

To: Texas Department of Motor Vehicles Board
From: Monique Johnston, Motor Vehicle Division Director
Agenda Item: 10
Subject: Chapter 221, Salvage Vehicle Dealers
Amendments to §221.17
(Relating to Implementation of SB 1818 and HB 5629, 89th Legislative Session)

***This supplement replaces
the version included
for Agenda Item 10
in the main Board eBook.*

RECOMMENDATION

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

PURPOSE AND EXECUTIVE SUMMARY

The proposed amendments would implement House Bill (HB) 5629, 89th Regular Session (2025), and Senate Bill (SB) 1818, 89th Regular Session (2025), which become effective on September 1, 2025.

FINANCIAL IMPACT

No significant financial impact.

BACKGROUND AND DISCUSSION

The proposed amendments would implement HB 5629, 89th Regular Session (2025). HB 5629 amended Occupations Code, §55.004 and §55.0041 to change the standard for how a state agency must compare licensing requirements in other states with Texas requirements when reviewing a license application from a military service member, military veteran, or military spouse licensed in another state, and to change license request submission requirements.

Beginning September 1, 2025, a military service member, military veteran, or military spouse must submit an application for a license. The department must then determine if the licensing requirements in the other state are similar in scope of practice and if the applicant is in good standing. HB 5629 also shortens the time for the department to either issue a license or notify the applicant why a license cannot be issued from 30 days to 10 days. This same timeline also applies to an applicant licensed in Texas within the previous five years.

HB 5629 also added new §55.0042, which describes the standards for when the department may consider an applicant to be in good standing with a licensing authority. Additionally, HB 5629 adds new Section 55.0043 which requires an agency that issues a license or recognizes an out-of-state license to maintain a record of each complaint made against a military service member, military veteran, or military spouse to whom an agency issues a license or who holds an out-of-state license the agency recognizes.

SB 1818 requires the department to issue a provisional license once a military service member, military veteran, or military spouse submits a license application. The provisional license would expire on the date the department approves or denies the license application.

PROPOSAL OF REVISIONS TO

SUBCHAPTER B. LICENSING

43 TAC §221.17

INTRODUCTION. The Texas Department of Motor Vehicles (department) proposes amendments to 43 Texas Administrative Code (TAC) Subchapter B, Licensing; §221.17, License Processing for Military Service Members, Spouses, and Veterans. These proposed amendments are necessary to implement House Bill (HB) 5629, 89th Legislature (2025), and Senate Bill (SB) 1818, 89th Regular Session (2025), both of which become effective on September 1, 2025. HB 5629 amended Occupations Code, §55.004 and §55.0041 to change the standard for comparing licensing requirements in other states with Texas requirements and to change license request submission requirements, and added new §55.0042, which describes the standards for when the department may consider an applicant to be in good standing with a licensing authority in another state.

EXPLANATION.

Proposed amendments to §221.17(b)(1)(A) would require a military service member or military spouse to submit to the department a complete application for licensure. This proposed amendment is necessary to implement Occupations Code, §55.0041(b), as amended by HB 5629, which requires a military service member or military spouse to submit an application in a form prescribed by the agency and deletes a requirement to provide a notice. A proposed amendment to §221.17(b)(1)(B) would delete an unnecessary conjunction. To implement Occupations Code, §55.0041(b)(2), as amended by HB 5629, proposed amendments to §221.17(b)(1)(C) would add a requirement for an applicant who is a military spouse to submit a copy of the marriage license to the department and would delete a requirement for a military service member or military spouse to submit documentation demonstrating that the military

1 service member or military spouse is licensed and in good standing in another jurisdiction for the relevant
2 business or occupation. A proposed amendment would add new §221.17(b)(1)(D) to require a notarized
3 affidavit as required by Occupations Code, §55.0041(b)(3), as amended by HB 5629. Proposed
4 amendments to §221.17(b)(2) would substitute “application” for “notice” and update a reference to
5 paragraph (1) consistent with proposed amendments to §221.17(b)(1) and to implement Occupations
6 Code, §55.0041, as amended by HB 5629. Proposed amendments to §221.17(b)(2) and §221.17(b)(3)
7 would substitute “state” for “jurisdiction” consistent with Occupations Code, §55.0041, as amended by
8 HB 5629. Proposed amendments to §221.17(b)(2)(B) and §221.17(b)(3) would replace the phrase
9 “substantially equivalent” to implement Occupations Code, §55.0041, as amended by HB 5629, by
10 describing the revised standard for comparing the license requirements in another state with Texas
11 requirements. Proposed amendments would add new §221.17(b)(2)(C) to state that the department will
12 issue a provisional license upon receipt of a license application from a military service member, military
13 veteran, or military spouse. These amendments would implement Occupations Code, §55.0041, as
14 amended by SB 1818. Proposed amendments to §221.17(b)(3) would add a reference to license eligibility
15 if the applicant was previously licensed in good standing in Texas in the last five years, would add language
16 that the department will notify an applicant why the department is currently unable issue a license, and
17 would change the time for the department to act on an application submitted by a military service
18 member or military spouse from 30 days to 10 days to implement with Occupations Code, §55.0041, as
19 amended by HB 5629.

