet down temporary tags up to the maximum allowed, when:]~~

~~[(1) a dealer, or a federal, state, or local governmental agency, uses one or more preprinted Internet down temporary tags and then enters the required information in the temporary tag database after access to the temporary tag database is again available; or]~~

~~[(2) a preprinted Internet down temporary tag expires.]~~

(c) A dealer or governmental agency must return all buyer's 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.

~~[(c) The number of preprinted Internet down temporary tags that a dealer, or federal, state, or local governmental agency, may create is equal to the greater of:]~~

~~[(1) the number of preprinted Internet down temporary tags previously allotted by the department to the dealer or a federal, state, or local governmental agency;]~~

~~[(2) 30; or]~~

~~[(3) 1/52 of the dealer's, or federal, state, or local governmental agency's, total annual sales.]~~

~~[(d) For good cause shown, a dealer, or a federal, state, or local governmental agency, may obtain more than the number of preprinted Internet down temporary tags described in subsection (c) of~~

~~this section. The director of the Motor Vehicle Division of the department or that director's delegate may approve, in accordance with this subsection, an additional allotment of preprinted Internet down temporary tags for a dealer, or a federal, state, or local governmental agency, if the additional allotment is essential for the continuation of the dealer's, or a federal, state, or local governmental agency's, business. The director of the Motor Vehicle Division of the department, or a federal, state, or local governmental agency, or that director's delegate will base the determination of the additional allotment of preprinted Internet down temporary tags on the dealer's, or a federal, state, or local governmental agency's, past sales, inventory, and any other factors that the director of the Motor Vehicle Division of the department or that director's delegate determines pertinent, such as an emergency. A request for additional preprinted Internet down temporary tags must specifically state why the additional preprinted Internet down temporary tags are necessary for the continuation of the applicant's business.]~~

~~[(e) Preprinted Internet down temporary tags created under subsection (c) of this section apply to the maximum tag limit established in §215.152 of this title (relating to Obtaining Numbers for Issuance of Temporary Tags) when the preprinted tag is entered into the temporary tag database as a sale.]~~

§215.160. Duty to Identify Motor Vehicles Offered for Sale as Rebuilt.

(a) For each motor vehicle a dealer displays or offers for retail sale and which the dealer knows has been a salvage motor vehicle as defined by Transportation Code, §501.091(15) and has subsequently been issued a title ~~[titled under Transportation Code, §501.100]~~, a dealer shall disclose in writing that the motor vehicle has been repaired, rebuilt, or reconstructed. The written disclosure must:

(1) be visible from outside of the motor vehicle; and

(2) contain lettering that is reasonable in size, stating as follows: *"This motor vehicle has been repaired, rebuilt or, reconstructed after formerly being titled as a salvage motor vehicle."*

(b) Upon the sale of a motor vehicle which has been a salvage motor vehicle as defined by Transportation Code, §501.091(15) and subsequently issued a title ~~[titled under Transportation Code, §501.100]~~, a dealer shall obtain the purchaser's signature on the vehicle disclosure form or on an acknowledgement written in fourteen point or larger font that states as follows: *"I, (name of purchaser), acknowledge that at the time of purchase, I am aware that this vehicle has been repaired, rebuilt, or reconstructed and was formerly titled as a salvage motor vehicle."*

(c) The purchaser's acknowledgement as required in subsection (b) of this section may be incorporated in a Buyer's Order, a Purchase Order, or other disclosure document. This disclosure requires a separate signature.

(d) An original signed acknowledgement or vehicle disclosure form required by subsection (b) of this section must be given to the purchaser and a copy of the signed acknowledgement or vehicle disclosure form shall be retained by the dealer in the records of motor vehicles sales required by §215.144 of this title (relating to Vehicle Records). If the acknowledgement is incorporated in a Buyer's Order, a Purchase Order, or other disclosure document, a copy of that document must be given to the purchaser and a copy retained in the dealer's records in accordance with §215.144.

(e) This section does not apply to a wholesale motor vehicle auction.

§215.162. Catalytic Converter Record Requirements.

1 A dealer that repairs a motor vehicle with a catalytic converter shall:

2 (1) comply with the recordkeeping requirements in Occupations Code, Chapter 2305,

3 Subchapter D; and

4 (2) allow the department to inspect these records during business hours.

5
6 **STATUTORY AUTHORITY.** In addition to the rulemaking authority provided in Section 34 of HB 718, the
7 department proposes repeals to Chapter 215 under Occupations Code, §2301.151, which gives the board
8 authority to regulate the distribution, sale, and lease of motor vehicles and the authority to take any
9 action that is necessary or convenient to exercise that authority; Occupations Code, §2301.152, which
10 authorizes the board to establish the qualifications of license holders, ensure that the distribution, sale,
11 and lease of motor vehicles is conducted as required by statute and board rules, to prevent fraud, unfair
12 practices, discrimination, impositions, and other abuses in connection with the distribution and sale of
13 motor vehicles, and to enforce and administer Occupations Code, Chapter 2301 and Transportation Code,
14 Chapter 503; Occupations Code, §2301.155, which authorizes the board to adopt rules as necessary or
15 convenient to administer Occupations Code, Chapter 2301 and to govern practice and procedure before
16 the board; Occupations Code, §2301.651, which gives the board authority to deny an application for a
17 license, revoke or suspend a license, place on probation, or reprimand a licensee if the applicant or license
18 holder is unfit, makes a material misrepresentation, violates any law relating to the sale, distribution,
19 financing, or insuring of motor vehicles, willfully defrauds a purchaser, or fails to fulfill a written agreement
20 with a retail purchaser of a motor vehicle; Transportation Code, §503.061, which allows the board to
21 adopt rules regulating the issuance and use of dealer's license plates; Transportation Code, §503.0631
22 which requires the department to adopt rules to implement and manage the department's database of
23 dealer-issued buyer's license plates; §503.0633 which allows the department to establish the maximum

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

11 The department also adopts repeals under the authority of Transportation Code,
12 §§501.0041, 502.0021, 503.002, 504.0011, and 520.003; and Government Code, §2001.004 and
13 §2001.054, in addition to the statutory authority referenced throughout this preamble.

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

20 Government Code, §2001.004 requires state agencies to adopt rules of practice stating
21 the nature and requirements of all available formal and informal procedures. Government Code,
22 §2001.054 specifies the requirements regarding the grant, denial, renewal, revocation, suspension,
23 annulment, or withdrawal of a license.

CROSS REFERENCE TO STATUTE. These proposed repeals implement Government Code, Chapter 2001; Occupations Code, Chapters 2301 and 2305; and Transportation Code, Chapters 501-504, 520, and 1001–1005.

Text.

~~§215.151. Temporary Tags, General Use Requirements, and Prohibitions.]~~

~~[(a) A dealer, governmental agency, or converter shall secure a temporary tag to a vehicle in the license plate display area located at the rear of the vehicle, so that the entire temporary tag is visible and legible at all times, including when the vehicle is being operated.]~~

~~[(b) All printed information on a temporary tag must be visible and may not be covered or obstructed by any plate holder or other device or material.]~~

~~[(c) A motor vehicle that is being transported in accordance with Transportation Code, §503.068(d) or §503.0625, must have a dealer's temporary tag, a converter's temporary tag, or a buyer's temporary tag, whichever is applicable, affixed to the motor vehicle being transported.]~~

~~§215.153. Specifications for All Temporary Tags]~~

~~[(a) Information printed or completed on a temporary tag must be in black ink on a white background. Other than for a motorcycle, a completed buyer's, dealer's, converter's, or preprinted Internet-down temporary tag shall be six inches high and at least eleven inches wide. For a motorcycle, the completed buyer's, dealer's, converter's, or preprinted Internet-down temporary tag shall be four inches high and at least seven inches wide.]~~

~~[(b) A temporary tag must be:]~~

~~[(1) composed of plastic or other durable, weather-resistant material; or]~~

~~[(2) sealed in a two-mil clear poly bag that encloses the entire temporary tag.]~~

~~[(c) A temporary tag may only be issued and printed from the department's temporary tag database as described in §215.152 of this title (relating to Obtaining Numbers for Issuance of Temporary Tags) and §215.157 of this title (relating to Advance Numbers, Preprinted Internet-down Temporary Tags).]~~

~~[§215.154. Dealer's Temporary Tags.]~~

~~[(a) A dealer's temporary tag may be displayed only on the type of vehicle for which the GDN is issued and for which the dealer is licensed by the department to sell or lease.]~~

~~[(b) A wholesale motor vehicle auction license holder that also holds a dealer GDN may display a dealer's temporary tag on a vehicle that is being transported to or from the licensed auction location.]~~

~~[(c) When an unregistered vehicle is sold to another dealer, the selling dealer shall remove the selling dealer's temporary tag. The purchasing dealer may display its dealer's temporary tag or its dealer's standard or personalized prestige license plate on the vehicle.]~~

~~[(d) A dealer's temporary tag:]~~

~~[(1) may be displayed on a vehicle only as authorized in Transportation Code, §503.062; and]~~

~~[(2) may not be displayed on:]~~

1 ~~{{(A) a laden commercial vehicle being operated or moved on the public streets~~
2 ~~or highways;]~~

3 ~~{{(B) on the dealer's service or work vehicles as described in §215.138(d) of this~~
4 ~~chapter (relating to Use of Dealer's License Plates);]~~

5 ~~{{(C) a golf cart as defined under Transportation Code, Chapter 551; or]~~

6 ~~{{(D) an off-highway vehicle as defined under Transportation Code, Chapter~~
7 ~~551A;]~~

8 ~~{{(e) For purposes of subsection (d) of this section, a vehicle bearing a dealer's temporary tag is~~
9 ~~not considered a laden commercial vehicle when the vehicle is:]~~

10 ~~{{(1) towing another vehicle bearing the same dealer's temporary tags; and]~~

11 ~~{{(2) both vehicles are being conveyed from the dealer's place of business to a licensed~~
12 ~~wholesale motor vehicle auction or from a licensed wholesale motor vehicle auction to the dealer's~~
13 ~~place of business.}]~~

14 ~~{{(f) A dealer's temporary tag may not be used to operate a vehicle for the personal use of a~~
15 ~~dealer or a dealer's employee.}]~~

16 ~~{{(g) A dealer's temporary tag must show its expiration date, which must not exceed 60 days after~~
17 ~~the date the temporary tag was issued.}]~~

18 ~~{{(h) A dealer's temporary tag may be issued by a dealer to a specific motor vehicle in the dealer's~~
19 ~~inventory or to a dealer's agent who is authorized to operate a motor vehicle owned by the dealer.}]~~

~~[(i) A dealer that issues a dealer's temporary tag to a specific vehicle must ensure that the following information is placed on the temporary tag:]~~

~~[(1) the vehicle-specific number from the temporary tag database;]~~

~~[(2) the year and make of the vehicle;]~~

~~[(3) the VIN of the vehicle;]~~

~~[(4) the month, day, and year of the temporary tag's expiration; and]~~

~~[(5) the name of the dealer.]~~

~~[(j) A dealer that issues a dealer's temporary tag to an agent must ensure that the following information is placed on the temporary tag:]~~

~~[(1) the specific number from the temporary tag database;]~~

~~[(2) the month, day, and year of the temporary tag's expiration; and]~~

~~[(3) the name of the dealer.]~~

~~[215.159. Converter's Temporary Tags.]~~

~~[(a) A converter's temporary tag may be displayed only on the type of vehicle that the converter is engaged in the business of assembling or modifying.]~~

~~[(b) A converter's temporary tag must show its expiration date, which may not be more than 60 days after the date of its issuance.]~~

1 ~~[(c) A converter that issues a converter's temporary tag to a specific vehicle shall ensure that the~~
2 ~~following information is placed on the converter's temporary tag:]~~

3 ~~[(1) the vehicle-specific number from the temporary tag database;]~~

4 ~~[(2) the year and make of the vehicle;]~~

5 ~~[(3) the VIN of the vehicle;]~~

6 ~~[(4) the month, day, and year of expiration of the converter's temporary tag; and]~~

7 ~~[(5) the name of the converter.]~~

8
9 **SUBCHAPTER E. LESSORS AND LEASE FACILITATORS**

10 **43 TAC §215.178**

11
12 **STATUTORY AUTHORITY.** In addition to the rulemaking authority provided in Section 34 of HB 718, the
13 department proposes amendments to Chapter 215 under Occupations Code, §2301.151, which gives the
14 board authority to regulate the distribution, sale, and lease of motor vehicles and the authority to take
15 any action that is necessary or convenient to exercise that authority; Occupations Code, §2301.152, which
16 authorizes the board to establish the qualifications of license holders, ensure that the distribution, sale,
17 and lease of motor vehicles is conducted as required by statute and board rules, to prevent fraud, unfair
18 practices, discrimination, impositions, and other abuses in connection with the distribution and sale of
19 motor vehicles, and to enforce and administer Occupations Code, Chapter 2301 and Transportation Code,
20 Chapter 503; Occupations Code, §2301.155, which authorizes the board to adopt rules as necessary or
21 convenient to administer Occupations Code, Chapter 2301 and to govern practice and procedure before

1 the board; Occupations Code, §2301.651, which gives the board authority to deny an application for a
2 license, revoke or suspend a license, place on probation, or reprimand a licensee if the applicant or license
3 holder is unfit, makes a material misrepresentation, violates any law relating to the sale, distribution,
4 financing, or insuring of motor vehicles, willfully defrauds a purchaser, or fails to fulfill a written agreement
5 with a retail purchaser of a motor vehicle; Transportation Code, §503.061, which allows the board to
6 adopt rules regulating the issuance and use of dealer's license plates; Transportation Code, §503.0631
7 which requires the department to adopt rules to implement and manage the department's database of
8 dealer-issued buyer's license plates; §503.0633 which allows the department to establish the maximum
9 number of license plates or sets of license plates a dealer may obtain annually under Transportation Code,
10 §503.063 and §503.065; Transportation Code, §520.0071 which requires the board to adopt rules
11 classifying deputies performing titling and registration duties, the duties and obligations of these deputies,
12 the type and amount of bonds that may be required by a county tax assessor-collector for a deputy
13 performing titling and registration duties, and the fees that may be charged or retained by deputies;
14 Transportation Code, §520.021 which allows the department to adopt rules and policies for the
15 maintenance and use of the department's automated registration and titling system; and Transportation
16 Code, §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to
17 implement the powers and the duties of the department, as well as the statutes referenced throughout
18 this preamble.

