

1 for issuance of title in Transportation Code §731.101(c). The proposed amendments to §217.3 and
2 §§217.141 - 217.143 and new §§217.401 - 217.407 provide the necessary rules and implement
3 Transportation Code Chapter 731 as required in HB 1755, Section 12.

4 Transportation Code §731.051 provides that the owner of an assembled vehicle may apply for a
5 title and register the vehicle in accordance with Transportation Code Chapters 501 and 502 and the rules
6 adopted to implement Chapter 731. The department applies that provision in these rules to create a
7 certain and workable path for owners to title and register assembled vehicles, but also to maintain the
8 purpose of Transportation Code Chapter 501 that is stated, in part, in Transportation Code §501.003 as
9 to lessen and prevent: (1) the theft of motor vehicles; and (2) the importation into this state of and traffic
10 in motor vehicles that are stolen.

11 This proposal also makes amendments to §217.3 concerning motor-driven cycles; farm trailers
12 and farm semitrailers; and trailers, semitrailers, and house trailers. The amendments are unrelated to
13 Transportation Code Chapter 731, but are necessary to conform those provisions with statute.

14

15 **Subchapter A. §217.3.**

16 The proposed amendments to §217.3 conform the rules to existing statute, including statutory
17 amendments passed by the 86th Legislature, Regular Session (2019). The proposed amendment to §217.3
18 conforms the opening sentence with changes in statute made by HB 1548, 86th Legislative Session (2019),
19 that allow for certain vehicles, for example off-highway vehicles, to be titled under Transportation Code
20 Chapter 501 without a registration requirement. The proposed amendment also adds Transportation
21 Code Chapter 731, concerning assembled vehicles, to reflect changes in statutes made by HB 1755.

1 The proposed amendment to §217.3(1) removes the term "motor-driven cycle." House Bill 3171
2 repealed the definition of the term in Transportation Code §541.201 and removed all uses of the term in
3 the Transportation Code.

4 The proposed amendment to §217.3(2)(D) concerning farm trailers and farm semitrailers
5 conforms the subparagraph with Transportation Code §501.004(b)(1) and §501.036. These statutes
6 require a farm trailer or semitrailer with a gross weight of more than 34,000 to be titled, while permissively
7 allowing farm trailers or semitrailers with a gross weight of 34,000 or less to be titled.

8 The proposed amendment to §217.3(4) conforms the paragraph with Transportation Code
9 §501.037 concerning trailers, semitrailers, and house trailers, by removing terms that are not in that
10 section or the Transportation Code, and makes nonsubstantive changes to conform with department
11 style.

12 The proposed amendments to §217.3(5) and (6) are necessary to implement Transportation Code
13 Chapter 731 concerning assembled vehicles, as added by HB 1755. The proposed amendment to §217.3(5)
14 removes the existing language and adds a reference to proposed new Subchapter L of Chapter 217, which
15 will implement Transportation Code Chapter 731 concerning assembled vehicles.

16 The proposed amendment to §217.3(6)(A) conforms the language to Transportation Code
17 §731.051(b)(6), which prohibits titling of a vehicle that has been stripped to the extent that the vehicle
18 loses its original identity. The proposed amendment to §217.3(6)(B) removes the prohibition against
19 titling a dune buggy, because a dune buggy is an assembled vehicle and eligible for title under
20 Transportation Code Chapter 731. The proposed amendment to §217.3(6)(C) redesignates the
21 subparagraph as subparagraph (B) and conforms the language to Transportation Code §731.051(b)(5),
22 which prohibits titling of a vehicle that the manufacturer has designated for on track racing only.

1 Additionally, the proposed amendments to §217.3(6) redesignate the subparagraphs following
2 subparagraph (B), and change "and/or" to "or" to reflect current department style guidelines.

3

4 **Subchapter G. §§217.141 - 217.143.**

5 The proposed amendments to §§217.141 - 217.143 implement the assembled vehicle inspection
6 requirements under Transportation Code §731.101 and §731.102 as enacted by HB 1755. The department
7 has proposed amending the existing sections related to the Transportation Code §504.501(e) street rod
8 and custom vehicle registration inspection because it is the same inspection that will be applied to titling
9 assembled vehicles under Transportation Code §731.101.

10 The proposed amendment to §217.141 accounts for the changed scope of §§217.141 - 217.143.
11 The sections now address the new initial titling inspection of assembled vehicles required under
12 Transportation Code §731.101, and the existing registration inspection required for street rods and
13 custom vehicles under Transportation Code §504.501(e).

14 The proposed amendments to §217.142 provide definitions for terms used in §§217.141 -
15 217.143. The proposed amendment to §217.142(a) incorporates terms defined in Transportation Code
16 §731.001. Because Transportation Code §731.001 and the existing text of §217.142(2) and (4) both define
17 the terms "street rod" and "custom vehicle" by reference to Transportation Code §504.501, the existing
18 definitions of "street rod" and "custom vehicle" in this section have been removed.

19 The proposed amendment to §217.142(b)(1) adds the term "modification" to clarify that the
20 defined phrase "altered from the manufacturer's original design" is not limited to the "removal, addition,
21 or substitution, of at least one major component part." In addition, the department has proposed
22 amending the definition to include a direct reference to the definition of a major component part under
23 Transportation Code §501.091. The change is to clarify that the term "major component part" continues

1 to apply to making a determination under Transportation Code §504.501(f) of whether a vehicle qualifies
2 as a custom vehicle or street rod, but is not a definition for general application in Subchapter G. The
3 department will remove the existing stand-alone definition of “major component part” in §217.142. The
4 department has also proposed removing the quotation marks around the defined term in accordance with
5 current agency style.

6 The terms “basic component part,” “equipment,” and “major component part” are substantively
7 independent, and each term serves a different purpose in the proposed rules. The term “basic component
8 part” is used in Subchapter L to identify the items for which evidence of ownership will need to be
9 established for titling assembled vehicles. The term “major component part” is only used in the definition
10 of “altered from the manufacturer's original design” in §217.142(b)(1) of Subchapter G to identify the
11 elements of a motor vehicle that, when modified, substituted, removed, or added, are relevant to the
12 classification of a vehicle as a custom vehicle or street rod. The term “equipment” is used in Subchapter
13 G to establish the items and systems that need to be inspected under Transportation Code §504.501(e)
14 or §731.101.

15 The terminology used in the definitions is based on statute, historical application, and purpose. In
16 scope the definitions all three terms refer to portions of a vehicle. As defined, the term “major component
17 part” would include all items that are “basic component parts,” but not all items and systems that are
18 “equipment.”

19 The proposed amendment to §217.142(b)(2) defines the term “applicant.” The term clarifies the
20 types of owners that would apply for title to an assembled vehicle. The term is defined in §217.402 with
21 the same meaning and for the same purpose.

22 The proposed amendment to §217.142(b)(3) defines the new term “equipment” to describe the
23 items and systems that the inspector will need to inspect. The inspection will be of those items and

1 systems required by law to present on the vehicle as inspected, which may not include all the listed items
2 and systems depending on the type of vehicle. The definition also distinguishes “equipment” from “basic
3 component part” and “major component part” as previously discussed in this proposal.

