



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

TxDMV Board Meeting

9:00 a.m.

Thursday, February 10, 2022

AGENDA
BOARD MEETING
TEXAS DEPARTMENT OF MOTOR VEHICLES
WILLIAM B. TRAVIS BUILDING
1701 N. CONGRESS AVENUE, ROOM 1.111, AUSTIN, TEXAS 78701
THURSDAY, FEBRUARY 10, 2022
9:00 A.M.

Link to February 10, 2022, TxDMV Board Meeting Documents:
<https://www.txdmv.gov/about-us/txdmv-board-meetings>

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

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1. **Roll Call and Establishment of Quorum**
2. **Pledges of Allegiance - U.S. and Texas**
- 6 3. **Chair's Reports** - Chairman Bacarisse
[Update on TxDMV's Implementation of Denial of Access to the Temporary Tag Database Rules](#)
- 8 4. **Executive Director's Reports** - Whitney Brewster
A. [Survey of Employee Engagement](#)
B. Update on TxDMV law enforcement communication efforts
11 C. [Awards, Recognition of Years of Service, and Announcements](#)

ACTION ITEMS

- 12 5. [Pre-licensing Policy and Rulemaking Discussion regarding Applicants for Licensure](#) - Whitney Brewster (ACTION ITEM)

RULE ADOPTIONS

- 14 6. **Chapter 217. Vehicle Titles and Registration** - Roland Luna Sr. (ACTION ITEM)
Amendments, §§217.2, 217.4, 217.23, 217.28, 217.36, 217.45, 217.46, and 217.89
[\(Relating to titling and registering motor vehicles, including SB 876, allowing a person to apply for title and registration of a motor vehicle with any willing county\)](#)
(Published November 12, 2021 - 46 Tex. Reg. 7762)

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- 72 7. **Chapter 217. Vehicle Titles and Registration-** Jimmy Archer (ACTION ITEM)
Amendments, §217.56
(Relating to obtaining registration under the Unified Carrier Registration System Plan and Agreement prior to registering under the International Registration Plan; cleanup)
(Published November 12, 2021 - 46 Tex. Reg. 7769)

RULE PROPOSALS

- 89 8. **Chapter 217. Vehicle Titles and Registration -** Clint Thompson (ACTION ITEM)
Amendments, §217.5
(Relating to Evidence of Motor Vehicle Ownership)
- 104 9. **Chapter 217. Vehicle Titles and Registration.** - Clint Thompson (ACTION ITEM)
Amendments, §217.9
(Relating to Bonded Titles)

BRIEFING AND ACTION ITEMS

- 111 10. **Specialty Plate Designs** - Roland Luna Sr. (ACTION ITEMS)
A. Classic Black-Silver - New Design proposed under Transportation Code §504.801
B. Classic Blue-Silver - New Design proposed under Transportation Code §504.801
C. Classic Pink-Silver - New Design proposed under Transportation Code §504.801
11. **Legislative and Public Affairs Committee Update - Committee Chair Paul Scott** (BRIEFINGS ONLY)
117 A. Briefings on Legislative Implementations
146 B. Briefing on 88th Regular Legislative Session Recommendations Development Schedule
148 C. Briefing on Motor Vehicle Industry Regulations Advisory Committee (MVIRAC) Meeting and Recommendations
152 D. Briefing on TxDMV Review of Potential Enhancements to Temporary Tags
1. AAMVA's October 2020 Temporary Tag Best Practices Guide
- 196 12. **Finance and Audit**
Modify Contract Approval Procedures Adopted on May 2, 2019 - Glenna Bowman and Ann Pierce (ACTION ITEM)
- 201 13. **Delegation of Authority to the Executive Director to Approve the Contract to Modify the Texas International Registration Plan System (TxIRP) to Implement Senate Bill 1064** - Jimmy Archer (ACTION ITEM)

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- 202 **14.** [Renewal of the Contract for Software Maintenance and Support for the TxIRP - Jimmy Archer \(ACTION ITEM\)](#)
- 204 **15.** [Delegation of Authority to the Executive Director for the Approval and Execution of the End-User Information Technology Outsourcing Contract\(s\) - Wendy Barron \(ACTION ITEM\)](#)

CLOSED SESSION

- 16.** **The Board may enter into closed session under one or more of the following provisions of the Texas Open Meetings Act, Government Code Chapter 551:**

Section 551.071 - Consultation with and advice from legal counsel regarding:

- pending or contemplated litigation, or a settlement offer;
- a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Government Code Chapter 551; or
- any item on this agenda.

Section 551.074 - Personnel matters.

- Discussion relating to the appointment, employment, evaluation, reassignment, duties, discipline, and dismissal of personnel.
- Discussion relating to TxDMV dispute resolution process and recent EEOC complaints and internal Civil Rights Office complaints.
- Appointment of Internal Audit Director under Texas Government Code Section 2102.006(a)
- Appointment, employment, evaluation, salary, reassignment, duties, discipline, or dismissal of, as well as any complaints or charges concerning, TxDMV staff including, but not limited to, the Executive Director, Deputy Executive Directors, General Counsel, Associate General Counsels, and any other TxDMV staff who are employed to work as an attorney at TxDMV

Section 551.076 - Deliberation Regarding Security Devices or Security Audits.

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

Section 551.089 - Deliberation Regarding Security Devices or Security Audits.

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

17. Action Items from Closed Session

- Appointment of Internal Audit Director under Texas Government Code Section 2102.006(a)
- Appointment, employment, evaluation, salary, reassignment, duties, discipline, or dismissal of, as well as any complaints or charges concerning, TxDMV staff including, but not limited to, the Executive Director, Deputy Executive Directors, General Counsel, Associate General Counsels, and any other TxDMV staff who are employed to work as an attorney at TxDMV.