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

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

3 **PUBLIC BENEFIT AND COST NOTE.** Ms. Johnston has also determined that, for each year of the first five
4 years the amended section is in effect, the public may benefit because these amendments may encourage
5 military service members or military spouses to apply for a license and build a business serving Texas
6 citizens.

7 Anticipated Public Benefits. The public benefits anticipated as a result of the proposal include
8 economic benefits resulting from increasing the number of licensed businesses that serve Texas citizens.

9 Anticipated Costs to Comply With The Proposal. Ms. Johnston anticipates that there will be no
10 costs to comply with these rules.

11 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by the
12 Government Code, §2006.002, the department has determined that the proposed amendments will not
13 have an adverse economic effect on small businesses, micro-businesses, and rural communities because
14 rural communities are not subject to licensing requirements and the proposal does not require any
15 additional costs for license holders. The department has an electronic licensing system available to all
16 applicants that allows an applicant to apply online for a license and upload any required documents. This
17 rule proposal does not impact small businesses or micro-businesses. Therefore, the department is not
18 required to prepare a regulatory flexibility analysis under Government Code, §2006.002.

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

1 GOVERNMENT GROWTH IMPACT STATEMENT. The department has determined that each year of the
2 first five years the proposed amendments are in effect, no government program would be created or
3 eliminated. Implementation of the proposed amendments would not require the creation of new
4 employee positions or elimination of existing employee positions. Implementation would not require an
5 increase or decrease in future legislative appropriations to the department or an increase or decrease in
6 fees paid to the department. The proposed amendments do not create a new regulation, or expand, limit,
7 or repeal an existing regulation. Lastly, the proposed amendments do not affect the number of individuals
8 subject to the rule's applicability and will not affect this state's economy.

9 REQUEST FOR PUBLIC COMMENT.

10 If you want to comment on the proposal, submit your written comments by 5:00 p.m. CDT on August 25,
11 2025. A request for a public hearing must be sent separately from your written comments. Send written
12 comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office of General Counsel, Texas
13 Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the
14 department will consider written comments and public testimony presented at the hearing.

1 **STATUTORY AUTHORITY.** The department proposes amendments to Chapter 221 under Occupations
2 Code, §2302.051, which authorizes the board to adopt rules as necessary to administer Occupations Code,
3 Chapter 2302; Occupations Code, §2302.052, which assigns the board a duty to set reasonable and
4 necessary application fees, license fees, renewal fees, and other fees as required to implement Chapter
5 2302; Occupations Code, §2302.103, which requires a salvage vehicle dealer to apply for a license on a
6 form prescribed by the department and pay an application fee; Occupations Code, §2302.104, which
7 prescribes content that must be included in an application; Occupations Code, §2302.105, which requires
8 the department to complete an investigation of the applicant's qualifications before issuing a license;
9 Occupations Code, §2302.108, which authorizes the department to deny, suspend, revoke, or reinstate a
10 license issued under Chapter 2302 consistent with the requirements of Government Code, Chapter 2001;
11 and Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and
12 appropriate to implement the powers and the duties of the department.

13 The department also proposes amendments and under the authority of Transportation Code,
14 §§501.0041, 502.0021, and 503.002; and Government Code, §§2001.004, and 2001.039, and 2001.054, in
15 addition to the statutory authority referenced throughout this preamble.

16 Transportation Code, §501.0041 authorizes the department to adopt rules to administer
17 Transportation Code, Chapter 501. Transportation Code, §502.0021 authorizes the department to adopt
18 rules to administer Transportation Code, Chapter 502. Transportation Code, §503.002 authorizes the
19 department to adopt rules to administer Transportation Code, Chapter 503.

20 Government Code, §2001.004 requires state agencies to adopt rules of practice stating the nature
21 and requirements of all available formal and informal procedures. Government Code, §2001.039 requires
22 state agencies to readopt, readopt with amendments, or repeal a rule as the result of reviewing the rule.

Government Code, §2001.054 specifies the requirements regarding the grant, denial, renewal, revocation, suspension, annulment, or withdrawal of a license.

CROSS REFERENCE TO STATUTE. These rule revisions would implement Government Code, Chapter 2001; Occupations Code, Chapters 53, 55, and 2302; and Transportation Code, Chapters 501–503, and 1002. TEXT.

§221.17. License Processing for Military Service Members, Spouses, and Veterans

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

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

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

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

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

(C) if the applicant is a military spouse, a copy of the military spouse's marriage license; and ~~[documentation demonstrating that the military service member or military spouse is licensed and in good standing in another jurisdiction for the relevant business or occupation.]~~

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

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

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

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

(C) issue a provisional license.

(3) If the department confirms that a military service member or military spouse is currently licensed in good standing in another state ~~[jurisdiction]~~ with ~~[substantially equivalent]~~ licensing requirements that are similar in scope and practice, or was licensed in good standing in Texas in the last five years, the department shall issue a license to the military service member or military spouse for the relevant business or occupation, or notify the applicant why the department is currently unable to issue a license pursuant to Occupations Code, §55.0041(b-1), within 10 ~~[30]~~ days. The license is subject to the requirements of this chapter and Occupations Code, Chapter 2302 in the same manner as a license issued under the standard application process, unless exempted or modified under Occupations Code, Chapter 55.

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