4 The proposed amendment to §217.142(b)(4) defines the term “manufacturer” by reference to
5 the definition in Occupations Code §2301.002. The definition also clarifies that a hobbyist is not a
6 manufacturer, which is consistent with the definition of hobbyist in Transportation Code §731.001. The
7 term is also defined in §217.402 with the same meaning and for the same purpose.

8 The proposed amendment to §217.142(b)(5) clarifies that the definition of “master technician”
9 used in this subchapter refers to a Certified Master Automobile and Light Truck Technician, which is
10 required under Transportation Code §731.101(b)(2). The clarification is necessary because Transportation
11 Code §731.101(a) requires an assembled vehicle to pass an inspection based on the type of assembled
12 vehicle being inspected. Transportation Code §731.101(b) requires the applicant to submit proof that the
13 assembled vehicle passed the inspection and a copy of the master technician’s Automobile and Light Truck
14 certification. The limitation of the credentialing requirement in §731.101(b)(2) limits the titling inspection
15 requirement to those assembled vehicles types that can be inspected by an individual holding an
16 Automobile and Light Truck master certification. The relevant types of assembled vehicles are assembled
17 motor vehicles, custom vehicles, replicas, and street rods, as described in proposed amendments to
18 §217.143(a). The legislative requirement limiting the inspection to the Automobile and Light Truck
19 certification is also consistent with the consideration that a master certification does not exist for
20 motorcycles or trailers; and the limited number of individuals holding a Medium and Heavy Truck master
21 certification could create an impediment to titling glider kits.

22 The proposed amendments to §217.143 implement the new initial titling inspection requirements
23 under Transportation Code §731.101 and maintain the existing custom vehicle and street rod registration

1 requirement under Transportation Code §501.504(e). To reflect the change, the department proposes
2 changing the title of §217.143 to "Inspection Requirements."

3 The proposed amendments to §217.143(a) provide that an assembled motor vehicle, replica,
4 custom vehicle, or street rod must be inspected by a master technician as required under Transportation
5 Code Chapter 731 and 43 Texas Administrative Code, Chapter 217, Subchapter L. For reasons previously
6 discussed regarding the definition of "master technician," the inspection is not required for an assembled
7 motorcycle, assembled trailer, or glider kit. The titling inspection is only required when the assembled
8 vehicle is titled for the first time. A subsequent titling inspection would be required if the vehicle is
9 disassembled and reassembled as described in proposed §217.407.

10 The proposed amendment to §217.143(b) requires a custom vehicle or street rod to have a safety
11 inspection performed by a master technician as required under Transportation Code §504.501(e) for
12 initial registration. As with the current requirement, the inspection is required each time the vehicle is
13 initially registered in the name of a new owner. However, because the titling and registration inspections
14 are the same, two inspections will not be required if an assembled vehicle designated as a street rod or
15 custom vehicle is titled and registered in the same transaction.

16 The proposed amendments to §217.143(c) and (d) provide the inspection requirements for
17 assembled vehicles. The amendment to existing §217.143(c) states that the inspection of an assembled
18 vehicle must evaluate the structural integrity of the equipment. The proposed amendments to
19 §217.143(d)(1), (2), and (4) amend the style of existing text in §217.143(b) requiring the inspector to
20 certify that the vehicle is structurally stable, meets the necessary conditions to be operated safely on the
21 roadway, and is equipped and operational with all equipment required by statute as a condition of sale
22 during the year the vehicle was manufactured or resembles. The proposed amendments to §217.143(d)
23 also add new §217.143(d)(3) that tracks the safety requirement in Transportation Code §731.051(b)(7).

1 The department proposes removing the existing text of §217.143(c) because it is duplicative of the
2 requirement in proposed §217.143(d)(4).

3 The proposed amendments to §217.143 also add new §217.143(e), which provides that an
4 inspection under §217.143(a) is in addition to any other required inspection of an assembled vehicle,
5 including an inspection required under Transportation Code Chapter 548. An assembled vehicle
6 designated as a custom vehicle or street rod is not subject to the annual Transportation Code Chapter 548
7 inspection. Other assembled vehicles may be subject to the Chapter 548 inspection requirement.

8 The proposed amendments to §217.143 also add new §217.143(f) and (g) relating to the payment
9 of fees. Under proposed new §217.143(f), the applicant must pay all fees to the master technician for the
10 inspection of an assembled vehicle required under subsection (a) of this section, including any
11 reinspection. Under proposed new §217.143(g), any additional fees must be paid to the inspector or as
12 otherwise required by law. The subsections clarify that inspection fees under this section are not to be
13 paid to the department. The department does not set any of the inspection fees for an inspection required
14 under this section.

15

16 **Subchapter L. §§217.401 - 217.407.**

17 The proposed new Chapter 217, Subchapter L, §§217.401 - 217.407 implements the assembled
18 vehicle titling and registration requirements under Transportation Code Chapter 731, as enacted by HB
19 1755. Proposed new §217.401(a) describes the purpose and scope of proposed new Subchapter L.
20 Proposed new §217.401(b) provides that for the purposes of this subchapter a glider kit issued a title with
21 a “RECONSTRUCTED” remark is a replica. The purpose of this is to state the department’s interpretation
22 that a dealer may transfer, or be transferred ownership, of a glider kit under new Transportation Code
23 §503.013.

1 Proposed new §217.402 defines terms that will be used in the subchapter. Proposed new
2 §217.402(a) incorporates terms defined in Transportation Code §731.001.

3 Proposed new §217.402(b)(1) defines the term “applicant.” The term clarifies the types of owners
4 that would apply for title of an assembled vehicle. The term is defined in §217.142 with the same meaning
5 and for the same purpose.

6 Proposed new §217.402(b)(2) defines the term “basic component part” for use in this chapter.
7 The term is limited to the vehicle’s motor, body, and frame, as applicable for the type of vehicle. For
8 example, an automobile would have all three parts; a motorcycle just a motor and frame; and a trailer
9 just a frame and body. Evidence of ownership will be required based on the component part of the
10 assembled vehicle under proposed new §217.405. The definition also distinguishes between “basic
11 component part” and “major component part” as previously discussed in this proposal.

12 Proposed new §217.402(b)(3) defines the term “continuous sale,” which is basic in determining if
13 a person is a hobbyist as defined in Transportation Code §731.001. The definition provides that the term
14 means “offering for sale or the sale of five or more assembled vehicles of the same type in a calendar year
15 when such vehicles are not owned and titled in the name of the owner.” The department has proposed
16 five vehicles in the definition because that is the number of vehicles that could classify the person as a
17 dealer under Transportation Code §503.024.

18 Proposed new §217.402(b)(4) defines the term “manufacturer” by reference to the definition in
19 Occupations Code §2301.002. The definition also clarifies that a hobbyist is not a manufacturer, which is
20 consistent with the definition of hobbyist in Transportation Code §731.001. The term is also defined in
21 §217.142 with the same meaning and for the same purpose.

1 Proposed new §217.402(b)(4) defines the term “personal use” which is basic in determining if a
2 person is a hobbyist as defined in Transportation Code §731.001. The definition provides that the term
3 means “the construction of an assembled vehicle by a hobbyist for use by the hobbyist.”