18. Public Comment

19. Adjournment

The Board will allow an open comment period to receive public comment on any agenda item or other matter that is under the jurisdiction of the Board. No action will be taken on matters that are not part of the agenda for the meeting. For subjects that are not otherwise part of the agenda for the meeting, Board members may respond in accordance with Government Code Section 551.042 and consider the feasibility of placing the matter on the agenda for a future meeting.

If you would like to comment on any agenda item (including an open comment under the agenda item for Public Comment), you must complete a speaker's form at the registration table prior to the agenda item being taken up by the Board or send an email to GCO_General@txdmv.gov to register by providing the required information prior to the agenda item being taken up by the Board:

1. a completed [Public Comment Registration Form](#); or
2. the following information:
 - a. the agenda item you wish to comment on;
 - b. your name;
 - c. your address (optional), including your city, state, and zip code; and
 - d. who you are representing.

Public comment will only be accepted in person. Each speaker will be limited to three minutes, and time allotted to one speaker may not be reassigned to another speaker.

Any individual with a disability who plans to attend this meeting and requires auxiliary aids or services should notify the department as far in advance as possible, but no less than two days in advance, so that appropriate arrangements can be made. Contact David Richards by telephone at (512) 465-1423.

I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements.

CERTIFYING OFFICIAL: Tracey Beaver, General Counsel, (512) 465-5665.



Board Meeting Date: 2/10/2022
BRIEFING

To: Texas Department of Motor Vehicles Board
From: Charles Bacarisse, Chair
Agenda Item: 3
Subject: Update on TxDMV's Implementation of Denial of Access to the Temporary Tag Database Rules

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Provide background on TxDMV's implementation of Denial of Access to the Temporary Tag Database rules.

FINANCIAL IMPACT

None.

BACKGROUND AND DISCUSSION

The new denial of access rule gives the Department the ability to deny a dealer or converter access to the temporary tag database when the Department determines that the dealer or converter "fraudulently obtained temporary tags from the temporary tag database."

Legitimate dealers report their sales activity on a monthly basis to their local appraisal district and county tax assessor collector on a "vehicle inventory tax statement" or "VIT statement." The number of temporary tags a dealer issues should be 1-to-1 or very close to 1-to-1 with the sales reported on a VIT statement.

When a dealer issues an excessive number of temporary tags over the number of sales reported in their VIT statement, then under the new rules, the Department may deny that dealer or converter continued access to the temporary tag database.

Another common issue that the Department has encountered, and this is typically how tag sellers operate, is when a dealer issues a temporary tag for a vehicle they did not sell. Under the new rules, if a dealer issues a tag for a vehicle that is not listed on their VIT statement, the Department may presume that the vehicle was not in the dealer's inventory, and therefore, presume that the temporary tag was fraudulently issued. Under this circumstance, the Department has the ability to deny that dealer or converter continued access to the temporary tag database.

Finally, in instances where the Department can show that someone obtained access to the temporary tag database by using a false identity or where a dealer obtained access for a fictitious user, the Department may also deny that dealer or converter access to the temporary tag database.



In most instances, when the Department suspects that a dealer is fraudulently obtaining temporary tags, the Enforcement Division will launch an investigation into that dealer. The assigned investigator will reach out to the dealer numerous ways to try to figure out the reason for the suspicious activity. The investigator will also compare that dealer's reported sales to their tag issuance activity. If the investigation reveals that the dealer is fraudulently obtaining temporary tags, the Department will take steps to immediately deny that dealer continued access to the temporary tag database.

After the board adopted the rules that gave the Department this authority, the Enforcement Division has looked through the tags issued by all dealers suspected of fraudulently obtaining temporary tags. To date, the Enforcement Division has not found any dealers who have used up their 2022 allotment of tags under the maximum tag limit rules.

The Enforcement Division did, however, identify a dealer who issued an excessive number of tags relative to their reported sales on 2/1 and subsequently denied that dealer's continued access to the temporary tag database on that day. The department's investigators and attorneys are looking at the activity of several other dealers to determine whether there is sufficient evidence to deny those dealers access to the database.



Board Meeting Date: 2/10/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Whitney Brewster, Executive Director
Agenda Item: 4.A
Subject: Executive Director's Report - Survey of Employee Engagement

RECOMMENDATION

Briefing Only

PURPOSE AND EXECUTIVE SUMMARY

TxDMV recently completed its participation in the Survey of Employee Engagement (SEE). The purpose of the survey is to assess essential and fundamental aspects of how the organization functions.

The Survey of Employee Engagement is administered by the Institute for Organizational Excellence at the University of Texas.

This is the seventh time TxDMV has participated in this survey. The survey was administered to TxDMV employees in December 2021 and every TxDMV employee was given the opportunity to complete the survey.

Survey response rate:

The overall survey response rate among TxDMV employees was 81%. According to the survey administrators, "As a general rule, rates higher than 50% suggest soundness. At 81%, your response rate is considered high."

Overall TxDMV's survey results were extremely positive. The overall employee score was 387 on a scale of 100 to 500. This is an increase from 367 for the previous survey.

FINANCIAL IMPACT

No financial impact.

BACKGROUND AND DISCUSSION

As stated by the Institute for Organizational Effectiveness: "The climate in which employees work does, to a large extent, determine the efficiency and effectiveness of an organization. The appropriate climate is a combination of a safe, non-harassing environment with ethical abiding employees who treat each other with fairness and respect. Moreover, it is an organization with proactive management that communicates and has the capability to make thoughtful decisions."

