

**ADOPTION OF REVISIONS TO**

**SUBCHAPTER B. MOTOR VEHICLE, SALVAGE VEHICLE, AND TRAILER INDUSTRY ENFORCEMENT**

**43 TAC §224.58**

**INTRODUCTION.** The Texas Department of Motor Vehicles (department) adopts amendments to 43 Texas Administrative Code (TAC) Subchapter B, Motor Vehicle, Salvage Vehicle, and Trailer Industry Enforcement, §224.58, regarding Denial of Dealer Access to the License Plate System. These amendments implement Senate Bill (SB) 1902, 89th Legislature, Regular Session (2025), which became effective July 1, 2025. In SB 1902, Section 3, the legislature directed the department to adopt implementing rules by October 1, 2025. Transportation Code, §503.0633(f), as amended by SB 1902, allows the department to deny access to the license plate database if a dealer has been denied access to the temporary tag database under former Transportation Code, §503.0632(f).

The department adopts amendments to §224.58 without changes to the proposed text as published in the July 25, 2025, issue of the *Texas Register* (50 TexReg 4404). Accordingly, the text of §224.58 will not be republished.

**REASONED JUSTIFICATION.**

As the department transitioned from paper temporary tags to metal license plates on July 1, 2025, in accordance with House Bill 718, 88th Legislature, Regular Session (2023), the temporary tag database has been replaced with the license plate database. Under Transportation Code §503.0633(f), as amended by SB 1902, the department may deny a dealer access to the license plate system if the department determines that the dealer has acted fraudulently. An adopted amendment to §224.58(b) would add denial of access to the temporary tag system as a basis for the department to deny a dealer access to the license plate system. This amendment implements SB 1902, which added this basis as one the department could consider in denying access to the license plate database under Transportation Code, §503.0633(f). The adopted amendment would allow the department

to deny access to the license plate system if the dealer had been denied access to temporary tag database prior to July 1, 2025, after providing notice to the dealer.

**SUMMARY OF COMMENTS.**

The department received no comments during the public comment period which ended on August 25, 2025.

**SUBCHAPTER B. MOTOR VEHICLE, SALVAGE VEHICLE, AND TRAILER INDUSTRY ENFORCEMENT**

**43 TAC §224.58**

**STATUTORY AUTHORITY.** In addition to the rulemaking authority provided in Section 34 of HB 718, the department adopts amendments to §224.58 under Transportation Code, §§503.002, 503.0631, and 1002.001. Transportation Code, §503.002 authorizes the department to adopt rules to administer Transportation Code Chapter 503. Transportation Code, §503.0631(e) authorizes the department to adopt rules and prescribe procedures as necessary to implement §503.0631. Transportation Code, §1002.001 authorizes the board to adopt rules that are necessary and appropriate to implement the powers and the duties of the department.

The department also adopts amendments under Occupations Code, §2301.151, which gives the board authority to regulate the distribution, sale, and lease of motor vehicles and the authority to take any action that is necessary or convenient to exercise that authority; Occupations Code, §2301.152, which authorizes the board to establish the qualifications of license holders, ensure that the distribution, sale, and lease of motor vehicles is conducted as required by statute and board rules, to prevent fraud, unfair practices, discrimination, impositions, and other abuses in connection with the distribution and sale of motor vehicles, and to enforce and administer Occupations Code, Chapter 2301 and Transportation Code, Chapter 503; Occupations Code, §2301.155, which authorizes the board to adopt rules as necessary or convenient to administer Occupations Code, Chapter 2301

and to govern practice and procedure before the board; and Government Code, §2001.004 requires state agencies to adopt rules of practice stating the nature and requirements of all available formal and informal procedures.

**CROSS REFERENCE TO STATUTE.** These adopted revisions implement Government Code, Chapter 2001; Occupations Code, Chapter 2301; and Transportation Code, Chapters 501-504, and 1002.

Text.

§224.58. Denial of Dealer Access to License Plate System.

(a) In this section "fraudulently obtained license plates from the license plate system" means misuse by a dealer account user of the license plate system authorized under Transportation Code, §503.063, §503.0631, or §503.065 to obtain or issue:

(1) an excessive number of license plates relative to dealer sales;

(2) a license plate for a vehicle or vehicles not in the dealer's inventory (a vehicle is presumed not to be in the dealer's inventory if the vehicle is not listed in the relevant monthly Vehicle Inventory Tax Statement);

(3) access to the license plate system for a fictitious user or person using a false identity;

(4) a license plate for a vehicle or a motor vehicle when a dealer is no longer operating at a licensed location;

(5) a license plate for a vehicle or a motor vehicle not located at the dealer's licensed location or storage lot; or

(6) a license plate for a vehicle or motor vehicle that is not titled or permitted by law to be operated on a public highway.

1 (b) The department shall deny a dealer access to the license plate system effective on the date the  
2 department sends notice electronically and by certified mail to the dealer that the department has  
3 determined, directly or through an account user, that the dealer has fraudulently obtained or issued a  
4 license plate in the license plate system or has been denied access to the temporary tag database. A dealer  
5 may seek a negotiated resolution with the department by demonstrating the dealer took corrective action or  
6 that the department's determination was incorrect.

7 (c) Notice shall be sent to the dealer's last known mailing address and last known email address in  
8 the department-designated licensing system.

9 (d) A dealer may request a hearing on the denial of access to the license plate system, as provided by  
10 Subchapter O, Chapter 2301, Occupations Code. The request must be in writing and the dealer must request  
11 a hearing under this section. The department must receive the written request for a hearing within 26 days  
12 of the date of the notice denying access to the license plate system. The request for a hearing does not stay  
13 the denial of access under subsection (b) of this section. A dealer may continue to seek a negotiated  
14 resolution with the department after a request for hearing has been submitted under this subsection by  
15 demonstrating the dealer took corrective action or that the department's determination was incorrect.

16 (e) The department may also issue a Notice of Department Decision stating administrative violations  
17 as provided in §224.56 of this title (relating to Notice of Department Decision) concurrently with the notice  
18 of denial of access under this section. A Notice of Department Decision may include notice of any violation,  
19 including a violation listed under subsection (a) of this section.

20 (f) A department determination and action denying access to the license plate system becomes final  
21 if the dealer does not request a hearing or enter into a settlement agreement with the department within 26  
22 days of the date of the notice denying access to the license plate system.