4 Proposed new §217.403 provides the basic procedure for issuing an initial title on an assembled
5 vehicle and subsequent transfers of the title. Proposed new §217.403(a) requires an applicant for an initial
6 title on an assembled vehicle to apply for the title in accordance with 43 Texas Administrative Code
7 Chapter 217, Subchapter L, and Transportation Code Chapter 731.

8 Proposed new §217.403(b) requires a person transferring title on a titled assembled vehicle to
9 transfer title in accordance with proposed new §217.407. That section provides that once an assembled
10 vehicle is titled, including assembled vehicles brought in from another state, title to the assembled vehicle
11 will transfer in that same manner as any other titled vehicle, except that only assembled vehicles that are
12 replicas may be transferred to and by dealers.

13 Proposed new §217.403(c) provides that unless the assembled vehicle is ineligible for title under
14 Transportation Code §731.051(b), the department shall issue a title if the assembled vehicle passes the
15 required inspection under proposed amended §217.143 and Transportation Code §731.101; passes any
16 additional inspection required by Transportation Code Chapter 548; and following receipt of a fully
17 completed application and all required forms and fees, as identified in §217.404.

18 Proposed new §217.404 details the application process. The process differs from ordinary title
19 application transactions, because in this case the department will review the application before it is
20 formally submitted to a county tax assessor-collector. The process should add uniformity, and avoid
21 rejections and the need for resubmission of the application.

1 Proposed new §217.404(a) lists the information required in the application. Proposed new
2 §217.404(a)(1) requires photographs of the vehicle and, if a replica, a photograph of what the vehicle is a
3 replica of. These will assist in identifying the vehicle.

4 Proposed new §217.404(a)(2) requires evidence of ownership of the basic component parts of
5 the assembled vehicle as described in §217.405. Evidence of ownership is necessary to establish title to
6 the vehicle or process an application for assignment or reassignment of a vehicle identification number
7 under Transportation Code §501.033 as required by Transportation Code §731.054.

8 Proposed new §217.404(a)(3) requires, if applicable, proof, on a form prescribed by the
9 department, of a safety inspection required under §217.143. Under the proposal, the requirement is
10 applicable only to assembled motor vehicles, custom vehicles, replicas, and street rods.

11 Proposed new §217.404(a)(4) requires a copy of the Automobile and Light Truck certification, or
12 a successor certification, for the master technician who completed the inspection described in
13 §217.404(a)(3), if the inspection was required.

14 Proposed new §217.404(a)(5) requires a copy of the inspection that may be required under
15 Transportation Code Chapter 548 if the assembled vehicle is to be registered for operation on the
16 roadway. Proposed new §217.404(a)(6) (requires a rebuilt vehicle statement; (7) a weight certificate; and
17 (8) the applicant's identification information as required in §217.5(d).

18 Proposed new §217.404(a)(9) requires a vehicle identification number to be established by one
19 of the four listed means. The means are authorized in Transportation Code §731.054. Proposed new
20 §217.404(a)(9)(A) and (B) allow for the process of applying for an application for assignment or
21 reassignment of a vehicle identification number. That process is under Transportation Code §501.033 and
22 requires a vehicle identification number inspection under Transportation Code §501.032. The inspection
23 is consistent with Transportation Code §731.051 which requires titling to be done under Chapter 501 and

1 Chapter 731. Transportation Code §501.003 states that Transportation Code Chapter 501 is to be liberally
2 construed to lessen and prevent (1) the theft of motor vehicles, and (2) the importation into this state of
3 and traffic in motor vehicles that are stolen. Proposed new §217.404(a)(9)(C) and (D) are based on the
4 vehicle identification numbers assigned by the maker of a kit or the manufacturer of the assembled vehicle
5 respectively authorized in Transportation Code §731.054.

6 Proposed new §217.404(b) provides that the department will review the documents and
7 determine that the application is complete and the vehicle meets the qualifications to be titled as an
8 assembled vehicle.

9 Proposed new §217.404(c) provides that the department will notify the applicant in writing if the
10 department determines the application is complete and the vehicle is determined to qualify for titling as
11 an assembled vehicle.

12 Proposed new §217.404(d) provides that upon the receipt of the department's written approval,
13 the applicant may proceed to the county tax assessor collector for submission and processing of the
14 application. Proposed new §217.404(d) lists that the applicant must provide the county tax assessor with
15 the department's written letter, a copy of the items required under §217.404(a)(1) - (9) that were
16 submitted to the department, and, if the vehicle is being registered, the requirements identified in
17 §217.23.

18 Proposed new §217.405 addresses evidence of ownership and how it may be demonstrated either
19 from a manufacturer, a hobbyist or other owner, or with a bond. Proposed new §217.405(a) provides that
20 evidence of ownership must accompany the title application submitted to the department, which is
21 consistent with the requirement in §217.404(a)(2).

1 Proposed new §217.405(b) provides that evidence of ownership for a replica, custom vehicle,
2 street rod, or glider kit built by a manufacturer must be provided on a manufacturer’s certificate of origin
3 and contain the information listed in that subsection.

4 Proposed new §217.405(c) describes the evidence of ownership requirements for an assembled
5 vehicle that has been built by a hobbyist, or has not otherwise been previously titled by the owner.
6 Evidence is required for the basic component parts of the vehicle. If the basic component parts are from
7 vehicles titled in the name of the owner, evidence of ownership will be based on the identifying numbers
8 on the parts. These will vary based on the type of part and the year of manufacture. Additionally,
9 component parts not titled in the name of the owner may be used with proper documentation, such as a
10 bill of sale.

11 Proposed new §217.405(d) provides that an owner unable to obtain evidence of ownership may
12 file a bond with the department under Transportation Code §501.053 and §217.9. Proposed new
13 §217.405(e) lays out the process of obtaining the vehicle identification number and the bond. The bond
14 will be the evidence of ownership to obtain the title.

15 The process is similar to that of any other applicant, in that the applicant must take or deliver the
16 documentation required under §217.404(a)(1) - (9) to the department’s regional service center for review,
17 except that the applicant utilizing the bond procedure will not be required to have evidence of ownership
18 under §217.405(a) – (c). The documentation requirements for the bond procedure would include a vehicle
19 identification number inspection report if the applicant intends to establish a vehicle identification
20 number under §217.404(a)(9)(A) or (B). The department will review the vehicle identification number
21 inspection report and other documents.

22 A vehicle identification number will be reassigned based on the report and documentation if a
23 vehicle identification number by which the assembled vehicle will be identified can be determined. If the

1 vehicle identification number cannot be reassigned based on the lack of a number, the department will
2 assign a department-issued number.

3 The applicant will then need to complete a statement of fact concerning the acquisition of the
4 vehicle. If the application is complete, the department will use the assigned or reassigned number to issue
5 a letter for the applicant to obtain a bond. The applicant will take the bond as evidence of ownership and
6 other required documents to the county tax assessor-collector.

7 Proposed new §217.406 describes the issuance and form of title. Proposed new §217.406
8 provides that the county tax assessor-collector will process the transaction and issue a receipt upon
9 receiving the completed application, all required documents, and all required fees.