Following are the percentages of employees who marked disagree or strongly disagree for each of the six climate items, and the comparison with the responses compared to two years ago. (the lower the percentage the better).

	2022	2020
Believe the information from this survey will go unused	14.7%	23.7%
Feel there aren't enough opportunities to give supervisor feedback.	11.2%	16.7%
Feel that upper management should communicate better.	9.9%	23.6%
Feel they are not treated fairly in the workplace	7.1%	10.3%
Feel workplace harassment is not adequately addressed	5.1%	9.1%
Feel there are issues with ethics in the workplace	4.1%	7.7%

Employee Engagement

The survey administrators selected twelve items crossing several survey constructs to assess the overall level of engagement among employees. Following is the engagement level of TxDMV employees compared to engagement level results from two years ago.

	2022	2020
Highly Engaged	27%	25%
Engaged	27%	22%
Moderately Engaged	33%	34%
Disengaged	13%	18%

Overall Survey Constructs

Employees were asked to respond to 48 standard statements with answers ranging from strongly agree to strongly disagree. There were also 20 additional statements specific to TxDMV.

The 48 standard statements are grouped into twelve general categories or “constructs.” Generally, scores above 350 are desirable, and when scores dip below 300, there should be cause for concern. Scores above 400 are the product of a highly engaged workforce.

The score for every construct, except for pay, was at least 375; and there were four constructs with scores over 400. As a very positive sign, the score for every construct increased compared to the previous survey two years ago.

Following are the overall scores for each of the constructs:

Workgroup	399
Strategic	402
Supervision	408
Workplace	415
Community	401
Information Systems	396
Internal Communication	380
Pay	261
Benefits	385
Employee Development	375
Job Satisfaction	382
Employee Engagement	399

Lowest scoring construct:

- Pay (although the score increased significantly compared to the previous survey)

Constructs with scores over 400:

- Workplace
- Supervision
- Strategic
- Community

Following are the point increases for each construct compared to the previous TxDMV employee responses two years ago.

Information Systems	48
Community	32
Workplace	30
Internal Communication	30
Pay	30
Climate	23
Job Satisfaction	18
Supervision	15
Workgroup	12
Employee Engagement	12
Benefits	11
Employee Development	11
Strategic	7

Next Steps:

- Post the survey responses internally on the mydmv intranet page.
- Set up a series of focus groups to better understand the specifics of the data, particularly the lowest rated constructs.
- Coordinate the development of action plans – both department-wide and within specific divisions.



Board Meeting Date: 2/10/2022
BRIEFING

To: Texas Department of Motor Vehicles Board
From: Whitney Brewster, Executive Director
Agenda Item: 4.C
Subject: Executive Director's Report – Recognition of Years of Service

RECOMMENDATION

Board Chair and members offer congratulations to employees receiving recognition for an award, reaching a state service milestone, or retirement.

PURPOSE AND EXECUTIVE SUMMARY

The Executive Director announces the name of individuals who retired from the agency and recognizes employees who have reached a state service milestone of 20 years and every five-year increment thereafter. Recognition at the February 10, 2022, Board Meeting for state service awards and retirements include:

- Travis Herchek in Motor Carrier Division reached 20 years of state service
- Luis Perez, Jr. in Enforcement Division reached 25 years of state service
- Cassandra Flint in Vehicle Titles and Registration Division reached 25 years of state service
- Yolanda Garcia in Motor Carrier Division reached 30 years of state service

Finally, the following individuals recently retired from the agency:

- Debbie Wilson – Vehicle Titles and Registration Division
- Joanne Canida - Vehicle Titles and Registration Division
- Tom Shindell - Innovation Strategic Planning
- Dianne Carlson – Motor Carrier Division
- Hector Yanez – Information Technology Services Division
- Pattie Bell – Motor Vehicle Division



Board Meeting Date: 2/10/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Whitney Brewster, Executive Director
Agenda Item: 5
Subject: Pre-licensing Policy and Rulemaking Discussion regarding Applicants for Licensure

RECOMMENDATION

Approval to instruct department to draft rule proposals based on policy statements of the TxDMV Board, publish the proposals in the *Texas Register* for comment, and return a proposed adoption to the board for review and adoption.

PURPOSE AND EXECUTIVE SUMMARY

The purpose is to enable the board to instruct the department to draft propose rules related to conducting a pre-licensing review of independent and franchise General Distinguishing Number (GDN) applicants, for the department to publish the proposed rules in the *Texas Register* for public comment, and for the department to bring the proposed rules and any public comments back to the board in a future board meeting to consider for adoption.

FINANCIAL IMPACT

The department will not propose rules that will have a fiscal impact to the state or local governments as a result of the enforcement or administration of the proposal during any year of the first five years the rules would be in effect.

BACKGROUND AND DISCUSSION

Some dealer license applicants have been using stolen identification documents, allowing applicants to mask their identity and prior criminal history as well as circumvent the name-based background check used by the department. Licensees and officers of the license holder also may not be the actual operators of the business. Photos and other information of locations and other site requirements can be faked. The department seeks board authorization to draft and propose rules requiring dealer applicants to submit on initial licensure to undergo a pre-licensing review.

Most Common GDN Application Deficiencies:

Premises Photos – The initial photo(s) received are not sufficient to determine if the location meets the premises requirements.

Premises Compliance - The applicant is unable to verify that the proposed business location meets all applicable state laws and municipal ordinances, including providing a certificate of occupancy, certificate of compliance, or other required building permits.

Surety Bond Deficiencies – The bond received is incomplete or contains incorrect information and either requires a rider amendment or a new bond.