19 The department also adopts amendments under the authority of Transportation Code,
20 §§501.0041, 502.0021, 503.002, and 520.003; and Government Code, §2001.004 and §2001.054, in
21 addition to the statutory authority referenced throughout this preamble.

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

rules to administer Transportation Code, Chapter 502. Transportation Code, §503.002 authorizes the board to adopt rules for the administration of Transportation Code, Chapter 503. Transportation Code, §520.003 authorizes the department to adopt rules to administer Chapter 520.

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

CROSS REFERENCE TO STATUTE. These proposed amendments implement Government Code, Chapter 2001; Occupations Code, Chapters 2301 and 2305; and Transportation Code, Chapters 501-503, 520, and 1001–1005.

Text.

§215.178. Records Required for Vehicle Lessors and Vehicle Lease Facilitators.

(a) Vehicle purchase, leasing, and sales records. A vehicle lessor or vehicle lease facilitator shall maintain a complete record of all vehicle purchases, leases, and sales of leased vehicles for at least one year after the expiration of the vehicle lease.

(1) Complete records reflecting vehicle lease transactions that occurred within the preceding 24 months must be maintained at the licensed location. Records for prior time periods may be kept off-site.

(2) Within 15 days of receipt of a department records request [~~from a representative of the department~~], a vehicle lessor or vehicle lease facilitator shall deliver a copy of the specified records to the address listed in the request.

(b) Content of records for lease transaction. A complete record for a vehicle lease transaction must contain:

- (1) the name, address, and telephone number of the vehicle lessor;
- (2) the name, mailing address, physical address, and telephone number of each vehicle lessee;
- (3) the name, address, telephone number, and license number of the lease facilitator;
- (4) the name, work address, and telephone number of each employee of the vehicle lease facilitator that handled the transaction;
- (5) a complete description of the vehicle involved in the transaction, including the VIN;
- (6) the name, address, telephone number, and GDN of the dealer selling the vehicle, as well as the franchised dealer's license number if the vehicle is a new motor vehicle;
- (7) the amount of fee paid to the vehicle lease facilitator or a statement that no fee was paid;
- (8) a copy of the buyer's order and sales contract for the vehicle;
- (9) a copy of the vehicle lease contract;
- (10) a copy of all other contracts, agreements, or disclosures between the vehicle lease facilitator and the consumer lessee; and
- (11) a copy of the front and back of the manufacturer's statement of origin, manufacturer's certificate of origin, or the title of the vehicle, as applicable.

(c) Content of records for sale of leased vehicle. A vehicle lessor's complete record for each vehicle sold at the end of a lease to a lessee, a dealer, or at a wholesale motor vehicle auction must contain:

(1) the date of the purchase;

(2) the date of the sale;

(3) the VIN;

(4) the name and address of the person selling the vehicle to the vehicle lessor;

(5) the name and address of the person purchasing the vehicle from the vehicle lessor;

(6) except for a purchase or sale where the Tax Code does not require payment of motor vehicle sales tax, a tax assessor-collector receipt marked paid;

(7) a copy of all documents, forms, and agreements applicable to a particular sale, including a copy of:

(A) the title application;

(B) the work-up sheet;

(C) the front and back of manufacturer's certificate of origin or manufacturer's statement of origin, unless the title is obtained through webDEALER as defined in §217.71 of this title (relating to Automated and Web-Based Vehicle Registration and Title Systems) ~~[the electronic title system]~~;

(D) the front and back of the title, unless the title is obtained through webDEALER as defined in §217.71 of this title ~~[the electronic title system]~~;

- 1 (E) the factory invoice;
- 2 (F) the sales contract;
- 3 (G) the retail installment agreement;
- 4 (H) the buyer's order;
- 5 (I) the bill of sale;
- 6 (J) any waiver;
- 7 (K) any other agreement between the seller and purchaser; and
- 8 (L) the purchaser's photo identification if sold to a lessee;
- 9 (8) a copy of the original manufacturer's certificate of origin, original manufacturer's
- 10 statement of origin, or title for a motor vehicle offered for sale, or a properly stamped original
- 11 manufacturer's certificate of origin, original manufacturer's statement of origin, or original title for a title
- 12 transaction entered by a dealer into webDEALER as defined in §217.71 of this title [~~the electronic titling~~
- 13 ~~system by a dealer~~];
- 14 (9) the monthly Motor Vehicle Seller Financed Sales Returns, if any; and
- 15 (10) if the vehicle sold is a motor home or a towable recreational vehicle subject to
- 16 inspection under Transportation Code, Chapter 548, a copy of the written notice provided to the buyer at
- 17 the time of the sale, notifying the buyer that the vehicle is subject to inspection requirements.
- 18 (d) Records of advertising. A vehicle lessor or vehicle lease facilitator shall maintain a copy
- 19 of all advertisements, brochures, scripts, or an electronically reproduced copy in whatever medium

1 appropriate, of promotional materials for a period of at least 18 months. Each copy is subject to
2 inspection upon request by the department at the business location during posted business hours.

3 (1) A vehicle lessor and a vehicle lease facilitator shall comply with all federal and
4 state advertising laws and regulations, including Subchapter F of this chapter (relating to
5 Advertising).

6 (2) A vehicle lessor's or vehicle lease facilitator's advertising or promotional
7 materials may not state or infer, either directly or indirectly, that the business involves the sale of
8 new motor vehicles.

9 (e) Title assignments. Each certificate of title, manufacturer's certificate of origin, or other
10 evidence of ownership for a vehicle that has been acquired by a vehicle lessor for lease must be
11 properly assigned from the seller in the vehicle lessor's name.

12 (f) Letters of representation or appointment. A letter of representation or appointment
13 between a vehicle lessor and a vehicle lease facilitator must be executed by both parties and
14 maintained by each party.

15 (g) Electronic records. Any record required to be maintained by a vehicle lessor or vehicle
16 lease facilitator may be maintained in an electronic format, provided the electronic record can be
17 printed at the licensed location or sent electronically upon department request except as provided
18 by paragraph (c)(8) of this section.

SUBCHAPTER A. GENERAL PROVISIONS

43 TAC §215.1 and §215.2

STATUTORY AUTHORITY. In addition to the rulemaking authority provided in Section 34 of HB 718, the department proposes 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, §503.002, which authorizes the board to adopt rules for the administration of Transportation Code, Chapter 503; Transportation Code, §503.009, which authorizes the board to adopt rules for certain contested cases; 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; §503.0633 which allows the department to establish the maximum number of license plates or sets of license plates a dealer may

1 obtain annually under Transportation Code, §503.063 and §503.065; Transportation Code, §520.003
2 which requires the department to adopt rules to administer Chapter 520; Transportation Code, §520.0071
3 which requires the board to adopt rules classifying deputies performing titling and registration duties, the
4 duties and obligations of these deputies, the type and amount of bonds that may be required by a county
5 tax assessor-collector for a deputy performing titling and registration duties, and the fees that may be
6 charged or retained by deputies; Transportation Code, §520.021 which allows the department to adopt
7 rules and policies for the maintenance and use of the department's automated registration and titling
8 system; and Transportation Code, §1002.001, which authorizes the board to adopt rules that are
9 necessary and appropriate to implement the powers and the duties of the department, as well as the
10 statutes referenced throughout this preamble.

11 The department also adopts amendments under the authority of Transportation Code,
12 §501.0041 and §502.0021; and Government Code, §§2001.004 and 2001.054, in addition to the statutory
13 authority referenced throughout this preamble.

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

17 Government Code, §2001.004 requires state agencies to adopt rules of practice stating
18 the nature and requirements of all available formal and informal procedures. Government Code,
19 §2001.054 specifies the requirements regarding the grant, denial, renewal, revocation, suspension,
20 annulment, or withdrawal of a license.

21 **CROSS REFERENCE TO STATUTE.** These proposed amendments implement Government Code, Chapter
22 2001; Occupations Code, Chapters 2301 and 2305; and Transportation Code, Chapters 501-503, 520, and
23 1001–1005.

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Text.

§215.1. Purpose and Scope.

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

§215.2. Definitions; Conformity with Statutory Requirements.

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

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

(6) [(5)] 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) [(6)] 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.

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

43 TAC §§215.101, 215.102, AND 215.120-124

STATUTORY AUTHORITY. In addition to the rulemaking authority provided in Section 34 of HB 718, the department proposes amendments and new sections 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

1 authorizes the board to adopt rules as necessary or convenient to administer Occupations Code, Chapter
2 2301 and to govern practice and procedure before the board; Occupations Code, §2301.651, which gives
3 the board authority to deny an application for a license, revoke or suspend a license, place on probation,
4 or reprimand a licensee if the applicant or license holder is unfit, makes a material misrepresentation,
5 violates any law relating to the sale, distribution, financing, or insuring of motor vehicles, willfully defrauds
6 a purchaser, or fails to fulfill a written agreement with a retail purchaser of a motor vehicle; Transportation
7 Code, §503.002, which authorizes the board to adopt rules for the administration of Transportation Code,
8 Chapter 503; Transportation Code, §503.009, which authorizes the board to adopt rules for certain
9 contested cases; Transportation Code, §503.061, which allows the board to adopt rules regulating the
10 issuance and use of dealer's license plates; Transportation Code, §503.0631 which requires the
11 department to adopt rules to implement and manage the department's database of dealer-issued buyer's
12 license plates; §503.0633 which allows the department to establish the maximum number of license
13 plates or sets of license plates a dealer may obtain annually under Transportation Code, §503.063 and
14 §503.065; Transportation Code, §520.003 which requires the department to adopt rules to administer
15 Chapter 520; Transportation Code, §520.0071 which requires the board to adopt rules classifying deputies
16 performing titling and registration duties, the duties and obligations of these deputies, the type and
17 amount of bonds that may be required by a county tax assessor-collector for a deputy performing titling
18 and registration duties, and the fees that may be charged or retained by deputies; Transportation Code,
19 §520.021 which allows the department to adopt rules and policies for the maintenance and use of the
20 department's automated registration and titling system; and Transportation Code, §1002.001, which
21 authorizes the board to adopt rules that are necessary and appropriate to implement the powers and the
22 duties of the department, as well as the statutes referenced throughout this preamble.

1 The department also adopts amendments under the authority of Transportation Code,
2 §501.0041 and §502.0021; and Government Code, §§2001.004 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
8 the nature and requirements of all available formal and informal procedures. Government Code,
9 §2001.054 specifies the requirements regarding the grant, denial, renewal, revocation, suspension,
10 annulment, or withdrawal of a license.

11 **CROSS REFERENCE TO STATUTE.** These proposed new sections and amendments implement Government
12 Code, Chapter 2001; Occupations Code, Chapters 2301 and 2305; and Transportation Code, Chapters 501-
13 503, 520, and 1001–1005.

14
15 Text.

16 §215.101. Purpose and Scope.

17 This subchapter implements Occupations Code, Chapters 2301 and 2305, and
18 Transportation Code, Chapters 503 and 1001 – 1005, and applies to franchised dealers,
19 manufacturers, distributors, and converters.

20
21 §215.102. Application Requirements.

22 (a) No person may engage in business, serve in the capacity of, or act as a manufacturer,
23 distributor, converter, or franchised dealer in Texas unless that person holds a license.

(b) A license application must be on a form prescribed by the department and properly completed by the applicant. A license application must include all required information, supporting documents, and fees and must be submitted to the department electronically in the licensing system designated by the department.

(c) A license holder renewing or amending its license must verify current license information, provide related information and documents for any new license requirements or changes to the license, and pay required fees including any outstanding civil penalties owed the department under a final order.

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

(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 products or 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;

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

(K) if applying for a manufacturer's, distributor's, or converter's license:

(i) financial resources, business integrity and experience, facilities and personnel for serving franchised dealers;

(ii) a description of the business model or business process and product and services used or offered sufficient to allow the department to determine if the license type applied for is appropriate under Texas law; ~~and~~

(iii) number of standard license plates requested; and[-]

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

(L) if applying for a manufacturer's or distributor's license:

(i) if the applicant or any entity controlled by the applicant owns an interest in a Texas motor vehicle dealer or dealership, controls a Texas dealer or dealership, or acts in the capacity of a Texas dealer;

(ii) a statement regarding the manufacturer's compliance with Occupations Code Chapter 2301, Subchapter I and §§2301.451-2301.476; and

(iii) if a franchise agreement for each line-make being applied for exists which states the obligations of a Texas franchised dealer to the applicant and the obligations of the applicant to the Texas franchised dealer.

(M) if applying for a manufacturer's license, the line-make information including the world manufacturer identifier assigned by the National Highway Traffic Safety Administration, line-make name, and vehicle type;

(N) if applying for a distributor's license:

(i) the manufacturer for whom the distributor will act;

(ii) whether the manufacturer is licensed in Texas;

(iii) the person in this state who is responsible for compliance with the warranty covering the motor vehicles to be sold; and

(iv) the terms of the contract under which the distributor will act for the manufacturer.

(O) if applying for a converter's license:

- 1 (i) a name and description for each conversion package; and
2 (ii) the manufacturer or distributor and line-make of the underlying
3 new motor vehicle chassis to be converted.
- 4 (P) if applying for a franchised dealer's license:
- 5 (i) reason for the new application;
6 (ii) dealership location on a system-generated map;
7 (iii) whether the dealership is under construction and expected
8 completion date;
9 (iv) information about the performance of sales or warranty services
10 at the location; and
11 (v) information necessary to obtain a franchised dealer GDN under
12 §215.133 of this title (relating to GDN Application Requirements for a Dealer or a Wholesale Motor
13 Vehicle Auction).
- 14 (Q) signed Certificate of Responsibility, which is a form provided by the
15 department; and
- 16 (R) any other information required by the department to evaluate the
17 application under current law and board rules.
- 18 (2) A legible and accurate electronic image of each applicable required document:
- 19 (A) the certificate of filing, certificate of incorporation, or certificate of
20 registration on file with the Secretary of State, as applicable;
21 (B) each assumed name certificate on file with the Secretary of State or
22 county clerk;

(C) 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 armed forces identification.