10 Proposed new §217.406(b) describes the form of the title. As described in that subsection, the
11 title will comply with the requirements of Transportation Code §731.053 and be issued with the make of
12 “ASVE” unless original parts are used that reflect an established year and make of a manufactured vehicle
13 and will contain the remarks “RECONSTRUCTED” or “REPLICA,” as applicable, except for assembled trailers
14 which will be titled with a make of “HMDE.”

15 Proposed new §217.406(c) provides that the department will issue and mail or deliver the title to
16 the owner or lienholder disclosed in the application. Proposed new §217.406(d) provides that the receipt
17 issued at the time of application for title may be used only as evidence of title and may not be used to
18 transfer any interest or ownership in a motor vehicle or to establish a new lien.

19 Proposed new §217.407 provides for subsequent transfer of title for a titled assembled vehicle.
20 Proposed new §217.407(a) provides that after an assembled vehicle is titled under Transportation Code
21 Chapter 731 and Subchapter L, the vehicle is then subject to Transportation Code Chapters 501 and 502,
22 and 43 Texas Administrative Code Chapter 217, Subchapter L. The vehicle may be transferred similarly to
23 any other vehicle, except as provided in §217.407(c).

1 Proposed new §217.407(b) provides that an assembled vehicle titled or registered in another
2 jurisdiction may be titled and registered in this jurisdiction subject to Transportation Code Chapters 501
3 and 502, and 43 Texas Administrative Code Chapter 217, Subchapter L, except as provided in §217.407(c).
4 As such, the vehicle does not have to go through the initial title process in Transportation Code Chapter
5 731 or Subchapter L.

6 Proposed new §217.407(c) states two statutory limitations that apply to the transfer and
7 construction of assembled vehicles. Proposed new §217.407(c) states the limitation in new Transportation
8 Code §503.013 that ownership of an assembled vehicle may not be transferred to or by a dealer unless
9 the assembled vehicle is a “replica” as that term is defined in Transportation Code §731.001. As defined,
10 a “replica” includes a street rod or custom vehicle. Proposed new §217.407(c) states the limitation in new
11 Occupations Code §2302.009 that a salvage vehicle dealer may not rebuild an assembled vehicle.

12 Proposed new §217.407(d) provides that if an assembled vehicle is disassembled and then
13 reassembled, the resulting vehicle is subject to the initial titling requirements in Transportation Code
14 Chapter 731 and 43 Texas Administrative Code Chapter 217, Subchapter L.

15

16 **FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Linda M. Flores, Chief Financial Officer,
17 has determined that for each year of the first five years the proposed amendments and new sections will
18 be in effect, there will be no significant fiscal impact to state or local governments as a result of the
19 enforcement or administration of the proposal. The proposal requires a review of the title application
20 before it is submitted to county tax assessor-collector. While creating some additional work for the
21 department on the front end of the transaction, the review process will not require additional department
22 employees and should reduce county tax assessor-collector processing time and associated costs to issue
23 the title and registration, and department costs related to canceling titles and registrations that may be

1 issued in error. Other fiscal costs related to allowing hobbyist and other owners to title and register
2 assembled vehicles under Transportation Code Chapter 731 are a result of statute and not a cost of this
3 proposal. Jeremiah Kuntz, Director of the Vehicle Titles and Registration Division, has determined that
4 there will be no measurable effect on local employment or the local economy as a result of the proposal.

5

6 **PUBLIC BENEFIT AND COST NOTE.** Mr. Kuntz has also determined that for each year of the first five years
7 the proposed sections are in effect, public benefits are expected as a result of enforcing the proposed
8 amendments and new sections. The public benefits resulting from the adoption of the proposed
9 amendments and new sections will be the implementation of HB 1755 and conforming rule text with
10 statute. The benefits resulting from the implementation of HB 1755 include allowing hobbyists and
11 owners of assembled vehicles to register and receive a title for vehicles they may have put significant
12 amounts of time, money, and effort into building and that do not present a public danger.

13 Mr. Kuntz has also determined that for each year of the first five years the proposed sections are
14 in effect, no additional costs are expected as a result of enforcing the proposed amendments and new
15 sections.

16 The department anticipates that there are no additional costs under these rules resulting from
17 the initial titling application review process under proposed §217.404(a). The information necessary to
18 complete the application consists of information known to the applicant, obtained based on a required
19 inspection, or obtained by the applicant from parts suppliers or the builder of the assembled vehicle. The
20 information should be readily available to the individual completing the application and requires no
21 additional cost to obtain. The applicant may submit the required documents for review by email at no
22 cost to the applicant. The decision of how to submit the application to the service center for review will
23 be the applicant's and is not a requirement of these rules.

1 Other costs related to initially titling an assembled vehicle result are required by statute and are
2 not a direct cost of the proposed sections. This includes the cost of inspections under §217.143, the cost
3 of a vehicle identification number inspection under §217.404, and the cost of a bond if necessary.

4 The inspections under §217.143 are required under Transportation Code §504.501(e) and
5 §731.101. The costs of those inspections result from these statutory requirements.

6 Costs for applicants needing to assign or reassign a vehicle identification number result from
7 Transportation Code §§731.054, 501.032, and 501.033. Transportation Code §§731.054 provides that
8 the department shall assign or reassign a vehicle identification number under Transportation Code
9 §501.033. Sections 501.032(a)(1) and (3) requires a vehicle to have a vehicle identification number
10 inspection if the owner is needing an assigned or reassigned vehicle identification number under
11 501.033. The costs of submitting the application and the inspection result from those statutory
12 requirements.

13 Additionally, if the applicant has neither evidence of ownership nor the vehicle identification
14 number, the department will assign or reassign a vehicle identification number to the vehicle based on
15 the same inspection so that the applicant may obtain a bond under Transportation Code §501.053,
16 §217.9, and proposed §217.405(e). This would result in no additional inspection cost for an applicant. The
17 cost of a bond is not a requirement of this rule, but is instead a reflection of Transportation Code §501.053
18 as applied to assembled vehicles. This procedure is an option for the applicant to obtain a title should the
19 vehicle otherwise not be eligible for title based on lack of evidence of ownership.

20

21 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** The department has
22 determined that the proposed amendments will not have an adverse economic effect or a
23 disproportionate economic impact on small or micro businesses, or on rural communities. As a result, and

1 in accordance with Government Code §2006.002(c), the department is not required to prepare a
2 regulatory flexibility analysis.

3

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

8

9 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the first
10 five years the proposed amendments and new sections are in effect, the proposed rule:

11 will not create or eliminate a government program;

12 will not require the creation of new employee positions or the elimination of existing employee
13 positions;

14 will not require an increase or decrease in future legislative appropriations to the department;

15 will not require an increase or decrease in fees paid to the department, however, the department
16 will collect more title and registration fees if additional vehicles are titled and registered;

17 will create new regulations in §§217.401 - 217.407 to implement Transportation Code Chapter
18 731, concerning assembled vehicles, enacted in HB 1755;

19 will expand existing regulations §§217.141 - 217.143 to implement Transportation Code
20 Chapter 731, concerning assembled vehicles, enacted in HB 1755;

21 will repeal existing regulations in §217.3, because regulations implementing Transportation Code
22 Chapter 731, concerning assembled vehicles, will be in §§217.141 - 217.143 and 217.401 - 217.407;

23 will increase the number of individuals subject to the rule's applicability, because rules

1 concerning assembled vehicles do not currently exist, but are required under Transportation Code
2 Chapter 731; and

3 will not positively or adversely affect the Texas economy.