The department will propose rules to implement additional licensing documentation requirements to be submitted with the application, including:

- Identification documents for all owners and managers or other authorized representatives;
- Criminal history and background checks on all persons listed on the application, not just owners, president and managing partners;
- A notarized photo affidavit to be submitted with the identification;
- The eTAG administrator to be an owner or manager listed on the application;

A notarized premise affidavit and additional premises photos for new applicants and current license holders who are relocating;

A notarized premises affidavit and additional premises photos to be submitted when a license up for renewal has a premises-related complaint history; and

A video to be submitted in lieu of premise photos;

Site visits before licensing, with one owner or manager attending, and as needed at the discretion of the department for:

- all new applications
- all premise relocations
- renewal of applications with premise complaint history
- at the discretion of the department



Board Meeting Date: 2/10/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Roland Luna, Vehicle Titles & Registration Division Director
Agenda Item: 6
Subject: Chapter 217. Vehicle Titles and Registration
Amendments, §217.2, 217.4, §217.23, §217.28, §217.36
§217.45, §217.46, and §217.89
(Relating to titling and registering motor vehicles, including SB 876, allowing a person to apply for title and registration of a motor vehicle with any willing county)
(Published November 12, 2021 - 46 Tex. Reg. 7762)

RECOMMENDATION

Adopt the amendments and approve publication in the *Texas Register*.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of the amendments to §§217.4, 217.23, 217.28, 217.45, 217.46, and 217.89 is to implement Senate Bill (SB) 876, Regular Session (2021), to allow for any willing county to process title and registration transactions, in addition to the counties designated by statute. Senate Bill 876 is effective March 1, 2022.

The amendment of §217.36 is to complete the implementation of Transportation Code §707.20 and §707.21 under House Bill (HB) 1631, Regular Session (2019) by removing obsolete references to photographic traffic signal enforcement programs. The department fully implemented HB 1631 as required. The amendment to §217.2 is to remove the definition of "identification certificate" because the term is not often used as defined.

FINANCIAL IMPACT

There will be no revenue impact, but the department will incur a one-time technology cost of \$70,000 in the first year to implement programming for the department's automated systems. Therefore, there will be no fiscal impact to state or local governments as a result of the enforcement or administration of the sections for each year of the first five years the proposed amendments will be in effect.

BACKGROUND AND DISCUSSION

Senate Bill 876 expands title and registration services beyond those county tax assessor-collectors required to accept a title or registration application in statute to any county tax assessor-collector willing to accept the application. Previously, the applicant's resident county tax-assessor-collector's office had to be closed for a willing county to be able to process the transaction. The SB 876 amendments address existing sections that limited registrations to a particular county or counties. Implementation of SB 876 also requires significant programming changes to the department's Registration and Title System to facilitate identification of counties processing transactions they are not statutorily required to and determine applicable fees as required by SB 876 amendments to Transportation Code §520.006.

House Bill 1631 prohibited registration restrictions related to photographic traffic signal enforcement programs. Under §217.36, the department contracted with counties that had such programs to implement prior registration restrictions. The department canceled the contractual provisions following passage of HB 1631. The proposed amendment to §217.36 removes the rule provisions that HB 1631 rendered obsolete.

The amendment to §217.2 removes the definition of “identification certificate” that refers to a vehicle inspection document but is most often used to mean a personal identification document such as a driver’s license or identification card.

COMMENTS

The proposed sections were published for comment in the November 12, issue of the *Texas Register*. The comment period closed on December 31, 2021.

The department received written comments requesting a change in the proposed text from the Lubbock County Tax Assessor-Collector, Tax Assessor-Collectors Association of Texas, Texas Automobile Dealers Association, and Texas Independent Automobile Dealers Association.

The department made no changes to the proposed text in response to comments.

TITLE 43. TRANSPORTATION
Part 10. Texas Department of Motor Vehicles
Chapter 217 - Vehicle Titles and Registration

Adopted Sections
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ADOPTION OF

SUBCHAPTER A. MOTOR VEHICLE TITLES

43 TAC §217.2 AND §217.4

SUBCHAPTER B. MOTOR VEHICLE REGISTRATION

43 TAC §§217.23, 217.28, 217.36, 217.45, AND 217.46

SUBCHAPTER D. NONREPAIRABLE AND SALVAGE MOTOR VEHICLES

43 TAC §217.89

INTRODUCTION. The Texas Department of Motor Vehicles (department) adopts amendments to 43 TAC §§217.2, 217.4, 217.23, 217.28, 217.36, 217.45, 217.46, and 217.89 concerning titling and registering motor vehicles. The amendments to §§217.4, 217.23, 217.28, 217.45, 217.46, and 217.89 are necessary to implement amended Transportation Code §§501.023, 501.0234, 501.030, 502.040, 502.041, 502.407, 520.006, and 521.144 authorizing registration and title applications to be processed by any county tax assessor-collector willing to accept the application under Senate Bill (SB) 876, 87th Legislature, Regular Session (2021). The amendment to §217.36 is necessary to complete the implementation of Transportation Code §707.20 and §707.21 under House Bill (HB) 1631, 86th Legislature, Regular Session (2019) by removing obsolete references to photographic traffic signal enforcement programs. The amendment to §217.2 removes the term "identification certificate" as a defined term and is nonsubstantive. The department adopts amendments to 43 TAC §§217.2, 217.4, 217.23, 217.28, 217.36, 217.45, 217.46, and 217.89 without changes to the proposed text as published in the November 12, 2021, issue of the *Texas Register* (46 TexReg 7762). The rule is adopted to be effective March 1, 2022.