(D) if applying for a manufacturer's, distributor's, or converter's license, a written description of the business model or business process and brochures, photos, or other documents describing products and services sufficient to allow the department to identify a motor vehicle product type and the appropriate license required under Texas law;

(E) if applying for a manufacturer's or distributor's license:

(i) a list of each franchised dealer in Texas including the dealer's name and physical address, or if motor vehicle sales or offers to sell to Texas residents will solely be over the internet, a list of each out-of-state dealer or person authorized by the manufacturer or distributor to sell a new motor vehicle online to a Texas resident including the dealer's or person's name, physical address, and license number issued by the state in which the dealer or person is located; and

(ii) a list of motor vehicle product line-makes manufactured or distributed for sale.

(F) if applying for a manufacturer's license:

1 (i) a list of authorized distributors or representatives; and
2 (ii) a franchised dealer's preparation and delivery obligations before
3 delivery of a new vehicle to a retail purchaser and the schedule of compensation to be paid to the
4 franchised dealer;
5 (G) if applying for a distributor's license, either:
6 (i) pages of the executed distributor agreement containing at
7 minimum the following:
8 (I) the legal business name of each party;
9 (II) authorized signature of each party;
10 (III) distribution territory;
11 (IV) distribution agreement effective date and end date,
12 or written confirmation from the distributor and manufacturer that the distribution agreement is
13 expected to be in effect for the entire license period;
14 (V) physical location, mailing address, and email address of
15 each party;
16 (VI) distributor responsibilities under the agreement related
17 to warranty matters under Occupations Code, Chapter 2301, and franchised dealer matters under
18 Occupations Code, Chapter 2301, Subchapter H, Dealers, Subchapter I, Warranties:
19 Reimbursement of Dealer, Subchapter J, Manufacturers, Distributors, and Representative, and
20 Subchapter K, Mediation Between Dealer and Manufacturer or Distributor;
21 (VII) party or person responsible for providing warranty
22 services; and

(VIII) motor vehicle line-makes and vehicle types included in the agreement; or

(ii) a completed department-provided questionnaire containing the information required in clause (i) signed by the applicant and the manufacturer as true and complete. An authorized representative for the manufacturer may sign the questionnaire, however, the applicant or applicant's representative may not sign the questionnaire on behalf of a manufacturer.

(H) if applying for a franchised dealer's license, pages of the executed franchise agreement containing at minimum the following:

(i) the legal business name of each party;
(ii) authorized signature of each party;
(iii) authorized dealership location;
(iv) list of motor vehicle line-makes and vehicle types to be sold or serviced; and

(v) a department Evidence of Relocation form signed by the manufacturer or distributor, if applicable; and

(I) 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 as prescribed by law for each plate requested by the applicant.

(f) An applicant operating under a name other than the applicant shall use the name under which the applicant is authorized to do business, as filed with the Secretary of State or county

1 clerk, and the assumed name of such legal entity shall be recorded by the applicant on the
2 application using the letters "DBA." The applicant may not use a name or assumed name that may
3 be confused with or is similar to that of a governmental entity or that is otherwise deceptive or
4 misleading to the public.

5 (g) A manufacturer or distributor may add a new line-make to an existing license during the
6 license period by submitting a license amendment application and providing brochures, photos, or
7 other documents describing the new line-make sufficient to allow the department to identify the
8 line-make and vehicle product type. A license amendment to add a line-make to a manufacturer's
9 or distributor's license must be approved by the department before the new line-make may be
10 added to a franchised dealer's license.

11
12 §215.120. Standard License Plates.

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

16 (1) when applying for a new or renewal license, or
17 (2) by submitting a standard license plate request application electronically in the system
18 designated by the department.

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

1 or new commercial motor vehicle to carry a load for which the manufacturer or other person receives
2 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 manufacturer, distributor, or converter by the department in the department-
7 designated system. The license plate record must contain:

8 (1) the license plate number;

9 (2) the year and make of the vehicle to which the license plate is affixed;

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

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

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

14 (1) document the license plate as "void" in the department-designated system [~~license~~
15 ~~plate record in subsection (d)~~]; 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.

(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. A license holder is also encouraged to immediately alert law enforcement by reporting a stolen license plate to a local law enforcement agency.

~~[(g) The license holder's license plate record must be available for inspection and copying by the department during normal business hours or be available to submit electronically to the department upon request.]~~

~~(g)~~~~[(h)]~~ In evaluating requests for additional standard license plates, the department shall consider the business justification provided by a license holder including the following:

- (1) the number of vehicles assembled or modified;
- (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 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 in its discretion deems necessary to support the number of license plates requested.

1 ~~(h)~~~~(i)~~ a license holder shall return a department-issued license plate to the department within
2 10 days of the license holder closing the associated license or the associated license being revoked,
3 canceled, or closed by the department.

4
5 §215.121. Sanctions.

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

8 (1) deny an application;

9 (2) revoke a license;

10 (3) suspend a license;

11 (4) assess a civil penalty;

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

13 (6) take other authorized action.

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

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

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

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

(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 501–503 or 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 §211.3 of this title (relating to Criminal Offense Guidelines);

(12) 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;

(13) 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;

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

(15) violates any state or federal law or regulation relating to the manufacture, distribution, modification, or sale of a motor vehicle;

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

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

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

§215.122. Catalytic Converter Record Requirements.

A manufacturer, distributor, or converter that repairs a motor vehicle with a catalytic converter shall:

(1) comply with the recordkeeping requirements in Occupations Code, Chapter 2305, Subchapter D; and

(2) allow the department to inspect these records during business hours.

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

**43 TAC §§215.131-133, 215.138, 215.140, 215.141, 215.143, 215.144, 215.147, 215.148, 215.150-
215.160, AND 215.162**

STATUTORY AUTHORITY. In addition to the rulemaking authority provided in Section 34 of HB 718, the department proposes amendments and new sections 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, §503.002, which authorizes the board to adopt rules for the administration of Transportation Code, Chapter 503; Transportation Code, §503.009, which authorizes the board to adopt rules for certain contested cases; Transportation Code, §503.061, which allows the board to adopt rules regulating the

1 issuance and use of dealer's license plates; Transportation Code, §503.0631 which requires the
2 department to adopt rules to implement and manage the department's database of dealer-issued buyer's
3 license plates; §503.0633 which allows the department to establish the maximum number of license
4 plates or sets of license plates a dealer may obtain annually under Transportation Code, §503.063 and
5 §503.065; Transportation Code, §520.003 which requires the department to adopt rules to administer
6 Chapter 520; Transportation Code, §520.0071 which requires the board to adopt rules classifying deputies
7 performing titling and registration duties, the duties and obligations of these deputies, the type and
8 amount of bonds that may be required by a county tax assessor-collector for a deputy performing titling
9 and registration duties, and the fees that may be charged or retained by deputies; Transportation Code,
10 §520.021 which allows the department to adopt rules and policies for the maintenance and use of the
11 department's automated registration and titling system; and Transportation Code, §1002.001, which
12 authorizes the board to adopt rules that are necessary and appropriate to implement the powers and the
13 duties of the department, as well as the statutes referenced throughout this preamble.

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

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

20 Government Code, §2001.004 requires state agencies to adopt rules of practice stating
21 the nature and requirements of all available formal and informal procedures. Government Code,
22 §2001.054 specifies the requirements regarding the grant, denial, renewal, revocation, suspension,
23 annulment, or withdrawal of a license.

CROSS REFERENCE TO STATUTE. These proposed new sections and amendments implement Government Code, Chapter 2001; Occupations Code, Chapters 2301 and 2305; and Transportation Code, Chapters 501-503, 520, and 1001–1005.

Text.

§215.131. Purpose and Scope.

This subchapter implements Transportation Code, Chapters 503, 520, and 1001–1005, and Occupations Code, Chapters 2301 and 2305, and applies to general distinguishing numbers and drive-a-way operator in-transit licenses issued by the department.

§215.132. Definitions.

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

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

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

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

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

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

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

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

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

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

~~[(7) Temporary tag--A buyer's temporary tag, converter's temporary tag, or dealer's temporary tag as described under Transportation Code, Chapter 503.]~~

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

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

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

(13) [(11)] VIN--Vehicle identification number.

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

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

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

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

18 (1) Required information:

19 (A) type of GDN requested;

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

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

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

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

(K) military service status;

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

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

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

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

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

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

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

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

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

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

(i) driver license;

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

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

(iv) passport; or

(v) United States military identification card.

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

(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~~

1 (J) proof of completion of webDEALER training conducted by the
2 department under §217.174(g) of this title (relating to webDEALER Access, Use, and Training); and

3 (K)[(H)] any other documents required by the department to evaluate the
4 application under current law and board rules.

5 (3) Required fees:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§215.138. Use of Dealer's License Plates.

(a) A dealer's standard, personalized prestige, or temporary ~~or personalized prestige~~ license plate must be attached to the rear of a vehicle in accordance with §217.27 of this title (relating to Vehicle Registration Insignia).

(b) A copy of the receipt for a dealer's standard, personalized prestige, or temporary ~~or personalized prestige~~ license plate issued by the department should be carried in the vehicle to present to law enforcement personnel upon request.

(c) A dealer's standard, personalized prestige, or temporary ~~or personalized prestige~~ license plate may not be displayed on:

(1) a laden commercial vehicle being operated or moved on the public streets or highways; ~~or~~

(2) the dealer's service or work vehicle, except as provided by Transportation Code, §503.068(b-1); ~~or~~

(3) a golf cart as defined under Transportation Code Chapter 551; or

(4) an off-highway vehicle as defined under Transportation Code Chapter 551A.

(d) For purposes of this section, a dealer's service or work vehicle includes:

(1) a vehicle used for towing or transporting another vehicle;

(2) a vehicle, including a light truck, used in connection with the operation of the dealer's shops or parts department;

(3) a courtesy car on which a courtesy car sign is displayed;

(4) a rental or lease vehicle; and

(5) a boat trailer owned by a dealer or manufacturer that is used to transport more than one boat.

(e) For purposes of this section, a light truck as defined by Transportation Code, §541.201, is not considered a laden commercial vehicle when it is:

(1) mounted with a camper unit; or

(2) towing a trailer for recreational purposes.

(f) A dealer's standard, personalized prestige, or temporary ~~[or personalized prestige]~~ license plate may be displayed only on the type of vehicle for which the GDN is issued and for which a dealer is licensed to sell. A nonfranchised dealer may not display a dealer's standard or personalized prestige license plate on a new motor vehicle.

(g) A dealer's standard or personalized prestige license plate may be displayed only on a vehicle that has a valid inspection in accordance with Transportation Code, Chapter 548.

(h) A dealer shall maintain in an electronic license plate system designated by the department a record of each dealer's standard, ~~or~~ personalized prestige, or temporary license plate issued by the department to that dealer. The license plate record must contain:

(1) the license plate number;

(2) the year and make of the vehicle to which the dealer's license plate is affixed;

(3) the VIN of the vehicle; and

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

(i) If a dealer cannot account for a dealer's standard or personalized prestige license plate that the department issued to that dealer, the dealer shall:

(1) document the dealer's license plate as "void" in the dealer's license plate record;

(2) within three days of discovering that the dealer's license plate is missing or damaged, report the dealer's license plate as lost, stolen, or damaged in the electronic system designated by the department; and

(3) if found, cease use of the dealer's license plate.

(j) A dealer's standard, personalized prestige, or temporary ~~[or personalized prestige]~~ license plate is no longer valid for use after the dealer reports to the department that the dealer's license plate is lost, stolen, or damaged. A dealer is also encouraged to immediately alert law enforcement by reporting a stolen license plate to a local law enforcement agency. A dealer shall:

(1) render a void plate unusable by permanently marking the front of the plate with the word "VOID" or a large "X"; and

(2) destroy or recycle the license plate or return the license plate to the department within 10 days.

~~[(k) A dealer's license plate record must be available for inspection and copying by the department during normal business hours or be available to submit electronically to the department upon request.]~~

(k)~~[(k)]~~ A dealer shall return a department-issued license plate, sticker, or receipt to the department within 10 days of the dealer closing the associated license or the department revoking or canceling the license.

(l) A wholesale motor vehicle auction GDN holder that also holds a dealer GDN may display a dealer's temporary license plate assigned to that dealer GDN on a vehicle that is being transported to or from the licensed auction location.

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

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

(1) Business hours for retail dealers.

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

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

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

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

19 (3) Business sign requirements for retail dealers.

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

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

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

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

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

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

(A) Exterior Sign

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

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

(B) Interior Sign

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

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

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

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

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

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

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

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

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

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

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

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

(H) The dealer's office space must:

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

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

(iii) accommodate required office equipment; and

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

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

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

(A) a desk;

(B) two chairs;

(C) internet access; ~~and~~

(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 both assigned plates for vehicles in inventory and unissued 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.

(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.

(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 a material object or barrier that cannot be readily removed. A barrier that cannot be readily removed is one that cannot be easily moved by one person and typically weighs more than 50 pounds. A material object or barrier must be in place on all sides except for the space necessary to allow for entry and exit of vehicle inventory.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) a desk;

(B) a chair;

(C) internet access; ~~and~~

(D) a working telephone number listed in the business name or assumed name under which business is conducted; 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 license plates necessary to remove from a vehicle upon sale at auction such as a license plate or set of license plates removed from a vehicle sold to an out-of-state buyer or sold for export.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iv) the signature of the property owner as the lessor and the signature of the applicant or holder as the tenant or lessee; and

(C) if the lease agreement is a sublease in which the property owner is not the lessor, the wholesale motor vehicle auction must also obtain a signed and notarized statement from the property owner including the following information:

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

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

§215.141. Sanctions.

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

(1) deny an application;

(2) revoke a license;

(3) suspend a license;

(4) assess a civil penalty;

(5) issue a cease and desist order; or

(6) or take other authorized action.