4

5 **REQUEST FOR PUBLIC COMMENT.** If you want to comment on the proposal, submit your written
6 comments by 5:00 p.m. CST on January 21, 2020. A request for a public hearing must be sent separately
7 from your written comments. Send written comments or hearing requests by email to *rules@txdmv.gov*
8 or by mail to Office of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue,
9 Austin, Texas 78731. If a hearing is held, the department will consider written comments and public
10 testimony presented at the hearing.

11

12 **STATUTORY AUTHORITY.** The department proposes amendments to §217.3 and §§217.141-217.143
13 and new §§217.401 - 217.407 under Occupations Code §2301.155 and §2302.051; and Transportation
14 Code §§501.0041, 502.0021, 504.011, 731.002, 731.051, 731.052, 731.101, and 1002.001.

15 Occupations Code §2301.155 authorizes the board of the Texas Department of Motor Vehicles
16 to adopt rules as necessary or convenient to administer this chapter and to govern practice and
17 procedure before the board.

18 Occupations Code §2302.051 authorizes the board to adopt rules as necessary to administer
19 this chapter.

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

22 Transportation Code §502.0021 authorizes the department to adopt rules to administer
23 Chapter 502.

1 Transportation Code §504.0011 authorizes the board to adopt rules to implement and
2 administer Transportation Code Chapter 504.

3 Transportation Code §731.002 authorizes the board to adopt rules as necessary to implement
4 and administer Transportation Code Chapter 731.

5 Transportation Code §731.051 authorizes the board to adopt rules under Transportation Code
6 Chapter 731 for owners to apply for a title and register as provided by Chapters 501 and 502, as
7 applicable, regardless of whether the assembled vehicle was built or assembled using a vehicle that was
8 previously titled in this state or another jurisdiction.

9 Transportation Code §731.052 requires the board to adopt rules establishing procedures and
10 requirements for: (1) issuance of a title for an assembled vehicle; and (2) registration of an assembled
11 vehicle. Rules adopted under this section may not exclude a type of assembled vehicle, other than an
12 assembled vehicle described by Section 731.051(b), from eligibility for title and registration; must
13 establish the form of a title issued for an assembled vehicle; and must exempt an assembled vehicle or
14 a type of assembled vehicle from any provision of Chapter 501 or 502 that an assembled vehicle or type
15 of assembled vehicle, by its nature, cannot comply with or otherwise meet the requirements of.

16 Transportation Code §731.101 requires the board to adopt rules establishing procedures and
17 requirements for the inspection required by Transportation Code §731.101. Rules adopted under
18 Transportation Code §731.101: (1) must establish inspection criteria; (2) may specify additional items of
19 equipment that must be inspected by a master technician and may specify different items of equipment
20 that must be inspected based on the type of assembled vehicle; and (3) must require an owner of an
21 assembled vehicle that is being inspected under this section to pay all fees required for the inspection,
22 including any reinspection, in addition to all applicable fees required under Chapter 548 for an
23 inspection or reinspection conducted under that chapter.

1 Transportation Code §1002.001 authorizes the board to adopt rules that are necessary and
2 appropriate to implement the powers and the duties of the department.

3

4 **CROSS REFERENCE TO STATUTE.** Occupations Code §2301.0045 and §2302.009; and Transportation
5 Code §§501.003, 501.032, 501.033, 501.036, 501.037, 501.052, 501.053, 503.013, 504.501, 731.051 -
6 731.054, 731.101, and 731.102.

7

8 **Text.**

9

SUBCHAPTER A. MOTOR VEHICLE TITLES.

10

§217.3. Motor Vehicle Titles

11 Unless otherwise exempted by law or this chapter, the owner of any motor vehicle that is required to be
12 titled, including any motor vehicle required to be registered in accordance with Transportation Code [r]
13 Chapter 502, shall apply for a Texas title in accordance with Transportation Code [r] Chapter 501 or 731.

14 (1) Motorcycles, [~~motor-driven cycles,~~] autocycles, and mopeds.

15 (A) The title requirements for [of] a motorcycle, [~~motor-driven cycle,~~] autocycle,
16 and moped are the same requirements prescribed for any motor vehicle.

17 (B) A vehicle that meets the criteria for a moped and has been certified as a
18 moped by the Department of Public Safety will be registered and titled as a moped. If the vehicle does not
19 appear on the list of certified mopeds published by that agency, the vehicle will be treated as a motorcycle
20 for title and registration purposes.

21 (2) Farm vehicles.

22 (A) The term "motor vehicle" does not apply to implements of husbandry, which
23 may not be titled.

1 (B) Farm tractors owned by agencies exempt from registration fees in accordance
2 with Transportation Code [;] §502.453, are required to be titled and registered with "Exempt" license
3 plates issued in accordance with Transportation Code [;] §502.451.

4 (C) Farm tractors used as road tractors to mow rights of way or used to move
5 commodities over the highway for hire are required to be registered and titled.

6 (D) A farm trailer or farm semitrailer is any trailer or semitrailer registered in
7 accordance with Transportation Code §502.146. Owners of farm trailers and farm semitrailers with a gross
8 weight of 34,000 pounds or less may apply for a Texas title. Owners of farm trailers and farm semitrailers
9 with a gross weight in excess of 34,000 pounds shall apply for a Texas title. If a farm trailer or farm
10 semitrailer with a gross weight of 34,000 pounds or less has been titled previously, any subsequent owner
11 shall apply for a Texas title for the farm trailer or farm semitrailer. [Farm semitrailers with a gross weight
12 of more than 4,000 pounds that are registered in accordance with Transportation Code, §502.146, may
13 be issued a Texas title.]

14 (3) Neighborhood electric vehicles. The title requirements of a neighborhood electric
15 vehicle (NEV) are the same requirements prescribed for any motor vehicle.

16 (4) Trailers, semitrailers, and house trailers. Owners of trailers and semitrailers shall apply
17 for [~~and receive~~] a Texas title for any [~~stand alone (full)~~] trailer [~~, including homemade or shopmade full~~
18 ~~trailers,~~] or [~~any~~] semitrailer with [~~having~~] a gross weight in excess of 4,000 pounds. Owners of trailers
19 and semitrailers with [~~having~~] a gross weight of 4,000 pounds or less may apply for [~~and receive~~] a Texas
20 title. If a trailer or semitrailer with a gross weight of 4,000 pounds or less has been titled previously, any
21 subsequent owner shall apply for a Texas title for the trailer or semitrailer. House trailer-type vehicles
22 must meet the criteria outlined in subparagraph (C) of this paragraph to be titled; [;]

23 (A) The rated carrying capacity will not be less than one-third of its empty weight.