REASONED JUSTIFICATION. Senate Bill 876 expands title and registration services beyond those county tax assessor-collectors required to accept a title or registration application in statute to any county tax assessor-collector willing to accept the application. Adopted §§217.4, 217.23, 217.28, 217.45, 217.46, and

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Chapter 217 - Vehicle Titles and Registration

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1 217.89 address the expansion by adding a reference to "a county tax assessor-collector who is willing to
2 accept the application" to those existing sections that specified a county tax assessor-collector. Sections
3 that did not specify a county tax assessor-collector or just the process have not been amended.

4 The department met with the Customer Service Advisory Committee twice in considering this adoption.
5 The department appreciates the committee members' serious consideration of the issues presented by
6 SB 876 and the members' comments.

7 Implementation of SB 876 also involves significant programming modifications to the
8 department's Registration and Title System (RTS) to enable the routine processing of out-of-county
9 applications and the distribution of fees as specified in amended Transportation Code §520.006, which
10 applies if a willing county tax assessor-collector is collecting fees and processing the application on behalf
11 of a county tax assessor-collector who is designated by statute to process the application.

12 The following paragraphs address the amendments in this adoption.

13 The amendment to §217.2 removes the term "identification certificate" as a defined term and
14 redesignates the following definitions accordingly. The term is never used alone as a defined term. The
15 term is used in multiple sections of Chapter 217. It usually refers to a document that is then described as
16 a form of personal identification such as a driver's license or identification card, but not in a consistent
17 manner. In §217.4 and §217.89, the term is used and then described similarly to its defined use in §217.2,
18 as relating to a vehicle inspection under Transportation Code Chapter 548 and §501.030. Chapter 548
19 refers to the document as a "vehicle inspection report." As such, the term is unnecessary as a defined
20 term because each use redefines the term.

21 The amendment to §217.4(b)(1) removes the statement "as selected by the applicant." In this
22 section, the term "applicant" refers to the owner or purchaser of the vehicle. The change conforms the
23 section with SB 876, which repeals Transportation Code §501.023(e) and §501.0234(e), which required

TITLE 43. TRANSPORTATION
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1 the purchaser to choose the county the title application was to be filed in. The amendment to §217.4(b)(2)
2 conforms the section with the SB 876 any willing county amendment to Transportation Code §501.023(a).
3 The amendment to §217.4(c)(4) removes the requirement for the applicant to provide the seller's mailing
4 address, which is not required in statute or on the applicable department form. The amendment to
5 §217.4(d)(4) replaces the term "identification certificate" with "vehicle inspection report" based on the
6 reasons addressed in the prior discussion of the amendment to §217.2.
7 The amendments to §217.23(c) and (d) are necessary to conform the section with the SB 876 any willing
8 county amendment to Transportation Code §502.040 and §502.041.

9 The amendments to §217.28(a) and (c) are necessary to conform the section with the SB 876 any
10 willing county amendment to Transportation Code §502.041. The amendment also adds new §217.28(f)
11 to create a definition of a closed county by rule for purposes of Transportation Code §502.407(c), as
12 required by SB 876. Adopted §217.28(f) is based on the prior closed definition in §217.4(b)(2), which is
13 being amended as previously discussed in this adoption to conform §217.4 to Transportation Code
14 §501.023 as amended by SB 876. The amendment to §217.28(e)(5) replaces the existing sentence,
15 because proration is covered in §217.45(d)(2). Additionally, the department adopts nonsubstantive
16 amendments to §217.28(b), (c), and (d) to conform to current statutory references by replacing the term
17 "license plate" with the term registration and otherwise referring to "registration renewal notice" and
18 clarifying that an applicant may also renew a vehicle registration via the internet without a registration
19 renewal notice.

20 The amendments to §217.36(b) and (d) are necessary to remove obsolete references to
21 photographic traffic signal enforcement programs. House Bill 1631 prohibited the use of such programs
22 with the enactment of Transportation Code §707.20 and §707.21. The department timely implemented
23 HB 1631 and ceased the prohibited actions; however, a change was not made to the rule to remove the

TITLE 43. TRANSPORTATION
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1 provisions. Because §217.36(b) was removed, §217.36(c) and (d) have been redesignated as §217.36(b)
2 and (c), respectively.

3 The amendments to §217.45(b)(3), (d)(3)(B) and (E), (e)(1)(A), and (f)(1) are necessary to conform
4 the section with the SB 876 any willing county amendment to Transportation Code §502.040 and
5 §502.041, including by changing the reference from "the" to "a" county tax assessor-collector. The
6 department has also adopted amending §217.45(f)(1) to remove the reference to log loader license plates
7 in a replacement paragraph, because log loader plates cannot be replaced.

8 The amendments to §217.46(d)(3), (e)(1), and (f) are necessary to conform the section with the
9 SB 876 any willing county amendment to Transportation Code §502.041. The §217.46(d)(3) amendment
10 removes the reference to "as indicated on the License Plate Renewal Notice" because an "appropriate"
11 county may be a willing county. Similarly, §217.46(f) amendment removes the requirement to go to "the
12 county in which the owner resides" for replacement license plates. The amendments to §217.46(c)(1)(C)
13 and (4) substitute the term "vehicle identification number" for "motor number." The amendment to
14 §217.46(c)(3)(B)(ii) removes the requirement for "tire size" because the department does not collect the
15 information in this context. The amendments to §217.46(d)(2), (3), and (4) conform to current statutory
16 references by replacing the term "license plate renewal notice" with the term "registration renewal
17 notice." Finally, the amendment to §217.46(d)(2) also replaces the word "mail" with "send" should
18 additional distribution methods be adopted in the future.