(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 (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;

(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) ~~[except as provided by law,]~~ issues more than one buyer's license plate or set of plates 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;

(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 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 §211.3 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; Transportation Code, Chapters 503 and 1001 - 1005; or other laws;

(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 ~~Authorization to Issue Temporary Tags~~);

1 (26) on or after July 1, 2025, fails to securely store a license plate;

2 (27) fails to maintain a record of dealer license plates as required under §215.138 of this
3 title (relating to Use of Dealer’s License Plates);

4 (28) on or after July 1, 2025, fails to file or enter a vehicle transfer notice;

5 (29) fails to enter a lost, stolen, or damaged license plate in the electronic system
6 designated by the department within the time limit prescribed by rule;

7 [~~utilizes a temporary tag that fails to meet the requirements of §215.153 of this title~~
8 ~~(relating to Specifications for All Temporary Tags);~~]

9 (30) [~~(27)~~] violates any state or federal law or regulation relating to the sale of a motor
10 vehicle;

11 (31) [~~(28)~~] knowingly fails to disclose that a motor vehicle has been repaired, rebuilt, or
12 reconstructed and issued a title under Transportation Code, §501.100 (relating to Application for Regular
13 Certificate of Title for Salvage Vehicle);

14 (32) [~~(29)~~] fails to issue a refund as ordered by the board or department; or

15 (33) [~~(30)~~] fails to acquire or maintain a required certificate of occupancy, certificate of
16 compliance, business license or permit, or other official documentation for the licensed location
17 confirming compliance with county or municipal laws or ordinances or other local requirements for a
18 vehicle business;[~~-~~]

19 (34) on or after July 1, 2025, fails to remove a license plate or set of license plates from a
20 vehicle sold to an out-of-state buyer or from a vehicle sold for export; or

1 (35) fails to keep or maintain records required under Occupations Code, Chapter 2305,
2 Subchapter D or to allow an inspection of these records by the department.

3
4 §215.143. Drive-a-way Operator In-Transit License Plates.

5 (a) A drive-a-way operator may apply for a drive-a-way in-transit standard license plate:

6 (1) when applying for a new or renewal in-transit license, or

7 (2) by submitting a plate request application electronically in the system designated by
8 the department.

9 (b) A drive-a-way operator must display an in-transit license plate in the rear of each transported
10 motor vehicle from the vehicle's point of origin to its point of destination in Texas in accordance with
11 §217.27 of this title (relating to Vehicle Registration Insignia).

12 (c) A drive-a-way operator shall maintain a record of each license plate issued to the operator by
13 the department in the department-designated system. The record of each license plate issued must
14 contain:

15 (1) the license plate number;

16 (2) the year and make of the vehicle to which the license plate is affixed;

17 (3) the VIN of the vehicle; and

18 (4) the name of the person in control of the license plate ~~[vehicle]~~.

19 (d) If a drive-a-way operator cannot account for a license plate or a license plate is damaged, the
20 operator must:

(1) document the license plate as "void" in the department-designated system
~~[operator's plate record];~~

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

(3) if found once reported, cease use of the license plate.

(e) A license plate is no longer valid for use after the drive-a-way operator reports to the
department that the plate is lost, stolen, or damaged. A drive-a-way operator must render a void plate
unusable by permanently marking the front of the plate with the word "VOID" or a large "X" and once
marked, may destroy or recycle the license plate, or return the license plate to the department for
recycling within 10 days. A drive-a-way operator is also encouraged to immediately alert law
enforcement by reporting a stolen license plate to a local law enforcement agency.

~~[(f) The drive-a-way operator's license plate record must be available for inspection and copying
by the department during normal business hours or be available to submit electronically to the
department upon request.]~~

(f)~~[(g)]~~ In evaluating requests for additional license plates, the department will consider the
business justification provided by a drive-a-way operator including the following:

(1) the number of vehicles currently being transported to a location in Texas;

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

(3) the size and type of business; and

(4) the operator's record of tracking and reporting missing or damaged plates to the
department.

1 ~~(g)~~~~(h)~~ If a drive-a-way operator closes the associated license or the associated license is
2 revoked or canceled by the department, the operator must return a license plate to the department
3 within 10 days.

4
5 §215.144. Vehicle Records.

6 (a) Purchases and sales records. A dealer and wholesale motor vehicle auction shall maintain a
7 complete record of all vehicle purchases and sales for a minimum period of 48 months and make the
8 record available for inspection and copying by the department during business hours.

9 (b) Independent mobility motor vehicle dealers. An independent mobility motor vehicle dealer
10 shall keep a complete written record of each vehicle purchase, vehicle sale, and any adaptive work
11 performed on each vehicle for a minimum period of 36 months after the date the adaptive work is
12 performed on the vehicle. An independent mobility motor vehicle dealer shall also retain and produce
13 for inspection all records relating to license requirements under Occupations Code, §2301.002(17-b) and
14 all information and records required under Transportation Code §503.0295.

15 (c) Location of records. A dealer's record reflecting purchases and sales for the preceding 13
16 months must be maintained at the dealer's licensed location. Original titles are not required to be kept
17 at the licensed location but must be made available to the agency upon reasonable request. A dealer's
18 record for prior time periods may be kept off-site.

19 (d) Request for records. Within 15 days of receiving a request from a representative of the
20 department, a dealer shall deliver a copy of the specified records to the address listed in the request. If a
21 dealer has a concern about the origin of a records request, the dealer may verify that request with the
22 department prior to submitting its records.

(e) Content of records. A dealer's complete record for each vehicle purchase or vehicle sale must contain:

(1) the date of the purchase;

(2) the date of the sale;

(3) the VIN;

(4) the name and address of the person selling the vehicle to the dealer;

(5) the name and address of the person purchasing the vehicle from the dealer;

(6) the name and address of the consignor if the vehicle is offered for sale by consignment;

(7) except for a purchase or sale where the Tax Code does not require payment of motor vehicle sales tax, a county tax assessor-collector receipt marked paid;

(8) a copy of all documents, forms, and agreements applicable to a particular sale, including a copy of:

(A) the title application;

(B) the work-up sheet;

(C) the front and back of the manufacturer's certificate of origin or manufacturer's statement of origin, unless the dealer obtains the title through webDEALER as defined in §217.71 of this title (relating to Automated and Web-Based Vehicle Registration and Title Systems) [the electronic title system];

(D) the front and back of the title for the purchase and the sale, unless the dealer enters or obtains the title through webDEALER as defined in §217.71 of this title ~~the electronic title system];~~

(E) the factory invoice, if applicable;

(F) the sales contract;

(G) the retail installment agreement;

(H) the buyer's order;

(I) the bill of sale;

(J) any waiver;

(K) any other agreement between the seller and purchaser;

(L) the purchaser's photo identification;

(M) the odometer disclosure statement signed by the buyer, unless the vehicle is exempt; and

(N) the rebuilt salvage disclosure, if applicable.

(9) the original manufacturer's certificate of origin, original manufacturer's statement of origin, or original title for a ~~new~~ motor vehicle offered for sale by a dealer which must be properly stamped if the title transaction is entered into webDEALER as defined in §217.71 of this title ~~the electronic titling system] by the dealer;~~

(10) the dealer's monthly Motor Vehicle Seller Financed Sales Returns, if any; and

(11) if the vehicle sold is a motor home or a towable recreational vehicle subject to inspection under Transportation Code, Chapter 548, a copy of the written notice provided to the buyer at the time of the sale, notifying the buyer that the vehicle is subject to inspection requirements.

(f) Title assignments.

(1) For each vehicle a dealer acquires or offers for sale, the dealer must properly take assignment in the dealer's name of any:

(A) title;

(B) manufacturer's statement of origin;

(C) manufacturer's certificate of origin; or

(D) other evidence of ownership.

(2) Unless not required by Transportation Code, §501.0234(b), a dealer must apply in the name of the purchaser of a vehicle for the title and registration, as applicable, of the vehicle with a county tax assessor-collector.

(3) To comply with Transportation Code, §501.0234(f), a title or registration is considered filed within a reasonable time if ~~the registration is~~ filed within:

(A) 30 days of the vehicle sale date ~~[date of sale of the vehicle for a vehicle titled or registered in Texas];~~ or

(B) 45 days of the vehicle sale date ~~[date of sale of the vehicle]~~ for a dealer-financed transaction ~~[involving a vehicle that is titled or registered in Texas];~~ or ~~[-]~~

1 (C) 60 days of the vehicle sale date for a vehicle purchased by a member or
2 reserve member of the United States armed forces, Texas National Guard, or National Guard of another
3 state serving on active duty.

4 (4) The dealer is required to provide to the purchaser the receipt for the title and
5 registration application.

6 (5) The dealer is required to maintain a copy of the receipt for the title and registration
7 application in the dealer's sales file.

8 (g) Out-of-state sales. For a sale involving a vehicle to be transferred out of state, the dealer
9 must:

10 (1) within 30 days of the date of sale, either file the application for certificate of title on
11 behalf of the purchaser or deliver the properly assigned evidence of ownership to the purchaser; and

12 (2) maintain in the dealer's record at the dealer's licensed location a photocopy of the
13 completed sales tax exemption form for out of state sales approved by the Texas Comptroller of Public
14 Accounts.

15 (h) Consignment sales. A dealer offering a vehicle for sale by consignment must have a written
16 consignment agreement or a power of attorney for the vehicle, and shall, after the sale of the vehicle,
17 take assignment of the vehicle in the dealer's name and, pursuant to subsection (f), apply in the name of
18 the purchaser for transfer of title and registration, if the vehicle is to be registered, with a county tax
19 assessor-collector. The dealer must, for a minimum of 48 months, maintain a record of each vehicle
20 offered for sale by consignment, including the VIN and the name of the owner of the vehicle offered for
21 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 public motor vehicle auction:

(A) is not required to take assignment of title of a vehicle it offers for sale;

(B) must take assignment of title of a vehicle from a consignor prior to making application for title on behalf of the buyer; and

(C) must make application for title on behalf of the purchaser and remit motor vehicle sales tax within a reasonable time as defined in subsection (f) of this section. ~~[20 working days of the sale of the vehicle.]~~

(3) A GDN holder may not sell another GDN holder's vehicle at a public motor vehicle auction.

(j) Wholesale motor vehicle auction records. A wholesale motor vehicle auction license holder shall maintain, for a minimum of 48 months, a complete record of each vehicle purchase and sale occurring through the wholesale motor vehicle auction. The wholesale motor vehicle auction license holder shall make the record available for inspection and copying by the department during business hours.

(1) A wholesale motor vehicle auction license holder shall maintain at the licensed location a record reflecting each purchase and sale for at least the preceding 24 months. Records for prior time periods may be kept off-site.

(2) Within 15 days of receiving a department request, a wholesale motor vehicle auction license holder shall deliver a copy of the specified records to the address listed in the request.

(3) A wholesale motor vehicle auction license holder's complete record of each vehicle purchase and sale must, at a minimum, contain:

(A) the date of sale;

(B) the VIN;

(C) the name and address of the person selling the vehicle;

(D) the name and address of the person purchasing the vehicle;

(E) the dealer's license number of both the selling dealer and the purchasing dealer, unless either is exempt from holding a license;

(F) all information necessary to comply with the federal odometer disclosure requirements in 49 CFR Part 580;

(G) auction access documents, including the written authorization and revocation of authorization for an agent or employee, in accordance with §215.148 of this title (relating to Dealer Agents);

(H) invoices, bills of sale, checks, drafts, or other documents that identify the vehicle, the parties, or the purchase price;

(I) any information regarding the prior status of the vehicle such as the Reacquired Vehicle Disclosure Statement or other lemon law disclosures; and

(J) a copy of any written authorization allowing an agent of a dealer to enter the auction.

(k) Electronic records. A license holder may maintain a record in an electronic format if the license holder can print the record at the licensed location upon request by the department, except as provided by subsection (l) of this section.

(l) Use of department electronic titling and registration systems; [-]

(1) webDEALER. A license holder utilizing the department's web-based title application known as webDEALER, as defined in §217.71 of this title (relating to Automated and Web-Based Vehicle Registration and Title Systems), shall comply with §217.74 of this title (relating to Access to and Use of webDEALER). Original hard copy titles are not required to be kept at the licensed location but must be made available to the department upon request.

(2) License Plate System. A license holder must comply with §215.151 of this title (relating to Buyer's License Plates General Use Requirements) regarding requirements to enter information into the department-designated electronic system for license plates.

§215.147. Export Sales.

(a) Before selling a motor vehicle for export from the United States to another country, a dealer must obtain a legible photocopy of the buyer's government-issued photo identification document. The photo identification document must be issued by the jurisdiction where the buyer resides and be:

(1) a passport;

(2) a driver license;

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

(4) a national identification certificate or identity document; or

(5) other identification document containing the:

(A) name of the issuing jurisdiction;

(B) buyer's full name;

(C) buyer's foreign address;

(D) buyer's date of birth;

(E) buyer's photograph; and

(F) buyer's signature.

(b) A dealer that sells a vehicle for export from the United States shall place a stamp on the title that includes the words "For Export Only" and includes the dealer's GDN. The stamp must be legible, in black ink, at least two inches wide, and placed on the:

(1) back of the title in all unused dealer reassignment spaces; and

(2) front of the title in a manner that does not obscure any names, dates, mileage statements, or other information printed on the title.

(c) In addition to the records required to be maintained by §215.144 of this title (relating to Vehicle Records), a dealer shall maintain, for each motor vehicle sold for export, a sales file record. The sales file record shall be made available for inspection and copying upon request by the department. The sales file record of each vehicle sold for export must contain:

(1) a completed copy of the Texas Motor Vehicle Sales Tax Exemption Certificate for Vehicles Taken Out of State, indicating that the vehicle has been purchased for export to a foreign country;

(2) a copy of the front and back of the title of the vehicle, showing the "For Export Only" stamp and the GDN of the dealer; and

(3) if applicable, an Export-only Sales Record Form, listing each motor vehicle sold for export only.

(d) A dealer, at the time of sale of a vehicle for export, shall remove, void, and destroy or recycle any license plate or registration insignia as required under §215.158 (relating to General Requirements for Buyer's License Plates) before transferring the vehicle. [:]

~~[(1) enter the information required by Transportation Code, §503.061 in the temporary tag database;]~~

~~[(2) designate the sale as "For Export Only"; and]~~

~~[(3) issue a buyer's temporary tag, in accordance with Transportation Code, §503.063.]~~

§215.148. Dealer Agents.

(a) A dealer shall provide written authorization to each person with whom the dealer's agent or employee will conduct business on behalf of the dealer, including to a person that:

(1) buys and sells motor vehicles for resale; or

(2) operates a licensed auction.