1 (B) Mobile office trailers, mobile oil field laboratories, and mobile oil field
2 bunkhouses are not designed as dwellings, but are classified as commercial semitrailers and must be
3 registered and titled as commercial semitrailers if operated on the public streets and highways.

4 (C) House trailer-type vehicles and camper trailers must meet the following
5 criteria in order to be titled.

6 (i) A house trailer-type vehicle that is less than eight feet six inches in
7 width or less than 45 feet in length is classified as a travel trailer and shall be registered and titled.

8 (ii) A camper trailer shall be titled as a house trailer and shall be registered
9 with travel trailer license plates.

10 (iii) A recreational park model type trailer that is primarily designed as
11 temporary living quarters for recreational, camping or seasonal use, is built on a single chassis, and is 400
12 square feet or less when measured at the largest horizontal projection when in the set up mode shall be
13 titled as a house trailer and may be issued travel trailer license plates.

14 (5) Assembled vehicles. The title requirements for assembled vehicles are prescribed in
15 Subchapter L of this title (relating to Assembled Vehicles).

16 [~~(A) An assembled vehicle is a vehicle assembled from the three basic component~~
17 ~~parts (motor, frame, and body), except that a motorcycle must have a frame and motor, and a trailer or~~
18 ~~travel trailer will have no motor, and that is:]~~

19 [~~(i) assembled from new or used materials and parts by someone not~~
20 ~~regulated as a motor vehicle manufacturer;]~~

21 [~~(ii) altered or modified to the extent that it no longer reflects the original~~
22 ~~manufacturer's configuration; or]~~

1 ~~[(iii) assembled from a kit even if a Manufacturer's Certificate of Origin or~~
2 ~~Manufacturer's Statement of Origin is provided.]~~

3 ~~[(B) A newly assembled vehicle, for which a title has never been issued in this~~
4 ~~jurisdiction or any other, may be titled if:]~~

5 ~~[(i) it is assembled and completed with a body, motor, and frame, except~~
6 ~~that a motorcycle must have a frame and motor, and a trailer or travel trailer will have no motor;]~~

7 ~~[(ii) it is not created from different vehicle classes, (as established by the~~
8 ~~Federal Highway Administration, except as provided by subparagraph (C) of this paragraph), that were~~
9 ~~never engineered or manufactured to be combined with one another;]~~

10 ~~[(iii) it has all safety components required by federal law during the year~~
11 ~~of assembly, unless the vehicle qualifies and is registered as a custom vehicle or street rod in accordance~~
12 ~~with Transportation Code, §504.501;]~~

13 ~~[(iv) it is not a vehicle described by paragraph (6) of this section;]~~

14 ~~[(v) for a vehicle assembled with a body, motor, and frame, the applicant~~
15 ~~provides proof, on a form prescribed by the department, of a safety inspection performed by an~~
16 ~~Automotive Service Excellence (ASE) technician with valid certification as a Certified Master Automobile~~
17 ~~and Light Truck Technician, certifying that the vehicle:]~~

18 ~~[(i) is structurally stable;]~~

19 ~~[(ii) meets the necessary conditions to be operated safely on the~~
20 ~~roadway; and]~~

21 ~~[(iii) is equipped and operational with all equipment required by~~
22 ~~statute or rule as a condition of sale during the year the vehicle was assembled unless it is being inspected~~
23 ~~pursuant to Subchapter G of this chapter;]~~

1 ~~subparagraph (B)(v) – (viii); however, it is subject to the inspection required by Transportation Code,~~
2 ~~Chapter 548, except a vehicle that qualifies and is registered as a custom vehicle or street rod in~~
3 ~~accordance with Transportation Code, §504.501.]~~

4 ~~[(F) An assembled vehicle will be titled using the year it was assembled as the~~
5 ~~model year and "ASSEMBLED" or "ASVE" as the make of the vehicle unless the body of the vehicle is~~
6 ~~established to the department's satisfaction to be an original body from a particular year and make. An~~
7 ~~assembled vehicle utilizing an original body may be titled by the year and the make of the original body~~
8 ~~but must reflect a "RECONSTRUCTED" remark. An assembled vehicle not utilizing an original body may~~
9 ~~obtain a title with a "REPLICA" remark featuring the year and make of the replica if the vehicle resembles~~
10 ~~a prior model year vehicle. This subparagraph applies regardless of how the vehicle's model year or make~~
11 ~~was previously identified in this or any other jurisdiction.]~~

12 (6) Not Eligible for Title. The following are not eligible for a Texas title regardless of the
13 vehicle's previous title or ~~and/or~~ registration in this or any other jurisdiction:

14 (A) vehicles that are missing or are stripped of their motor, frame, or body, to the
15 extent that ~~[it materially alters]~~ the vehicle loses its original identity ~~[manufacturer's original design]~~ or
16 makes the vehicle unsafe for on-road operation as determined by the department;

17 ~~[(B) vehicles designed or determined by the department to be a dune buggy;]~~

18 (B) ~~[(C)]~~ vehicles designed by the manufacturer ~~[or determined by the~~
19 ~~department to be]~~ for on-track racing only ~~[, unless such vehicles meet Federal Motor Vehicle Safety~~
20 ~~Standards (FMVSS) for on road use and are reported to the National Highway Traffic Safety~~
21 ~~Administration];~~

1 (C) ~~(D)~~ vehicles designed or determined by the department to be for off-highway
2 ~~off-road~~ use only, unless specifically defined as a "motor vehicle" in Transportation Code [;] Chapter 501;

3 or

4 (D) ~~(E)~~ vehicles assembled, built, constructed, rebuilt, or reconstructed in any
5 manner with:

6 (i) a body or frame from a vehicle which is a "nonrepairable motor
7 vehicle" as that term is defined in Transportation Code [;] §501.091(9); or

8 (ii) a motor or engine from a vehicle which is flood damaged, water
9 damaged, or any other term which may reasonably establish the vehicle from which the motor or engine
10 was obtained is a loss due to a water related event.

11

12

SUBCHAPTER G. INSPECTIONS.

13 **§217.141. Purpose and Scope.**

14 This subchapter prescribes the policies and procedures necessary to protect the public by requiring
15 inspection of assembled vehicles ~~[street rods and custom vehicles]~~, accurately identify the identity of a
16 motor vehicle, and provides department approved training programs which if successfully completed
17 qualify a person to conduct vehicle identification number inspections.

18

19 **§217.142. Definitions.**

20 (a) The definitions in Transportation Code §731.001 apply to this subchapter.

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

1 (1) ~~["]~~ Altered from the manufacturer's original design ~~["]~~ - as that term is used in
2 §504.501(f), Transportation Code, is defined as the removal, addition, modification, or substitution, of at
3 least one major component part, as defined in Transportation Code §501.091, except that an engine,
4 frame, and body or cab, must be replaced if removed.

5 (2) Applicant - a person applying for title to an assembled vehicle who:

6 (A) is a hobbyist;

7 (B) is the owner of an assembled vehicle that has not been previously titled as an
8 assembled vehicle; or

9 (C) purchased an assembled vehicle constructed and designated by the
10 manufacturer as a replica, custom vehicle, street rod, or glider kit. ["Custom vehicle" has the meaning
11 assigned by §504.501(f)(1), Transportation Code.]