19 The amendment to §217.89(b) is necessary to conform the section with the SB 876 any willing
20 county amendment to Transportation Code §501.023(a). The amendments to §217.89(c) and (d)(3)(B) are
21 based on a review of the enacting statute HB 3588, 78th Legislature, Regular Session (2003), which
22 established the \$65 rebuilder fee and submission requirements. House Bill 3588 did not have a savings
23 clause for the prior inspections. The department is adopting to apply the change prospectively and not to

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1 any existing title issued under the process. The amendments to §217.89(d)(2)(D) and (G) are to update
2 the rule to conform with the existing process that does not require the owner's address, but does require
3 the rebuilder's name, address, and signature. The amendments to §217.89(d)(3)(A) update the
4 requirement to refer to the "authorization or certificate number and the date of inspection" instead of a
5 "sticker" number and "expiration." The amendment to §217.89(d)(5) updates the statutory reference to
6 Transportation Code §502.046, which was transferred, redesignated, and amended from Transportation
7 Code §502.153 by HB 2357 Acts 2011, 82nd Legislature, Regular Session (2012).

8 The rule is adopted to be effective March 1, 2022, the effective date of SB 876.

9 **SUMMARY OF COMMENTS.**

10 The department received written comments requesting a change in the proposed text from the
11 Lubbock County Tax Assessor-Collector, Tax Assessor Collectors Association of Texas, Texas Automobile
12 Dealers Association, and Texas Independent Automobile Dealers Association.

13
14 **Comment:**

15 Two commenters recommended the department add language to the rule that clarifies how
16 funds will be collected, refunded, and dispersed between willing counties. The commenter asked how
17 dishonored payments will be managed efficiently.

18 **Agency Response:**

19 The department appreciates the comment. The rules as proposed conform existing rule to the
20 requirements of SB 876. As amended by SB 876, Transportation Code §520.006 specifies the distribution
21 of fees that each county will receive. The rules as proposed do not address the disbursement of
22 funds, and are outside the scope of the proposal. Counties will remit funds following existing statutes
23 such as Transportation Code §502.198. The department will make any necessary programming changes

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1 in the existing Registration and Title System to ensure the existing requirements for the fee distribution
2 continue as specified under law including in Transportation Code §520.006. The department declines to
3 make changes based on the comment.

4

5 Comment:

6 A commenter asked if a title is processed in a participating county, not the county of residence,
7 and the title is rejected through Austin or NMVTIS, how will the affected county be able to access the
8 documents to correct the title in a timely manner.

9 Agency Response:

10 The department appreciates the comment. Senate Bill 876 has no impact on processing rejected
11 transactions. The proposed rules do not change existing requirements for the processing county. Under
12 current practice, the processing county is responsible for rejected transactions. The department declines
13 to make changes based on the comment.

14

15 Comment:

16 A commenter asked how specialty license plates will be picked up from a participating county if
17 they are currently sent to their county based on the address.

18 Agency Response:

19 The department appreciates the comment. The proposed rules do not change existing processes
20 for specialty license plates. The department will continue to send specialty license plates to the county
21 of residence. The department declines to make changes based on the comment.

22

23 Comment:

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1 A commenter recommended including language that affirms that the department will be
2 responsible for dispersing funds collected between willing counties.

3 Agency Response:

4 The department appreciates the comment. The rules as proposed conform existing rule to the
5 requirements of SB 876. As amended by SB 876, Transportation Code §520.006 specifies the distribution
6 of fees that each county will receive. The rules as proposed do not address the disbursement of funds
7 and are outside the scope of the proposal. Counties will remit funds following existing statutes such as
8 Transportation Code §502.198. The department will make any necessary programming changes in the
9 existing Registration and Title System to ensure the existing requirements for the fee distribution
10 continue as specified under law including in Transportation Code §520.006. The department declines to
11 make changes based on the comment.

12

13 Comment:

14 A commenter recommended including language that affirms the department will be responsible
15 for dispersing funds collected to all state agencies in the same manner as is currently dispersed if
16 processed by a willing county.

17 Agency Response:

18 The department appreciates the comments regarding the disbursement of fees. The rules as
19 proposed implement SB 876. The existing requirements under Transportation Code §520.006 that
20 specifies the fees that each county receives was not changed by SB 876. The rules as proposed do not
21 address the disbursement of funds as that is outside the scope of the rule. Counties will remit funds
22 following existing statutes such as Transportation Code §502.198. The department will make any
23 necessary programming changes in the existing Registration and Title System to ensure the existing

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1 requirements for the fee distribution continue as specified under existing law including in
2 Transportation Code §520.006. The department declines to make changes based on the comment.

3

4 Comment:

5 A commenter recommended including language detailing the management of NMVTIS if
6 processed in a willing county

7 Agency Response:

8 The department appreciates the comment. The processing county will continue to process rejected
9 transactions following existing processes. The department declines to make a change based on the
10 comment.

11

12 Comment:

13 A commenter recommended including language that affirms that the department, through the
14 Registration Title System, will be capable of validating the owner of resident's county to ensure the tax
15 assessor-collector office is not responsible to validate the renewal, owner and vehicle location address
16 through other means.

17 Agency Response:

18 The department appreciates the comment. The department will make conforming
19 programming changes as necessary to department systems to ensure the validation of information
20 necessary to determine whether the county as a willing county or statutory county. The department
21 declines to make a change to the rule text regarding programming internal system based on the
22 comment because it is outside the scope of the rule.

23

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1 Comment:

2 A commenter recommended including language that the Registration and Title System will be
3 capable of validating emission and non-emission counties for proper assessment of fees.

4 Agency Response:

5 The department appreciates the comment. The department will make conforming programming
6 changes as necessary to department systems to validate emission and non-emission counties. The
7 department declines to make a change based on the comment.