(b) If a dealer's agent or employee that conducts business on behalf of the dealer commits an act or omission that would be cause for denial, revocation, or suspension of a license in accordance with Occupations Code, Chapter 2301 or Transportation Code, Chapter 503, the board may:

(1) deny an application for a license; or

(2) revoke or suspend a license.

(c) The board may take action described in subsection (b) of this section after notice and an opportunity for hearing, in accordance with Occupations Code, Chapter 2301 and Chapter 224 of this title ~~[(relating to)]~~(relating to Adjudicative Practice and Procedure)[~~}]~~.

(d) A dealer's authorization to an agent or employee must:

(1) be in writing;

(2) be signed by the dealer principal or person in charge of daily activities of the dealership;

(3) include the agent's or employee's name, current mailing address, and telephone number;

(4) include the dealer's business name, address, and dealer license number or numbers;

(5) expressly authorize buying or selling by the specified agent or employee;

(6) state that the dealer is liable for any act or omission regarding a duty or obligation of the dealer that is caused by that agent or employee, including any financial considerations to be paid for the vehicle;

(7) state that the dealer's authorization remains in effect until the recipient of the written authorization is notified in writing of the revocation of the authority; and

(8) be maintained as a required dealer's record and made available upon request by a representative of the department, in accordance with the requirements of §215.144 of this title (relating to Vehicle Records).

(e) A license holder, including a wholesale motor vehicle auction that buys and sells vehicles on a wholesale basis, including by sealed bid, is required to verify the authority of any person claiming to be an agent or employee of a licensed dealer who purports to be buying or selling a motor vehicle:

(1) on behalf of a licensed dealer; or

(2) under the written authority of a licensed dealer.

(f) A title to a vehicle bought by an agent or employee of a dealer shall be:

(1) reassigned to the dealer by the seller or by the auction; and

(2) shall not be delivered to the agent or employee but delivered only to the dealer or the dealer's financial institution.

(g) Notwithstanding the prohibitions in this section, an authorized agent or employee may sign a required odometer statement.

(h) In a wholesale transaction for the purchase of a motor vehicle, the seller may accept as consideration only:

(1) a check or a draft drawn on the purchasing dealer's account;

(2) a cashier's check in the name of the purchasing dealer; or

(3) a wire transfer from the purchasing dealer's bank account.

§215.150. Dealer Authorization to Issue License Plates ~~[Temporary Tags]~~.

(a) A dealer that holds a GDN must ~~[may]~~ issue a general issue license plate or set of license plates for a vehicle type the dealer is authorized to sell to:

(1) a buyer of a new vehicle to be titled and registered in Texas, unless the buyer has a specialty, personalized, or other qualifying license plate eligible to be assigned to the vehicle with approval of the department; or

(2) a buyer of a used vehicle to be titled and registered in Texas if a general issue license plate or set of license plates did not come with the vehicle and the buyer does not have a specialty, personalized, or other qualifying license plate eligible to be assigned to the vehicle with approval of the department.

~~[a dealer's temporary tag, buyer's temporary tag, or a preprinted Internet-down temporary tag for authorized purposes only for each type of vehicle the dealer is licensed to sell or lease. A converter that holds a converter's license under Occupations Code, Chapter 2301 may issue a converter's temporary tag for authorized purposes only.]~~

(b) Notwithstanding subsection (a), a dealer that holds a GDN is not required to issue a general issue license plate or set of plates to a vehicle sold to a commercial fleet buyer authorized as a Dealer Deputy under §217.166 of the title (relating to Dealer Deputies).

(c) A dealer that holds a GDN must issue a buyer's temporary license plate to an out-of-state buyer for a vehicle that is to be registered in another state.

(d) [(b)] A dealer [~~license holder~~] may issue a license plate under Transportation Code §503.063
[~~an applicable dealer's temporary tag, buyer's temporary tag, or converter's temporary tag~~] until:

(1) the department denies access to the license plate system [~~temporary tag database~~]
under Transportation Code §503.0633(f) [~~§503.0632(f)~~] and §224.58 of this title (relating to Denial of
Dealer [~~or Converter~~] Access to License Plate System [~~Temporary Tag System~~]);

(2) the dealer [~~license holder~~] issues the maximum number of license plates [~~temporary
tags~~] authorized under Transportation Code, §503.0633(a) - (d) [~~§503.0632(a) - (d)~~]; or

(3) the GDN [~~license~~] is canceled, revoked, or suspended.

(e) [(c)] A [~~federal, state, or local~~] governmental agency that is exempt under Transportation
Code, § [~~Section~~]503.024 from the requirement to obtain a dealer general distinguishing number may
issue a general issue license plate or set of license plates or a buyer's temporary license plate to the
buyer of a vehicle owned by the governmental agency unless the buyer has a specialty, personalized, or
other qualifying license plate that is eligible to be assigned to the vehicle with approval of the
department. [~~one buyer's temporary tag, or one preprinted Internet down temporary tag, in accordance
with Transportation Code §503.063.~~] A governmental agency that issues a general issue or buyer's
temporary license plate [~~buyer's temporary tag, or preprinted Internet down temporary tag,~~] under this
subsection:

(1) is subject to the provisions of Transportation Code, §503.0631 and §503.0671
[~~§503.067~~] applicable to a dealer; and

(2) is not required to charge the registration fee authorized under Transportation Code
§503.063(g) and specified in §215.155(g) of this title (relating to Buyer's License Plates).

(f) ~~(d)~~ A dealer ~~[or converter]~~ is responsible for all use of and access to all license plates in the dealer's possession and the license plate system ~~[the applicable temporary tag database]~~ under the dealer's ~~[or converter's]~~ account, including access by any user or unauthorized person. Dealer ~~and converter~~ duties include monitoring license plate storage and issuance ~~[temporary tag usage]~~, managing account access, and taking timely and appropriate actions to maintain license plate and system security, including:

(1) establishing and following reasonable password policies, including preventing the sharing of passwords;

(2) limiting authorized users to owners and bona fide employees with a business need to access license plates and the license plate system ~~[database]~~;

(3) removing users who no longer have a legitimate business need to access the system;

(4) securing all license plates, including license plates assigned to vehicles in inventory, dealer's license plates, and unissued buyer's license plates, by storing license plates in a locked and secured room or closet or one or more securely locked, substantially constructed safes or steel cabinets bolted or affixed to the floor or wall of sufficient size to store all dealer and buyer's license plates in a dealer's possession, and by promptly marking and destroying, recycling, or returning void license plates as required under §215.158 of this title (relating to General Requirements for Buyer's License Plates; and

~~[securing printed tags and destroying expired tags, by means such as storing printed tags in locked areas and shredding or defacing expired tags; and]~~

(5) securing equipment used to access the license plate system. ~~[temporary tag database and print temporary tags.]~~

§215.151. License Plate General Use Requirements.

(a) If a buyer purchases a vehicle to be registered in Texas, a dealer must secure, or a government agency may secure, a license plate or set of license plates to the vehicle in accordance with §217.27 of this title (relating to Vehicle Registration Insignia) and update the license plate system accordingly.

(1) A dealer must secure, or a governmental agency may secure, a buyer-provided license plate on the purchased vehicle if a buyer provides a specialty, personalized, or other qualifying license plate that is eligible to be assigned to the vehicle with approval of the department and update the license plate system accordingly.

(2) A dealer must issue a general issue license plate or set of license plates to the buyer if a buyer purchases a new vehicle from a dealer and the buyer does not have a specialty, personalized, or other qualifying license plate to transfer to the vehicle.

(3) A dealer must issue, or a governmental agency may issue, a general issue license plate or set of license plates to a buyer purchasing a used vehicle if the vehicle does not have an assigned license plate in the license plate system or the assigned license plate is missing or damaged and the buyer does not have a specialty, personalized, or other qualifying license plate to transfer to the vehicle.

(b) If a non-resident buyer purchases a vehicle to be titled and registered in another state, a dealer must issue, or a governmental agency may issue, a buyer's temporary license plate and secure the temporary license plate to the rear of a vehicle in accordance with §217.27 of this title (relating to Vehicle Registration Insignia) and update the license plate system accordingly.

1 (c) If a vehicle has an assigned license plate or set of license plates and the buyer provides a
2 specialty, personalized, or other qualifying license plate to transfer to the vehicle, a dealer must update
3 the license plate status in the license plate system, mark the license plate as void and destroy, recycle, or
4 return the license plate as required in §215.158 of the title (relating to General Requirements for Buyer's
5 License Plates).

6 (d) A dealer, including a wholesale dealer, must remove a general issue license plate or set of
7 license plates from a purchased vehicle, store the license plate or set of license plates in a secure
8 location in accordance with §215.150(d) of this title (relating to Dealer Authorization to Issue License
9 Plates), and:

10 (1) provide the assigned license plate or set of license plates to a Texas buyer that
11 purchases the vehicle; or

12 (2) if the vehicle is sold to an out-of-state buyer or for export, update the license plate
13 status in the license plate system, mark the license plate as void and destroy, recycle, or return the
14 license plate as required in §215.158 of the title (relating to General Requirements for Buyer's License
15 Plates).

16
17 §215.152. Obtaining Dealer-Issued Buyer's License Plates. ~~[Numbers for Issuance of Temporary Tags.]~~

18 (a) A dealer ~~[,]~~ or ~~[a]~~ governmental agency~~[, or a converter]~~ is required to have internet access to
19 connect to webDEALER and the license plate system ~~[the temporary tag databases]~~ maintained by the
20 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 License Plates 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.

~~[Except as provided by §215.157 of this title (relating to Advance Numbers, Preprinted Internet-down Temporary Tags), before a temporary tag may be issued and displayed on a vehicle, a dealer, a governmental agency, or converter must:]~~

~~[(1) enter in the temporary tag database true and accurate information about the vehicle, dealer, converter, or buyer, as appropriate; and]~~

~~[(2) obtain a specific number for the temporary tag.]~~

(c) The department will inform each dealer annually of the maximum number of buyer's license plates ~~[temporary tags]~~ the dealer is authorized to obtain ~~[issue]~~ during the calendar year under Transportation Code, §503.063, including:

(1) an allotment of unassigned general issue license plates or sets of 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. [§503.0632. The number of buyer's temporary tags allocated to each dealer by the department will be determined based on the following formula:]

~~[(1) Sales data determined from the department's systems from the previous three fiscal years. A dealer's base number will contain the sum of:]~~

~~[(A) the greater number of:]~~

~~[(i) in-state buyer's temporary tags issued in one fiscal year during the previous three fiscal years; or]~~

~~[(ii) title transactions processed through the Registration and Title System in one fiscal year during the previous three fiscal years; but]~~

~~[(iii) the amount will be limited to an amount that is not more than two times the number of title transactions identified in subparagraph (ii) of this paragraph; and]~~

~~[(B) the addition of the greatest number of out-of-state buyer's temporary tags issued in one fiscal year during the previous three fiscal years;]~~

~~[(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 in tags for each year the dealer has been in operation up to 10 years;]~~

~~[(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 title transactions processed through the Registration and Title System plus the growth of the number of out-of-state buyer's temporary tags issued, except that it may not exceed 200 percent; or]~~

~~[(B) the statewide actual growth rate percentage identified from the preceding two fiscal years, calculated by the growth of the number of title transactions processed through the Registration and Title System plus the growth of the number of out-of-state buyer's temporary tags issued, not less than zero, to determine the buyer's temporary tag allotment; and]~~

~~[(4) the department may increase the determined allotment of buyer's temporary tags 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.]~~

(d) The department will calculate a dealer's maximum annual allotment of unassigned general issue license plates and buyer's temporary license plates based on the following formula:

~~[inform each dealer annually of the maximum number of agent temporary tags and vehicle specific temporary tags the dealer is authorized to issue during the calendar year under Transportation Code §503.0632. The number of agent temporary tags and vehicle specific temporary tags allocated to each dealer by the department, for each tag type, will be determined 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;

~~[dealer temporary tag data for agent temporary tags and vehicle specific temporary tags determined from the department's systems from the previous three fiscal years. A dealer's base number will contain the maximum number of dealer temporary tags issued during the previous three fiscal years;]~~

(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 ~~[in tags]~~ 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 ~~[dealer's temporary tags issued]~~, except that it may not exceed 200 percent; or

(B) the statewide actual growth rate percentage identified from the preceding two fiscal years, calculated by the growth of the number of relevant transactions processed through the department-designated registration and title system or license plate system ~~[dealer's temporary tags issued]~~, not less than zero, to determine the dealer's annual ~~[temporary tag]~~ allotment; and

(4) the department may increase the annual ~~[a dealer's]~~ allotment ~~[of agent temporary tags and vehicle specific temporary tags]~~ 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) The department will inform each converter annually of the maximum number of temporary tags the converter is authorized to issue during the calendar year under Transportation Code §503.0632.~~

1 The number of temporary tags allocated to each converter by the department will be determined based
2 on the following formula:]

3 [(1) converter temporary tag data determined from the department's systems from the
4 previous three fiscal years. A converter's base number will contain the maximum number of converter
5 temporary tags issued during the previous three fiscal years;]

6 [(2) the total value of paragraph (1) of this subsection will be increased by a multiplier
7 based on the converter's time in operation giving a 10 percent increase in tags for each year the dealer
8 has been in operation up to 10 years; and]

9 [(3) the total value of paragraph (2) of this subsection will be increased by a multiplier
10 that is the greater of:]

11 [(A) the converter's actual growth rate percentage identified from the preceding
12 two fiscal years, calculated by the growth of the number of converter's temporary tags issued, except
13 that it may not exceed 200 percent; or]

14 [(B) the statewide actual growth rate percentage identified from the preceding
15 two fiscal years, calculated by the growth of the number of converter's temporary tags issued, not less
16 than zero, to determine the converter's temporary tag allotment;]

17 [(4) the department may increase a converter's allotment of converter temporary tags
18 for converters in the state, in a geographic or population area, or in a county, based on:]

19 [(A) changes in the market;]

20 [(B) temporary conditions that may affect sales; and]

21 [(C) any other information the department considers relevant.]