12 (3) Equipment - items and systems, including the connection points of the items and
13 systems, to include the frame; chassis; structural components; wheel assembly; tires; brake system,
14 including each brake, power brake unit, and all integral items of the system; steering system, including
15 power steering, and all integral items of the system; front seat belts if constructed with seat belt
16 anchorage; body; drivetrain; suspension; motor; fuel supply system and all integral items of the system;
17 exhaust system and all integral items of the system; mirrors; windshield; windshield wipers; turn signal
18 lamps; beam indicator; head lamps, minimum of two; tail lamps; stop lamps; and rear red reflectors. This
19 term includes the "basic component parts" of motor, body, and frame, as defined in §217.402 of this
20 chapter; and some "major component parts" as defined in Transportation Code §501.091. The term "basic
21 component parts" is defined by rule to identify the parts that will be used in determining evidence of
22 ownership. The term "major component parts" is defined by statute for use in determining whether the

1 vehicle is a custom vehicle or street rod. ["Major component part" has the meaning assigned by
2 §501.091, Transportation Code.]

3 (4) Manufacturer - is a person that builds an assembled vehicle and is not a hobbyist, has
4 the meaning as defined in Occupations Code §2301.002, and is subject to the requirements of that chapter
5 applicable to manufacturers, including sale through a franchise dealer network. ["Street rod" has the
6 meaning assigned by §504.501(f)(2), Transportation Code.]

7 (5) Master technician - a person who holds a valid certification as a Certified Master
8 Automobile and Light Truck Technician, or equivalent successor certification, issued by the National
9 Institute for Automotive Service Excellence.

10

11 **§217.143. ~~Custom Vehicle and Street Rod~~ Inspection Requirements.**

12 (a) On initial titling of an assembled vehicle under Transportation Code Chapter 731, and
13 Subchapter L of this title (relating to Assembled Vehicles), with the exception of an assembled motorcycle,
14 assembled trailer, and glider kit, an applicant [~~registration including registration at the time of title~~
15 ~~transfer, of a custom vehicle or street rod, the applicant~~] must provide proof, on a form prescribed
16 [provided] by the department, of a safety inspection performed by a master technician [~~an Automotive~~
17 ~~Service Excellence (ASE) technician with valid certification as a Certified Master Automobile and Light~~
18 ~~Truck Technician~~].

19 (b) In addition to the requirement under subsection (a) of this section, an owner applying for initial
20 registration of a custom vehicle or street rod must provide proof, on a form prescribed by the department,
21 of a safety inspection performed by a master technician under this section as required under
22 Transportation Code §504.501(e).

23 (c) The inspection must evaluate the structural integrity and proper function of the equipment.

1 (a) Transportation Code Chapter 731, charges the department with the responsibility of
2 establishing procedures and requirements for issuance of title and registration for an assembled vehicle.
3 For the department to efficiently and effectively issue motor vehicle titles, maintain records, and collect
4 the applicable fees, this subchapter prescribes the policies and procedures for the application for and
5 issuance of motor vehicle titles to assembled vehicles.

6 (b) For purposes of this subchapter, a glider kit issued a title with a “RECONSTRUCTED” remark is
7 a replica.

8
9 **§217.402. Definitions.**

10 (a) The definitions in Transportation Code §731.001, apply to this subchapter.

11 (b) The following words and terms, when used in this subchapter, shall have the following
12 meanings, unless the context clearly indicates otherwise:

13 (1) Applicant - a person applying for title to an assembled vehicle who:

14 (A) is a hobbyist;

15 (B) is the owner of an assembled vehicle that has not been previously titled as an
16 assembled vehicle; or

17 (C) purchased an assembled vehicle constructed and designated by the
18 manufacturer as a replica, custom vehicle, street rod, or glider kit.

19 (2) Basic component part - the motor, body, and frame of an assembled vehicle, as
20 applicable to the type of assembled vehicle. This term is a subset of “major component part” as defined
21 in Transportation Code §501.091, but the term “basic component part” is not applicable in determining
22 whether a vehicle qualifies as a custom vehicle or street rod under Transportation Code §504.501(f),
23 which is the purpose of the term “major component part.”

1 (3) Continuous sale - is offering for sale or the sale of five or more assembled vehicles of
2 the same type in a calendar year when such vehicles are not owned and titled in the name of the owner.

3 (4) Manufacturer - is a person that builds an assembled vehicle and is not a hobbyist, has
4 the meaning as defined in Occupations Code §2301.002, and is subject to the requirements of that chapter
5 applicable to manufacturers, including sale through a franchise dealer network.

6 (5) Personal use - is the construction of an assembled vehicle by a hobbyist for use by the
7 hobbyist.

8

9 **§217.403. Assembled Vehicle Titles.**

10 (a) An applicant must apply for initial title in the applicant's name as provided by Transportation
11 Code Chapter 731, and this subchapter in order to register an assembled vehicle for operation on a public
12 roadway or prior to transfer of ownership.

13 (b) The ownership transfer of an assembled vehicle titled under subsection (a) of this section must
14 be in accordance with §217.407 of this subchapter (relating to Title and Registration of a Titled Assembled
15 Vehicle).

16 (c) Unless the assembled vehicle is ineligible for title or registration for a reason listed under
17 Transportation Code §731.051(b), the department shall issue a title for an assembled vehicle:

18 (1) that passes the inspection required under §217.143 of this chapter (relating to
19 Assembled Vehicle Inspection Requirements), and Transportation Code §731.101;

20 (2) that, in addition to the inspection described in paragraph (1) of this subsection, passes
21 an inspection required by Transportation Code Chapter 548, as applicable; and

22 (3) following receipt of a fully completed application and all required forms and fees, as
23 identified in §217.404 of this subchapter (relating to Initial Application for Title).

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§217.404. Initial Application for Title.

(a) Prior to applying for title, an applicant must submit to the department a complete application for title. The application may be submitted in person, by mail, or electronically, to the department or a county tax assessor-collector for forwarding to the department. The application must include:

(1) photographs of the front, rear, and side of the assembled vehicle, and if a replica, a photograph of what the vehicle is a replica of;

(2) evidence of ownership of the basic component parts of the assembled vehicle as described in §217.405 of this subchapter (relating to Evidence of Ownership), as applicable to the type of assembled vehicle;

(3) if applicable, proof, on a form prescribed by the department, of a safety inspection required under §217.143 of this chapter (relating to Assembled Vehicle Inspection Requirements), and Transportation Code §731.101;

(4) if applicable, a copy of the Automobile and Light Truck certification, or a successor certification, for the master technician who completed the inspection described in paragraph (3) of this subsection;

(5) a copy of the inspection that may be required under Transportation Code Chapter 548 if the assembled vehicle is to be registered for operation on the roadway;

(6) a Rebuilt Vehicle Statement;

(7) a weight certificate;

(8) identification as required in §217.5(d) of this chapter (relating to Evidence of Motor Vehicle Ownership); and

(9) any of the following means to establish the vehicle identification number:

1 (A) an Application for Assigned or Reassigned Number, and Notice of Assigned
2 Number or Installation of Reassigned Vehicle Identification Number, on forms prescribed by the
3 department;

4 (B) an Application for Assigned or Reassigned Number, establishing the vehicle
5 identification number assigned by the manufacturer of the component part by which the assembled
6 vehicle will be identified;

7 (C) acceptable proof, as established by the department, of a vehicle identification
8 number assigned by the maker of the kit used to construct the assembled vehicle; or

9 (D) acceptable proof, as established by the department, of a vehicle identification
10 number assigned by the manufacturer of the replica, custom vehicle, street rod, or glider kit.