8
9 Comment:

10 A commenter recommended including language that details the manner by which companion
11 applications such as webDealer, webSub, etc. will determine willing versus statutory counties.

12 Agency Response:

13 The department appreciates the comments. The proposed rules do not address webDealer,
14 webSub, or other similar applications. If a county is willing that county's deputies will be willing. The
15 department declines to make a change based on the comment.

16
17 Comment:

18 A commenter stated that §217.23 fails to provide a registration option for situations in which a
19 natural disaster occurs. The commenter suggests adding §217.23(e) which states "if a county tax
20 assessor-collector is closed or a county has been declared a natural disaster, the closest unaffected
21 county shall be considered where an owner resides, or a motor vehicle is purchased or encumbered."

22 Agency Response:

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1 The department appreciates the comment. Transportation Code §501.023 and §502.040(b)
2 were amended by SB 876 to remove the department’s designation of an alternative county if the
3 owner’s county of residence is closed for any reason and to instead allow any willing county to accept
4 the registration. As such, a county tax assessor-collector may, with any necessary local determination,
5 decide to assist following a natural disaster. The department declines to make a change based on the
6 comment.

7

8 Comment:

9 A commenter stated that a “closure” should be defined as a "county tax assessor-collector being
10 open to receive and process registrations for both dealers and residents for less than 35 hours a week."

11 Agency Response:

12 The department appreciates the comment. As addressed in prior responses to comments,
13 Transportation Code §501.023 and §502.040(b) were amended by SB 876 to remove the department’s
14 designation of an alternative county if the owner’s county of residence is closed for any reason and to
15 instead allow any willing county to accept the registration. The department declines to make a change
16 based on the comment.

17

18 Comment:

19 A commenter states that it should be clear if the normal tax assessor-collector is closed then the
20 processor is paid the same amount as they would be for any other consumer residing in their county.

21 Agency Response:

22 The department appreciates the comment. As addressed in prior responses to comments,
23 Transportation Code §501.023 and §502.040(b) were amended by SB 876 to remove the department’s

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1 designation of an alternative county if the owner’s county of residence is closed for any reason and to
2 instead allow any willing county to accept the registration. Transactions involving a willing county will be
3 determined under Transportation Code §520.006 as amended by SB 876. The department declines to
4 make a change based on the comment.

5

6 Comment:

7 A commenter asked as there is no definition of "willing to accept the application," is a TAC
8 allowed to pick and choose which dealer's transactions it is "willing" to accept?

9 Agency Response:

10 The department appreciates the comment. The department agrees that statute did not define
11 “willing to accept the application” or provide additional requirements. The department declines to make
12 a change based on the comment.

13

14 Comment:

15 A commenter asked if a county tax assessor-collector is required to disclose the necessary
16 requirements for its willingness to accept an application.

17 Agency Response:

18 The department appreciates the comment. Statute does not specify any requirements for a county. The
19 department declines to make a change based on the comment.

20

21 Comment:

22 A commenter asked if a TAC can decide to be "willing" one week and not "willing" the next week
23 to accept applications.

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1 Agency Response:

2 The department appreciates the comment. Statute does not specify any requirements for a
3 county concerning how it must determine if and when it is a willing county. The department declines to
4 make a change based on the comment.

5

6 Comment:

7 A commenter asked if a TAC is required to give or post a notice regarding its willingness to
8 accept applications so that dealers and others know of their willingness.

9 Agency Response:

10 The department appreciates the comment. Statute does not specify any requirements for a
11 county to post notice. The department will allow webDealer to display any county that has agreed to
12 process a dealer's transactions. The department declines to make a change based on the comment.

13

14 Comment:

15 A commenter recommended that, as an offense is committed after the fifth working day after a
16 vehicle's registration expires, the department propose a definition of "closed" to allow for a knowable
17 defense under §502.407, Transportation Code.

18 Agency Response:

19 The department appreciates the comment. Section 217.28(f) has been added to create a
20 definition of a closed county by rule for the sole purpose of Transportation Code §502.407(c) as required
21 by SB 876. The department is relying on the prior definition of a closed county which was used for the
22 purpose of Transportation Code §502.407(c) in the past. Transportation Code §501.023 and §502.040(b)
23 were amended by SB 876 to remove the department's designation of an alternative county if the

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1 owner’s county of residence is closed for any reason and to instead allow any willing county to accept
2 the registration. The department declines to make a change based on the comment.

3

4 Comment:

5 A commenter asked if an office is open less than eight hours per day for a week, is the office
6 open and if the office is open five hours in a five-day week, is it considered "open" or "closed."

7 Agency Response:

8 The department appreciates the comment. Transportation Code §501.023 and §502.040(b)
9 were amended by SB 876 to remove the department’s designation of an alternative county if the
10 owner’s county of residence is closed for any reason and to instead allow any willing county to accept
11 the registration. The department declines to make a change based on the comment.

12

13 **STATUTORY AUTHORITY.** The department adopts amendments to §§217.2, 217.4, 217.23, 217.28,
14 217.36, 217.45, 217.46, and 217.89 under Transportation Code §§501.0041,502.0021, 520.003, and
15 1002.001.

16 - Transportation Code §501.0041 authorizes the department to adopt rules to administer
17 Transportation Code Chapter 501.

18 - Transportation Code §502.0021 authorizes the department to adopt rules to administer
19 Transportation Code Chapter 502.

20 - Transportation Code §520.003 authorizes the department to adopt rules to administer
21 Transportation Code Chapter 520;

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

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1 **CROSS REFERENCE TO STATUTE.** Transportation Code §§501.023, 501.0234, 501.030, 502.040, 502.041,
2 502.407, 520.006, 521.144, 707.020 and 707.021.