1 ~~(e) [(f)]~~ A dealer~~[or converter that is]~~ licensed after the commencement of a calendar year shall
2 be allocated ~~[authorized to issue]~~ the number of general issue license plates or sets of plates and buyer's
3 temporary plates allocated ~~[temporary tags allotted]~~ in this subsection prorated on all or part of the
4 remaining months until the commencement of the calendar year after the dealer's ~~[or converter's]~~ initial
5 license expires. The initial allocations shall be as determined by the department in granting the license,
6 but not more than:

7 (1) 200 general issue license plates or sets of plates and 100 buyer's temporary license
8 plates ~~[1,000 temporary tags]~~ for a franchised dealer ~~[per each tag type, buyer's temporary tags, agent~~
9 ~~temporary tags, and vehicle specific tags,]~~ unless the dealer provides credible information indicating that
10 a greater number of buyer's license plates or sets of license plates is warranted based on anticipated
11 sales, and growth, to include new and used vehicle sales, including information from the manufacturer
12 or distributor, or as otherwise provided in this section. [:]

13 ~~[(A) the dealer provides credible information indicating that a greater number of~~
14 ~~tags is warranted based on anticipated sales, and growth, to include new and used vehicle sales,~~
15 ~~including information from the manufacturer or distributor, or as otherwise provided in this section; and]~~

16 ~~[(B) if more than 1,000 temporary tags are determined to be needed based on~~
17 ~~anticipated sales and growth, the total number of temporary tags needed, including the 1,000, will be~~
18 ~~doubled;]~~

19 (2) 100 general issue license plates or sets of plates and 48 buyer's temporary license
20 plates ~~[300 temporary tags]~~ for a nonfranchised dealer ~~[per each tag type, buyer's temporary tags, agent~~
21 ~~temporary tags, and vehicle specific tags,]~~ unless the dealer provides credible information indicating that

1 a greater number of license plates or sets of license plates ~~[tags]~~ is warranted based on anticipated sales
2 as otherwise provided in this section. ~~[; and]~~

3 ~~[(3) A converter will be allocated 600 temporary tags, unless the converter provides~~
4 ~~credible information indicating that a greater number of tags is warranted based on anticipated sales,~~
5 ~~including information from the manufacturer or distributor, or as otherwise provided in this section.]~~

6 (f) ~~[(g)]~~ An existing dealer ~~[or converter]~~ that is:

7 (1) moving its operations from one location to a different location will continue with its
8 allotment of general issue license plates or sets of plates and buyer's temporary license plates
9 ~~[temporary tags]~~ and not be allocated license plates ~~[temporary tags]~~ under subsection (e) ~~[(f)]~~ of this
10 section;

11 (2) opening an additional location will receive a maximum allotment of buyer's general
12 issue license plates or sets of plates and buyer's temporary license plates ~~[temporary tags]~~ based on the
13 greater of the allotment provided to existing locations, including franchised dealers opening additional
14 locations for different line makes, or the amount under subsection (e) ~~[(f)]~~ of this section;

15 (3) purchased as a buy-sell ownership agreement will receive the maximum allotment of
16 general issue license plates or sets of plates and buyer's temporary license plates ~~[temporary tags]~~
17 provided to the location being purchased and not be allocated license plates ~~[temporary tags]~~ under
18 subsection (e) ~~[(f)]~~ of this section; and

19 (4) inherited by will or laws of descent will receive the maximum allotment of general
20 issue license plates or sets of plates and buyer's temporary license plates ~~[temporary tags]~~ provided to
21 the location being inherited and not be allocated license plates ~~[temporary tags]~~ under subsection (e)
22 ~~[(f)]~~ of this section.

1 (g) [(h)] A new dealer [or converter] may also provide credible information supporting a request
2 for additional general issue license plates or sets of plates and buyer's temporary license plates
3 [temporary tags] to the amount allocated under subsection (e) [(f)] of this section based on:

- 4 (1) franchised dealer, manufacturer, or distributor sales expectations;
- 5 (2) a change in GDN [license] required by death or retirement, except as provided in
- 6 subsection (f) [(g)] of this section;
- 7 (3) prior year's sales by a dealer [dealership] moving into the state; or
- 8 (4) other similar change of location or ownership that indicates some continuity in
- 9 existing operations.

10 (h) The annual allotment of general issue license plates or sets of plates and buyer's temporary
11 license plates will each be divided by four and allocated to a dealer on a quarterly basis. A dealer's
12 remaining unissued license plates at the end of a calendar quarter will count towards the dealer's next
13 quarterly allotment.

14 (i) A dealer may request more general issue license plates or sets of plates or buyer's temporary
15 license plates:

16 (1) after using 50 percent of the quarterly allocation of general issue plates or sets of
17 plates or buyer temporary plates, a dealer may request an advance on the next quarter's allotment; or

18 (2) after using 50 percent of the allotted annual maximum number of general issue
19 plates or sets of plates or buyer temporary plates a dealer may request an increase in the annual allotted
20 number of license plates.

1 ~~[After using 50 percent of the allotted maximum number of temporary tags, a dealer or~~
2 ~~converter may request an increase in the number of temporary tags by submitting a request in the~~
3 ~~department's eLICENSING system.]~~

4 (j) To receive more general issue license plates or sets of plates or buyer's temporary license
5 plates under subsection (i), a dealer must submit a request in the department's designated license plate
6 system.

7 (k) A dealer requesting an increase in the maximum annual allotment of general issue license
8 plates or sets of plates or buyer's temporary license plates

9 ~~[(1) The dealer or converter]~~ must provide information demonstrating the need for
10 additional license plates ~~[temporary tags]~~ results from business operations, including anticipated needs,
11 as required by Transportation Code, §503.0633(c). ~~[\$503.0632(c).]~~ Information may include
12 documentation of sales and tax reports filed as required by law, information of anticipated need, or
13 other information of the factors listed in Transportation Code, §503.0633(b). ~~[\$503.0632(b).]~~

14 (1) [(2)] The department shall consider the information presented and may consider
15 information not presented that may weigh for or against granting the request that the department in its
16 sole discretion determines to be relevant in making its determination. Other relevant information may
17 include information of the factors listed in Transportation Code, §503.0633(b) ~~[\$503.0632(b)]~~, the timing
18 of the request, and the requestor's ~~[applicant's]~~ license plate ~~[temporary tag]~~ activity.

19 (2) [(3)] The department may allocate a lesser or greater number of additional license
20 plates ~~[temporary tags]~~ than the amount requested. Allocation of a lesser or greater number of
21 additional license plates ~~[temporary tags]~~ is not a denial of the request. Allocation of additional license

1 ~~plates [temporary tags]~~ under this paragraph does not limit the dealer's ~~[or converter's]~~ ability to submit
2 additional requests for more license plates ~~[temporary tags]~~.

3 (3) ~~[(4)]~~ If a request is denied, the denial will be sent to the dealer ~~[or converter]~~ by
4 email to the requestor's email address.

5 (A) A dealer ~~[or converter]~~ may appeal the denial to the designated director in
6 the Vehicle Titles and Registration Division. ~~[Motor Vehicle Division Director.]~~

7 (B) The appeal must be requested through the designated license plate system
8 ~~[eLICENSING system]~~ within 15 days of the date the department emailed the denial to the dealer ~~[or~~
9 ~~converter]~~.

10 (C) The appeal may discuss information provided in the request but may not
11 include additional information.

12 (D) The designated director in the Vehicle Titles and Registration Division ~~[Motor~~
13 ~~Vehicle Division Director]~~ will review the appeal ~~[submission]~~ and any additional statements concerning
14 the information submitted in the original request and render an opinion within 15 days of receiving the
15 appeal. The designated director in the Vehicle Titles and Registration Division ~~[Motor Vehicle Division~~
16 ~~Director]~~ may decide to deny the appeal ~~[request]~~ and issue no additional license plates ~~[tags]~~ or award
17 an amount of additional license plates ~~[temporary tags]~~ that is lesser, equal to, or greater than the
18 request.

19 (E) The requesting dealer ~~[or converter]~~ will be notified as follows:

20 (i) If the designated director in the Vehicle Titles and Registration
21 Division ~~[Motor Vehicle Division Director]~~ decides to deny the appeal, the department will contact the

1 ~~requesting dealer~~ [license holder] by email regarding the decision and options to submit a new request
2 with additional relevant credible supporting documentation or to pursue a claim in district court; or

3 (ii) If the designated director in the Vehicle Titles and Registration
4 Division [~~Motor Vehicle Division Director~~] awards an amount of additional license plates [~~temporary~~
5 ~~tags~~] that is lesser, equal to, or greater than the request, the additional license plates [~~temporary tags~~]
6 will be added to the dealer's allocation [~~or converter's account~~] and the dealer [~~license holder~~] will be
7 contacted by email regarding the decision, informed that the request has not been denied, and options
8 to submit a new request.

9 (5) The designated director in the Vehicle Titles and Registration Division's [~~Motor~~
10 ~~Vehicle Division Director's~~] decision on appeal is final.

11 (6) Once a denial is final, a dealer [~~or converter~~] may only submit a subsequent request
12 for additional license plates [~~temporary tags~~] during that calendar year if the dealer [~~or converter~~] is able
13 to provide additional information not considered in a prior request.

14 (l) [(j)] A change in the allotment under subsection (i) of this section does not create a dealer [~~or~~
15 ~~converter~~] base for subsequent year calculations.

16 (m) [(k)] The department may at any time initiate an enforcement action against a dealer [~~or~~
17 ~~converter~~] if license plate system activity [~~temporary tag usage~~] suggests that misuse or fraud has
18 occurred as described in Transportation Code \$503.0633(f) or \$503.0671. [~~\$\$503.038, 503.0632(f), or~~
19 ~~503.067.~~]

20 [(l) Unused temporary tag allotments from a calendar year do not roll over to subsequent years.]
21

1 §215.154. Dealer's Temporary License Plate Allocation.

2 (a) The number of dealer's temporary license plates a dealer may order for business use is based
3 on the type of license for which the dealer applied and the number of vehicles the dealer sold during the
4 previous year.

5 (b) Unless otherwise qualified under this section, the maximum number of dealer's temporary
6 license plates the department will issue to a new license applicant during the applicant's first license
7 term is indicated in the following table.

8 Attached Graphic

9 (c) A dealer that applies for a license is not subject to the initial allotment limits described in this
10 section and may rely on that dealer's existing allocation of dealer's temporary license plates if that
11 dealer is:

12 (1) a franchised dealership subject to a buy-sell agreement, regardless of a change in the
13 entity of ownership;

14 (2) any type of dealer that is relocating and has been licensed by the department for a
15 period of one year or longer; or

16 (3) any type of dealer that is changing its business entity type and has been licensed by
17 the department for a period of one year or longer.

18 (d) A dealer may obtain more than the maximum number of dealer's temporary license plates
19 provided by this section by submitting to the department proof of sales for the previous 12-month
20 period that justifies additional license plates.

1 (1) The number of additional dealer’s temporary license plates the department will issue
2 to a dealer that demonstrates need through proof of sales is indicated in the following table.

3 Attached Graphic

4 (2) For purposes of this section, proof of sales for the previous 12-month period may
5 consist of a copy of the most recent vehicle inventory tax declaration or monthly statements filed with
6 the taxing authority in the county of the dealer's licensed location. Each copy must be stamped as
7 received by the taxing authority.

8 (e) A wholesale motor vehicle dealer may obtain more than the maximum number of dealer’s
9 temporary license plates provided by this section by submitting to the department proof of the number
10 of vehicles the dealer has purchased in the previous 12-month period that justifies additional license
11 plates.

12 (1) Evidence of the wholesale motor vehicle dealer’s vehicle purchases for the previous
13 12-month period must include the date of purchase, VIN of the vehicle purchased, and the selling
14 dealer’s name, and any other information the department in its discretion deems necessary to
15 determine the need for additional dealer’s temporary license plates for the wholesale motor vehicle
16 dealer.

17 (2) Upon review and approval of a wholesale motor vehicle dealer’s proof of vehicle
18 purchases documentation, the department shall issue up to 5 additional dealer’s temporary license
19 plates to the dealer.

20 (f) The Director of the Motor Vehicle Division may waive the dealer’s temporary license plate
21 issuance restrictions if the waiver is essential for the continuation of the business. The director will

determine the number of dealer's temporary license plates the department will issue based on the dealer's past sales, dealer's inventory, and any other factor the Director determines pertinent.

(1) A request for a waiver must be submitted to the director in writing and specifically state why the additional dealer's temporary license plates are necessary for the continuation of the dealer's business.

(2) A request for a waiver must be accompanied by proof of the dealer's sales for the previous 12-month period, if applicable.

§215.155. Buyer's License Plates ~~[Temporary Tags]~~.

(a) A dealer may issue and secure a buyer's general issue license plate or set of plates or a buyer's temporary license plate ~~[temporary tag may be displayed]~~ only on a vehicle:

(1) from the selling dealer's inventory; and

(2) that can be legally operated on the public streets and highways; and

(3) for which a sale or lease has been consummated; and

(4) that has a valid inspection in accordance with Transportation Code Chapter 548,

unless:

(A) an inspection is not required under Transportation Code §503.063(i) or (j); or

(B) the vehicle is exempt from inspection under Chapter 548.

(b) A dealer may not issue a buyer's general issue or temporary license plate ~~[temporary tag must be issued and provided]~~ to the buyer of a vehicle that is to be titled but not registered ~~[but the temporary tag must not be displayed on the vehicle].~~

(c) For a wholesale transaction: ~~[7]~~

(1) a dealer may not issue a buyer's license plate; rather the purchasing dealer places on
the motor vehicle its own:

(A) ~~[(1)]~~ dealer's temporary license plate ~~[tag]~~; or

(B) ~~[(2)]~~ dealer's standard or personalized prestige license plate.

(2) if a general issue plate or set of plates is assigned to a vehicle, the selling dealer must
provide the license plate or set of plates to the purchasing dealer for placement on the vehicle at time of
retail sale.

(d) A buyer's temporary license plate ~~[tag]~~ is valid until the earlier of:

(1) the date on which the vehicle is registered; or

(2) the 60th day after the date of purchase.