11 (b) Following receipt of all information required under subsection (a) of this section, the
12 department will review the application for completeness and to determine that the vehicle meets
13 assembled vehicle qualifications.

14 (c) If the department determines that the application is complete and the vehicle meets
15 assembled vehicle qualifications, the department will issue a letter to the applicant on department
16 letterhead, stating that the application is complete and that the vehicle qualifies as an assembled vehicle.

17 (d) Following receipt of the department’s letter described in subsection (c) of this section, the
18 applicant may then submit the letter and the completed application to the county tax assessor-collector
19 for processing. The application must include:

20 (1) the department issued letter;

21 (2) copies of all items required to be submitted to the department in subsection (a)(1) -
22 (9) of this section; and

1 (3) the requirements as identified in §217.23 of this chapter (relating to Initial Application
2 for Vehicle Registration) if obtaining registration.

3

4 **§217.405. Evidence of Ownership.**

5 (a) Evidence of ownership in the name of or properly assigned to the applicant must accompany
6 the title application submitted to the department.

7 (b) The evidence of ownership for a replica, custom vehicle, street rod, or glider kit built by a
8 manufacturer must be a manufacturer’s certificate of origin, indicating:

9 (1) the vehicle identification number assigned to the vehicle by the manufacturer;

10 (2) the make as ASVE, unless a glider kit;

11 (3) a notation the vehicle is a replica and what the vehicle is a replica of if a replica, custom
12 vehicle, or street rod; and

13 (4) the municipality and state in which the vehicle was completed.

14 (c) The evidence of ownership for an assembled vehicle not previously titled as an assembled
15 vehicle by the owner, or built by a hobbyist, must contain the identifying number(s) of the corresponding
16 basic component part(s). Evidence of ownership is required for basic component parts used from a vehicle
17 titled in the name of the applicant, depending on the year and manufacturer of the vehicle. The following
18 evidence of ownership is required if the assembled vehicle is constructed with basic component parts
19 from a vehicle not titled in the name of the applicant:

20 (1) Motor. A bill of sale is required.

21 (2) Frame. A bill of sale, certificate of origin, or title depending on the year and
22 manufacturer of the frame.

1 (3) Body. A bill of sale, certificate of origin, or title depending on the year and
2 manufacturer of the body.

3 (4) Kit. A bill of sale or certificate of origin for the kit.

4 (5) New fabrication. A bill of sale, invoice, or receipts covering the material used to
5 construct the basic component part.

6 (d) An owner who is unable to obtain the evidence of ownership required under subsection (a) of
7 this section may:

8 (1) file a bond with the department in accordance with Transportation Code §501.053,
9 and §217.9 of this chapter (relating to Bonded Titles); and

10 (2) submit an application for title in the same manner as an applicant in accordance with
11 Transportation Code Chapter 731, and this subchapter.

12 (e) The department will assign a number or reassign the manufacturer’s vehicle identification
13 number to an assembled vehicle based on the result of the vehicle inspection under §217.404(a)(9)(A) or
14 (B) of this subchapter (relating to Initial Application for Title). The owner under subsection (d) of this
15 section establishing the vehicle identification number of an assembled vehicle under §217.404(a)(9)(A) or
16 (B) of this subchapter, may use the vehicle identification number to satisfy the vehicle identification
17 number requirement under §217.9 of this chapter and obtain a bond under §217.9 of this chapter to be
18 filed with the department. The bond will be evidence of ownership under subsection (a) of this section.

19

20 **§217.406. Title Issuance**

21 (a) Issuance. The county tax assessor-collector shall process the application for title and issue a
22 receipt upon receiving:

23 (1) a completed application for title;

1 (2) required documents identified in §217.404(d) of this subchapter (relating to Initial
2 Application for Title);

3 (3) the statutory fee for a title application, unless exempt under:

4 (A) Transportation Code §501.138; or

5 (B) Government Code §437.217, and copies of official military orders are
6 presented as evidence of the person’s active duty status and deployment orders to a hostile fire zone; and

7 (4) any other applicable fees.

8 (b) Form of Title. In addition to the requirements under Transportation Code §731.053, an
9 assembled vehicle, other than an assembled trailer, will be titled using the year it was assembled as the
10 model year and "ASVE" for assembled as the make of the vehicle unless it is established to the
11 department's satisfaction to be constructed from original parts that reflect an established year and make
12 of a manufactured vehicle. An assembled vehicle constructed from original parts that reflect an
13 established year and make of a manufactured vehicle will be titled by that year and make, but must reflect
14 a "RECONSTRUCTED" remark if the component parts, excluding the motor, used to construct the vehicle
15 are not original to that vehicle. An assembled vehicle not utilizing an original body may obtain a title with
16 a "REPLICA" remark featuring the year and make of the replica if the vehicle resembles a prior model year
17 vehicle. This subsection applies regardless of how the vehicle’s model year or make was previously
18 identified in this or any other jurisdiction. An assembled trailer will be titled using the year it was
19 assembled as the model year and "HMDE" for homemade as the make.

20 (c) Distribution. The department will issue and mail or deliver a title to the applicant, or if a lien is
21 disclosed in the application, to the first lienholder unless the title is an electronic record of title.

1 (d) Receipt. The receipt issued at the time of application for title may be used only as evidence of
2 title and may not be used to transfer any interest or ownership in a motor vehicle or to establish a new
3 lien.

4

5 **§217.407. Title and Registration of a Titled Assembled Vehicle.**

6 (a) After an assembled vehicle is titled under Transportation Code Chapter 731, and this
7 subchapter, the assembled vehicle is subject to Transportation Code Chapters 501 and 502, and this
8 subchapter, except as provided in subsection (c) of this section.

9 (b) An assembled vehicle that is titled or registered in another jurisdiction, may be titled and
10 registered in this jurisdiction subject to Transportation Code Chapters 501 and 502, and this subchapter,
11 except as provided in subsection (c) of this section.

12 (c) An assembled vehicle may not be:

13 (1) transferred to or by a dealer licensed under Transportation Code Chapter 503, unless
14 the assembled vehicle title contains a "REPLICA" remark; or

15 (2) rebuilt by a salvage dealer licensed under Occupations Code Chapter 2302, as part of
16 engaging in a business or activity regulated under Chapter 2302.

17 (d) An assembled vehicle previously titled that has been disassembled and reassembled is subject
18 to Transportation Code Chapter 731, and this subchapter.

19

20 **CERTIFICATION.** The department certifies that legal counsel has reviewed the adoption and found it to be
21 a valid exercise of the agency's legal authority.

22 Issued at Austin, Texas, on 12/13/19.

23

24

25

/s/Tracey Beaver
Tracey Beaver, General Counsel