~~[(e) The dealer or governmental agency, must ensure that the following information is placed on~~
~~a buyer's temporary tag:]~~

~~[(1) the vehicle-specific number obtained from the temporary tag database;]~~

~~[(2) the year and make of the vehicle;]~~

~~[(3) the VIN of the vehicle;]~~

~~[(4) the month, day, and year of the expiration of the buyer's temporary tag; and]~~

1 ~~[(5) the name of the dealer or governmental agency.]~~

2 (e) ~~[(f)]~~ A dealer shall charge a buyer a fee of \$10 ~~[\$5 for the buyer's temporary tag or Internet-~~
3 ~~down buyer's temporary tag issued]~~, unless the vehicle is exempt from payment of registration fees
4 under Transportation Code, §502.453 or §502.456. A dealer shall remit the fee to the county with the
5 title transfer application for deposit to the credit of the Texas Department of Motor Vehicles fund. If the
6 vehicle is sold by a dealer to an out-of-state resident:

7 (1) the dealer shall remit the entire fee to the department for deposit to the credit of the
8 Texas Department of Motor Vehicles fund if payment is made through the department's designated
9 electronic system ~~[electronic title system]~~; or

10 (2) the dealer shall remit the fee to the county for deposit to the credit of the Texas
11 Department of Motor Vehicles fund.

12 (f) ~~[(g)]~~ A governmental agency may charge a buyer a fee of \$10 ~~[\$5 for the buyer's temporary~~
13 ~~tag or Internet down buyer's temporary tag issued]~~, unless the vehicle is exempt from payment of
14 registration fees under Transportation Code, §502.453 or §502.456. If collected by a governmental
15 agency, the fee must be sent to the county for deposit to the credit of the Texas Department of Motor
16 Vehicles fund.

17
18 §215.156. Buyer's License Plate ~~[Temporary Tag]~~ Receipt.

19 A dealer[,], or ~~[federal, state, or local]~~ governmental agency[,], must print a buyer's license plate
20 receipt from the department's designated electronic system and provide the~~[a buyer's temporary tag]~~
21 receipt to the buyer of each vehicle for which a buyer's license plate or set of license plates is issued.

1 ~~[temporary tag is issued, regardless of whether the buyer's temporary tag is issued using the temporary~~
2 ~~tag database or if the tag is a preprinted Internet down temporary tag. The dealer, or federal, state, or~~
3 ~~local governmental agency, may print the image of the buyer's temporary tag receipt issued from the~~
4 ~~temporary tag database or create the form using the same information.]~~ The dealer[, or [federal, state,
5 ~~or local]~~ governmental agency, shall instruct the buyer to keep a copy of the buyer's license
6 plate~~[temporary tag]~~ receipt in the vehicle until the vehicle is registered in the buyer's name and the
7 vehicle registration insignia is affixed to the motor vehicle windshield or plate, as applicable ~~[and until~~
8 ~~metal plates are affixed to the vehicle]~~. The buyer's license plate ~~[temporary tag]~~ receipt must include
9 the following information:

- 10 (1) the issue date of the buyer's license plate or set of plates ~~[temporary tag]~~;
- 11 (2) the year, make, model, body style, color, and VIN of the vehicle sold;
- 12 (3) the license plate ~~[vehicle-specific temporary tag]~~ number;
- 13 (4) ~~[the expiration date of the temporary tag;]~~
- 14 ~~[(5)]~~ the date of the sale;
- 15 (5) [(6)] the name of the issuing dealer and the dealer's license number or the name of
16 the issuing federal, state, or local governmental agency; ~~and~~
- 17 (6) [(7)] the buyer's name and mailing address; and ~~[.]~~
- 18 (7) the procedure by which the vehicle's registration insignia will be provided to the
19 buyer as required under Transportation Code, §503.0631.
- 20

§215.157. Issuing Buyer's License Plates and License Plate Receipts When Internet Not Available

~~[Advance Numbers, Preprinted Internet down Temporary Tags].~~

~~[(a)] In accordance with Transportation Code, §503.0631(d), [a dealer, or a federal, state, or local governmental agency, may obtain an advance supply of preprinted Internet down temporary tags with specific numbers and buyer's temporary tag receipts to issue in lieu of buyer's temporary tags if the dealer is unable to access the internet.]~~

~~[(b)] [(f)] If a dealer[,] or [a federal, state, or local] governmental agency[,] is unable to access the internet at the time of a sale, the dealer[,] or [a federal, state, or local] governmental agency [, must complete the preprinted Internet down temporary buyer's tag and buyer's temporary tag receipt by providing details of the sale, signing the buyer's temporary tag receipt, and retaining a copy. The dealer, or a federal, state, or local governmental agency,] must document the issuance of a buyer's general issue license plate or set of plates or a buyer's temporary license plate on a receipt form prescribed by the department and enter the required information regarding the sale in the license plate system [temporary tag database] not later than the close of the next business day [that the dealer has access to the internet]. The buyer's license plate [temporary tag] receipt must include a statement that the dealer [, or a federal, state, or local] or governmental agency, has internet access but, at the time of the sale, the dealer [, or a federal, state, or local] or governmental agency, was unable to access the internet or the license plate system and meet the requirements in §215.156 of this title (relating to Buyer's License Plate Receipt) [temporary tag database].~~

§215.158. General Requirements for Buyer's License Plates ~~[and Allocation of Preprinted Internet down Temporary Tag Numbers].~~

(a) A [The] dealer[,], or [a federal, state, or local] governmental agency[,], is responsible for the safekeeping of all license plates in the dealer's or governmental agency's possession consistent with the requirements in §215.150 (relating to Dealer Authorization to Issue License Plates). [preprinted Internet-down temporary tags and shall store them in a secure place, and promptly destroy any expired tags.] A [The] dealer[,], or [a federal, state, or local] governmental agency shall report any loss, theft, or destruction of a buyer's license plate [preprinted Internet-down temporary tags] to the department in the system designated by the department within 24 hours of discovering the loss, theft, or destruction. A dealer or governmental agency is also encouraged to immediately alert law enforcement by reporting a stolen license plate to a local law enforcement agency.

(b) When a dealer is required to remove and void a previously assigned general issue plate or set of plates or other type of license plate from a vehicle sold to an out-of-state buyer or for another reason allowed by rule, the dealer shall render a void plate unusable by permanently marking the front of the plate with the word "VOID" or a large "X"; and within 10 days:

(1) destroy the license plate or set of plates; or

(2) recycle the license plate or set of license plates using a metal recycler registered under Occupations Code, Chapter 1956; or

(3) return the license plate or set of plates to the department or county tax assessor-collector.

[A dealer, or a federal, state, or local governmental agency, may use a preprinted Internet-down temporary tag up to 12 months after the date the preprinted Internet-down temporary tag is created. A dealer, or a federal, state, or local governmental agency, may create replacement preprinted Internet-down temporary tags up to the maximum allowed, when:]

1 ~~[(1) a dealer, or a federal, state, or local governmental agency, uses one or more~~
2 ~~preprinted Internet down temporary tags and then enters the required information in the temporary tag~~
3 ~~database after access to the temporary tag database is again available; or]~~

4 ~~[(2) a preprinted Internet down temporary tag expires.]~~

5 [(c) A dealer or governmental agency must return all buyer's license plates in the dealer's
6 possession to the department within 10 days of closing the associated license or within 10 days of the
7 associated license being revoked, canceled, or closed by the department.

8 ~~[(c) The number of preprinted Internet down temporary tags that a dealer, or federal, state, or~~
9 ~~local governmental agency, may create is equal to the greater of:]~~

10 ~~[(1) the number of preprinted Internet down temporary tags previously allotted by the~~
11 ~~department to the dealer or a federal, state, or local governmental agency;]~~

12 ~~[(2) 30; or]~~

13 ~~[(3) 1/52 of the dealer's, or federal, state, or local governmental agency's, total annual~~
14 ~~sales.]~~

15 ~~[(d) For good cause shown, a dealer, or a federal, state, or local governmental agency, may~~
16 ~~obtain more than the number of preprinted Internet down temporary tags described in subsection (c) of~~
17 ~~this section. The director of the Motor Vehicle Division of the department or that director's delegate may~~
18 ~~approve, in accordance with this subsection, an additional allotment of preprinted Internet down~~
19 ~~temporary tags for a dealer, or a federal, state, or local governmental agency, if the additional allotment~~
20 ~~is essential for the continuation of the dealer's, or a federal, state, or local governmental agency's,~~
21 ~~business. The director of the Motor Vehicle Division of the department, or a federal, state, or local~~

~~governmental agency, or that director's delegate will base the determination of the additional allotment of preprinted Internet down temporary tags on the dealer's, or a federal, state, or local governmental agency's, past sales, inventory, and any other factors that the director of the Motor Vehicle Division of the department or that director's delegate determines pertinent, such as an emergency. A request for additional preprinted Internet down temporary tags must specifically state why the additional preprinted Internet down temporary tags are necessary for the continuation of the applicant's business.]~~

~~[(e) Preprinted Internet down temporary tags created under subsection (c) of this section apply to the maximum tag limit established in §215.152 of this title (relating to Obtaining Numbers for Issuance of Temporary Tags) when the preprinted tag is entered into the temporary tag database as a sale.]~~

§215.160. Duty to Identify Motor Vehicles Offered for Sale as Rebuilt.

(a) For each motor vehicle a dealer displays or offers for retail sale and which the dealer knows has been a salvage motor vehicle as defined by Transportation Code, §501.091(15) and has subsequently been issued a title ~~[titled under Transportation Code, §501.100]~~, a dealer shall disclose in writing that the motor vehicle has been repaired, rebuilt, or reconstructed. The written disclosure must:

(1) be visible from outside of the motor vehicle; and

(2) contain lettering that is reasonable in size, stating as follows: *"This motor vehicle has been repaired, rebuilt or, reconstructed after formerly being titled as a salvage motor vehicle."*

(b) Upon the sale of a motor vehicle which has been a salvage motor vehicle as defined by Transportation Code, §501.091(15) and subsequently issued a title ~~[titled under Transportation Code, §501.100]~~, a dealer shall obtain the purchaser's signature on the vehicle disclosure form or on an acknowledgement written in fourteen point or larger font that states as follows: "*I, (name of purchaser), acknowledge that at the time of purchase, I am aware that this vehicle has been repaired, rebuilt, or reconstructed and was formerly titled as a salvage motor vehicle.*"

(c) The purchaser's acknowledgement as required in subsection (b) of this section may be incorporated in a Buyer's Order, a Purchase Order, or other disclosure document. This disclosure requires a separate signature.

(d) An original signed acknowledgement or vehicle disclosure form required by subsection (b) of this section must be given to the purchaser and a copy of the signed acknowledgement or vehicle disclosure form shall be retained by the dealer in the records of motor vehicles sales required by §215.144 of this title (relating to Vehicle Records). If the acknowledgement is incorporated in a Buyer's Order, a Purchase Order, or other disclosure document, a copy of that document must be given to the purchaser and a copy retained in the dealer's records in accordance with §215.144.

(e) This section does not apply to a wholesale motor vehicle auction.

§215.162. Catalytic Converter Record Requirements.

A dealer that repairs a motor vehicle with a catalytic converter shall:

- (1) comply with the recordkeeping requirements in Occupations Code, Chapter 2305, Subchapter D; and
- (2) allow the department to inspect these records during business hours.

1

2 **STATUTORY AUTHORITY.** In addition to the rulemaking authority provided in Section 34 of HB 718, the

3 department proposes repeals to Chapter 215 under Occupations Code, §2301.151, which gives the board

4 authority to regulate the distribution, sale, and lease of motor vehicles and the authority to take any

5 action that is necessary or convenient to exercise that authority; Occupations Code, §2301.152, which

6 authorizes the board to establish the qualifications of license holders, ensure that the distribution, sale,

7 and lease of motor vehicles is conducted as required by statute and board rules, to prevent fraud, unfair

8 practices, discrimination, impositions, and other abuses in connection with the distribution and sale of

9 motor vehicles, and to enforce and administer Occupations Code, Chapter 2301 and Transportation Code,

10 Chapter 503; Occupations Code, §2301.155, which authorizes the board to adopt rules as necessary or

11 convenient to administer Occupations Code, Chapter 2301 and to govern practice and procedure before

12 the board; Occupations Code, §2301.651, which gives the board authority to deny an application for a

13 license, revoke or suspend a license, place on probation, or reprimand a licensee if the applicant or license

14 holder is unfit, makes a material misrepresentation, violates any law relating to the sale, distribution,

15 financing, or insuring of motor vehicles, willfully defrauds a purchaser, or fails to fulfill a written agreement

16 with a retail purchaser of a motor vehicle; Transportation Code, §503.002, which authorizes the board to

17 adopt rules for the administration of Transportation Code, Chapter 503; Transportation Code, §503.009,

18 which authorizes the board to adopt rules for certain contested cases; Transportation Code, §503.061,

19 which allows the board to adopt rules regulating the issuance and use of dealer's license plates;

20 Transportation Code, §503.0631 which requires the department to adopt rules to implement and manage

21 the department's database of dealer-issued buyer's license plates; §503.0633 which allows the

22 department to establish the maximum number of license plates or sets of license plates a dealer may

23 obtain annually under Transportation Code, §503.063 and §503.065; Transportation Code, §520.003

1 which requires the department to adopt rules to administer Chapter 520; Transportation Code, §520.0071
2 which requires the board to adopt rules classifying deputies performing titling and registration duties, the
3 duties and obligations of these deputies, the type and amount of bonds that may be required by a county
4 tax assessor-collector for a deputy performing titling and registration duties, and the fees that may be
5 charged or retained by deputies; Transportation Code, §520.021 which allows the department to adopt
6 rules and policies for the maintenance and use of the department's automated registration and titling
7 system; and Transportation Code, §1002.001, which authorizes the board to adopt rules that are
8 necessary and appropriate to implement the powers and the duties of the department, as well as the
9 statutes referenced throughout this preamble.

10 The department also adopts amendments under the authority of Transportation Code,
11 §501.0041 and §502.0021; and Government Code, §§2001.004 and 2001.054, in addition to the statutory
12 authority referenced throughout this preamble.

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

16 Government Code, §2001.004 requires state agencies to adopt rules of practice stating
17 the nature and requirements of all available formal and informal procedures. Government Code,
18 §2001.054 specifies the requirements regarding the grant, denial, renewal, revocation, suspension,
19 annulment, or withdrawal of a license.

20 **CROSS REFERENCE TO STATUTE.** These proposed repeals implement Government Code, Chapter 2001;
21 Occupations Code, Chapters 2301 and 2305; and Transportation Code, Chapters 501-503, 520, and 1001–
22 1005.

Text.

~~§215.151. Temporary Tags, General Use Requirements, and Prohibitions.~~

~~[(a) A dealer, governmental agency, or converter shall secure a temporary tag to a vehicle in the license plate display area located at the rear of the vehicle, so that the entire temporary tag is visible and legible at all times, including when the vehicle is being operated.]~~

~~[(b) All printed information on a temporary tag must be visible and may not be covered or obstructed by any plate holder or other device or material.]~~

~~[(c) A motor vehicle that is being transported in accordance with Transportation Code, §503.068(d) or §503.0625, must have a dealer's temporary tag, a converter's temporary tag, or a buyer's temporary tag, whichever is applicable, affixed to the motor vehicle being transported.]~~

~~§215.153. Specifications for All Temporary Tags~~

~~[(a) Information printed or completed on a temporary tag must be in black ink on a white background. Other than for a motorcycle, a completed buyer's, dealer's, converter's, or preprinted Internet-down temporary tag shall be six inches high and at least eleven inches wide. For a motorcycle, the completed buyer's, dealer's, converter's, or preprinted Internet-down temporary tag shall be four inches high and at least seven inches wide.]~~

~~[(b) A temporary tag must be:]~~

~~[(1) composed of plastic or other durable, weather-resistant material; or]~~

~~[(2) sealed in a two-mil clear poly bag that encloses the entire temporary tag.]~~

~~[(c) A temporary tag may only be issued and printed from the department's temporary tag database as described in §215.152 of this title (relating to Obtaining Numbers for Issuance of Temporary Tags) and §215.157 of this title (relating to Advance Numbers, Preprinted Internet-down Temporary Tags).]~~

~~[\$215.154. Dealer's Temporary Tags.]~~

~~[(a) A dealer's temporary tag may be displayed only on the type of vehicle for which the GDN is issued and for which the dealer is licensed by the department to sell or lease.]~~

~~[(b) A wholesale motor vehicle auction license holder that also holds a dealer GDN may display a dealer's temporary tag on a vehicle that is being transported to or from the licensed auction location.]~~

~~[(c) When an unregistered vehicle is sold to another dealer, the selling dealer shall remove the selling dealer's temporary tag. The purchasing dealer may display its dealer's temporary tag or its dealer's standard or personalized prestige license plate on the vehicle.]~~

~~[(d) A dealer's temporary tag:]~~

~~[(1) may be displayed on a vehicle only as authorized in Transportation Code, §503.062; and]~~

~~[(2) may not be displayed on:]~~

~~[(A) a laden commercial vehicle being operated or moved on the public streets or highways;]~~

~~[(B) on the dealer's service or work vehicles as described in §215.138(d) of this chapter (relating to Use of Dealer's License Plates);]~~

~~[(C) a golf cart as defined under Transportation Code, Chapter 551; or]~~

~~[(D) an off-highway vehicle as defined under Transportation Code, Chapter 551A.]~~

~~[(e) For purposes of subsection (d) of this section, a vehicle bearing a dealer's temporary tag is not considered a laden commercial vehicle when the vehicle is:]~~

~~[(1) towing another vehicle bearing the same dealer's temporary tags; and]~~

~~[(2) both vehicles are being conveyed from the dealer's place of business to a licensed wholesale motor vehicle auction or from a licensed wholesale motor vehicle auction to the dealer's place of business.]~~

~~[(f) A dealer's temporary tag may not be used to operate a vehicle for the personal use of a dealer or a dealer's employee.]~~

~~[(g) A dealer's temporary tag must show its expiration date, which must not exceed 60 days after the date the temporary tag was issued.]~~

~~[(h) A dealer's temporary tag may be issued by a dealer to a specific motor vehicle in the dealer's inventory or to a dealer's agent who is authorized to operate a motor vehicle owned by the dealer.]~~

~~[(i) A dealer that issues a dealer's temporary tag to a specific vehicle must ensure that the following information is placed on the temporary tag:]~~

~~[(1) the vehicle-specific number from the temporary tag database;]~~

1 ~~{{(2) the year and make of the vehicle;}}~~

2 ~~{{(3) the VIN of the vehicle;}}~~

3 ~~{{(4) the month, day, and year of the temporary tag's expiration; and}}~~

4 ~~{{(5) the name of the dealer.}}~~

5 ~~{{(j) A dealer that issues a dealer's temporary tag to an agent must ensure that the following~~
6 ~~information is placed on the temporary tag:}}~~

7 ~~{{(1) the specific number from the temporary tag database;}}~~

8 ~~{{(2) the month, day, and year of the temporary tag's expiration; and}}~~

9 ~~{{(3) the name of the dealer.}}~~

10

11 ~~[215.159. Converter's Temporary Tags.]~~

12 ~~{{(a) A converter's temporary tag may be displayed only on the type of vehicle that the converter~~
13 ~~is engaged in the business of assembling or modifying.}}~~

14 ~~{{(b) A converter's temporary tag must show its expiration date, which may not be more than 60~~
15 ~~days after the date of its issuance.}}~~

16 ~~{{(c) A converter that issues a converter's temporary tag to a specific vehicle shall ensure that the~~
17 ~~following information is placed on the converter's temporary tag:}}~~

18 ~~{{(1) the vehicle-specific number from the temporary tag database;}}~~

19 ~~{{(2) the year and make of the vehicle;}}~~

~~[(3) the VIN of the vehicle;]~~

~~[(4) the month, day, and year of expiration of the converter's temporary tag; and]~~

~~[(5) the name of the converter.]~~

SUBCHAPTER E. LESSORS AND LEASE FACILITATORS

43 TAC §215.178

STATUTORY AUTHORITY. In addition to the rulemaking authority provided in Section 34 of HB 718, the department proposes 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, §503.002, which authorizes the board to adopt rules for the administration of Transportation Code, Chapter 503; Transportation Code, §503.009,

1 which authorizes the board to adopt rules for certain contested cases; Transportation Code, §503.061,
2 which allows the board to adopt rules regulating the issuance and use of dealer's license plates;
3 Transportation Code, §503.0631 which requires the department to adopt rules to implement and manage
4 the department's database of dealer-issued buyer's license plates; §503.0633 which allows the
5 department to establish the maximum number of license plates or sets of license plates a dealer may
6 obtain annually under Transportation Code, §503.063 and §503.065; Transportation Code, §520.003
7 which requires the department to adopt rules to administer Chapter 520; Transportation Code, §520.0071
8 which requires the board to adopt rules classifying deputies performing titling and registration duties, the
9 duties and obligations of these deputies, the type and amount of bonds that may be required by a county
10 tax assessor-collector for a deputy performing titling and registration duties, and the fees that may be
11 charged or retained by deputies; Transportation Code, §520.021 which allows the department to adopt
12 rules and policies for the maintenance and use of the department's automated registration and titling
13 system; 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,
17 §501.0041 and §502.0021; and Government Code, §§2001.004 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
23 the nature and requirements of all available formal and informal procedures. Government Code,

§2001.054 specifies the requirements regarding the grant, denial, renewal, revocation, suspension, annulment, or withdrawal of a license.

CROSS REFERENCE TO STATUTE. These proposed amendments implement Government Code, Chapter 2001; Occupations Code, Chapters 2301 and 2305; and Transportation Code, Chapters 501-503, 520, and 1001–1005.

Text.

§215.178. Records Required for Vehicle Lessors and Vehicle Lease Facilitators.

(a) Vehicle purchase, leasing, and sales records. A vehicle lessor or vehicle lease facilitator shall maintain a complete record of all vehicle purchases, leases, and sales of leased vehicles for at least one year after the expiration of the vehicle lease.

(1) Complete records reflecting vehicle lease transactions that occurred within the preceding 24 months must be maintained at the licensed location. Records for prior time periods may be kept off-site.

(2) Within 15 days of receipt of a department records request ~~[from a representative of the department]~~, a vehicle lessor or vehicle lease facilitator shall deliver a copy of the specified records to the address listed in the request.

(b) Content of records for lease transaction. A complete record for a vehicle lease transaction must contain:

(1) the name, address, and telephone number of the vehicle lessor;

(2) the name, mailing address, physical address, and telephone number of each vehicle lessee;

- 1 (3) the name, address, telephone number, and license number of the lease
- 2 facilitator;
- 3 (4) the name, work address, and telephone number of each employee of the vehicle
- 4 lease facilitator that handled the transaction;
- 5 (5) a complete description of the vehicle involved in the transaction, including the
- 6 VIN;
- 7 (6) the name, address, telephone number, and GDN of the dealer selling the
- 8 vehicle, as well as the franchised dealer's license number if the vehicle is a new motor vehicle;
- 9 (7) the amount of fee paid to the vehicle lease facilitator or a statement that no fee
- 10 was paid;
- 11 (8) a copy of the buyer's order and sales contract for the vehicle;
- 12 (9) a copy of the vehicle lease contract;
- 13 (10) a copy of all other contracts, agreements, or disclosures between the vehicle
- 14 lease facilitator and the consumer lessee; and
- 15 (11) a copy of the front and back of the manufacturer's statement of origin,
- 16 manufacturer's certificate of origin, or the title of the vehicle, as applicable.
- 17 (c) Content of records for sale of leased vehicle. A vehicle lessor's complete record for each
- 18 vehicle sold at the end of a lease to a lessee, a dealer, or at a wholesale motor vehicle auction must
- 19 contain:
- 20 (1) the date of the purchase;
- 21 (2) the date of the sale;
- 22 (3) the VIN;

- 1 (4) the name and address of the person selling the vehicle to the vehicle lessor;
- 2 (5) the name and address of the person purchasing the vehicle from the vehicle lessor;
- 3 (6) except for a purchase or sale where the Tax Code does not require payment of motor
- 4 vehicle sales tax, a tax assessor-collector receipt marked paid;
- 5 (7) a copy of all documents, forms, and agreements applicable to a particular sale,
- 6 including a copy of:
 - 7 (A) the title application;
 - 8 (B) the work-up sheet;
 - 9 (C) the front and back of manufacturer's certificate of origin or manufacturer's
 - 10 statement of origin, unless the title is obtained through webDEALER as defined in §217.71 of this title
 - 11 (relating to Automated and Web-Based Vehicle Registration and Title Systems) ~~[the electronic title~~
 - 12 ~~system];~~
 - 13 (D) the front and back of the title, unless the title is obtained through
 - 14 webDEALER as defined in §217.71 of this title ~~[the electronic title system];~~
 - 15 (E) the factory invoice;
 - 16 (F) the sales contract;
 - 17 (G) the retail installment agreement;
 - 18 (H) the buyer's order;
 - 19 (I) the bill of sale;
 - 20 (J) any waiver;

(K) any other agreement between the seller and purchaser; and

(L) the purchaser's photo identification if sold to a lessee;

(8) a copy of the original manufacturer's certificate of origin, original manufacturer's statement of origin, or title for a motor vehicle offered for sale, or a properly stamped original manufacturer's certificate of origin, original manufacturer's statement of origin, or original title for a title transaction entered by a dealer into webDEALER as defined in §217.71 of this title ~~[the electronic titling system by a dealer];~~

(9) the monthly Motor Vehicle Seller Financed Sales Returns, if any; and

(10) if the vehicle sold is a motor home or a towable recreational vehicle subject to inspection under Transportation Code, Chapter 548, a copy of the written notice provided to the buyer at the time of the sale, notifying the buyer that the vehicle is subject to inspection requirements.

(d) Records of advertising. A vehicle lessor or vehicle lease facilitator shall maintain a copy of all advertisements, brochures, scripts, or an electronically reproduced copy in whatever medium appropriate, of promotional materials for a period of at least 18 months. Each copy is subject to inspection upon request by the department at the business location during posted business hours.

(1) A vehicle lessor and a vehicle lease facilitator shall comply with all federal and state advertising laws and regulations, including Subchapter F of this chapter (relating to Advertising).

(2) A vehicle lessor's or vehicle lease facilitator's advertising or promotional materials may not state or infer, either directly or indirectly, that the business involves the sale of new motor vehicles.

1 (e) Title assignments. Each certificate of title, manufacturer's certificate of origin, or other
2 evidence of ownership for a vehicle that has been acquired by a vehicle lessor for lease must be
3 properly assigned from the seller in the vehicle lessor's name.

4 (f) Letters of representation or appointment. A letter of representation or appointment
5 between a vehicle lessor and a vehicle lease facilitator must be executed by both parties and
6 maintained by each party.

7 (g) Electronic records. Any record required to be maintained by a vehicle lessor or vehicle
8 lease facilitator may be maintained in an electronic format, provided the electronic record can be
9 printed at the licensed location or sent electronically upon department request except as provided
10 by paragraph (c)(8) of this section.

Figure: 43 TAC §215.154(b)

<u>If a new license applicant is:</u>	<u>Maximum number of dealer's temporary license plates issued during the first license term is:</u>
<u>1. a franchised motor vehicle dealer</u>	<u>200</u>
<u>2. a franchised motorcycle dealer</u>	<u>50</u>
<u>3. an independent motor vehicle dealer</u>	<u>25</u>
<u>4. an independent motorcycle dealer</u>	<u>10</u>
<u>5. a franchised or independent travel trailer dealer</u>	<u>10</u>
<u>6. a trailer or semitrailer dealer</u>	<u>5</u>
<u>7. an independent mobility motor vehicle dealer</u>	<u>5</u>
<u>8. a wholesale motor vehicle dealer</u>	<u>10</u>

Figure: 43 TAC §215.154(d)

<u>If a vehicle dealer is:</u>	<u>Maximum number of additional dealer's temporary license plates issued with a demonstrated need through proof of sales is:</u>
<u>1. A dealer selling 26 to 50 during the previous 12-month period</u>	<u>5</u>
<u>2. A dealer selling 51 to 100 during the previous 12-month period</u>	<u>10</u>
<u>3. A dealer selling 101 to 150 during the previous 12-month period</u>	<u>15</u>
<u>4. A dealer selling 151 to 199 during the previous 12-month period</u>	<u>20</u>
<u>5. A dealer selling 200-299 during the previous 12-month period</u>	<u>25</u>
<u>6. A dealer selling more than 300 vehicles during the previous 12-month period</u>	<u>30</u>