3 **TEXT.**

4

5

SUBCHAPTER A. MOTOR VEHICLE TITLES

6

43 TAC §217.2 AND §217.4

7 §217.2. Definitions.

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

10 (1) - (10) (No Change)

11 (11) [~~Identification certificate--A form issued by an inspector of an authorized safety~~
12 ~~inspection station in accordance with Transportation Code, Chapter 548.~~]

13 [(12)] Implements of husbandry--Farm implements, machinery, and tools used in tilling
14 the soil, including self-propelled machinery specifically designed or especially adapted for applying plant
15 food materials or agricultural chemicals. This term does not include an implement unless it is designed or
16 adapted for the sole purpose of transporting farm materials or chemicals. This term does not include any
17 passenger car or truck. This term does include a towed vehicle that transports to the field and spreads
18 fertilizer or agricultural chemicals; or a motor vehicle designed and adapted to deliver feed to livestock.

19 (12) [(13)] Manufacturer's certificate of origin--A form prescribed by the department
20 showing the original transfer of a new motor vehicle from the manufacturer to the original purchaser,
21 whether importer, distributor, dealer, or owner and when presented with an application for title showing
22 on appropriate forms prescribed by the department, each subsequent transfer between distributor and
23 dealer, dealer and dealer, and dealer and owner.

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1 (13) [(14)] Moped--A motor vehicle as defined by Transportation Code, §541.201.

2 (14) [(15)] Motor vehicle importation form--A declaration form prescribed by the United
3 States Department of Transportation and certified by United States Customs that relates to any motor
4 vehicle being brought into the United States and the motor vehicle's compliance with federal motor
5 vehicle safety standards.

6 (15) [(16)] Non-United States standard motor vehicle--A motor vehicle not manufactured
7 in compliance with federal motor vehicle safety standards.

8 (16) [(17)] Obligor--An individual who is required to make payments under the terms of a
9 support order for a child.

10 (17) [(18)] Off-highway vehicle--A motor vehicle as defined by Transportation Code,
11 §551A.001.

12 (18) [(19)] Person--An individual, firm, corporation, company, partnership, or other entity.

13 (19) [(20)] Recreational off-highway vehicle or ROV--A motor vehicle as defined by
14 Transportation Code, §551A.001, and designed primarily for recreational use. The term does not include
15 a "utility vehicle" as defined by Transportation Code, §551A.001, or a self-propelled, motor-driven vehicle
16 designed or marketed by the manufacturer primarily for non-recreational uses.

17 (20) [(21)] Safety certification label--A label placed on a motor vehicle by a manufacturer
18 certifying that the motor vehicle complies with all federal motor vehicle safety standards.

19 (21) [(22)] Sand rail--A motor vehicle as defined by Transportation Code, §551A.001.

20 (22) [(23)] Statement of fact--A written declaration that supports an application for a title,
21 that is executed by an involved party to a transaction involving a motor vehicle, and that clarifies an error
22 made on a title or other negotiable evidence of ownership. An involved party is the seller, or an agent of
23 the seller involved in the motor vehicle transaction. When a written declaration is necessary to correct an

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1 odometer disclosure error, the signatures of both the seller and buyer when the error occurred are
2 required.

3 (23) [(24)] Title application--A form prescribed by the division director that reflects the
4 information required by the department to create a motor vehicle title record.

5 (24) [(25)] Utility vehicle or UTV--A motor vehicle as defined by Transportation Code,
6 §551A.001, and designed primarily for utility use. The term does not include a "golf cart" as defined by
7 Transportation Code, §551.401, or a self-propelled, motor-driven vehicle designed or marketed by the
8 manufacturer primarily for non-utility uses.

9 (25) [(26)] Verifiable proof--Additional documentation required of a vehicle owner,
10 lienholder, or agent executing an application for a certified copy of a title.

11 (A) -(C) (No change)

12
13 §217.4 Initial Application for Title.

14 (a) No Change

15 (b) Place of application. Except as otherwise provided by Transportation Code, Chapters 501 and
16 502, and by §217.84(a) of this title (relating to Application for Nonrepairable or Salvage Vehicle Title),
17 when motor vehicle ownership is transferred, a title application must be filed with:

18 (1) the county tax assessor-collector in the county in which the applicant resides or in the
19 county in which the motor vehicle was purchased or encumbered [~~as selected by the applicant~~]; or

20 (2) a [the] county tax assessor-collector of a county who is willing to accept the application
21 [if the county tax assessor-collector's office of the county in which the owner resides is closed for more
22 than one week or if the department is notified that the county tax assessor-collector's office may be closed
23 for more than one week].

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1 (c) Information to be included on application. An applicant for an initial title must file an
2 application on a form prescribed by the department. The form will at a minimum require the:

3 (1) - (3) (No change)

4 (4) previous owner's legal name and municipality and state [~~complete mailing address~~], if
5 available;

6 (5) - (8) (No change)

7 (d) Accompanying documentation. The title application must be supported by, at a minimum, the
8 following documents:

9 (1) - (3) (No change)

10 (4) a vehicle inspection report [~~an identification certificate~~] if required by Transportation
11 Code, Chapter 548, and Transportation Code, §501.030, and if the vehicle is being titled and registered,
12 or registered only;

13 (5) - (6) (No Change)

14
15 **SUBCHAPTER B. MOTOR VEHICLE REGISTRATION**

16 **43 TAC §§217.23, 217.28, 217.36, 217.45, and 217.46**

17
18 §217.23. Initial Application for Vehicle Registration.

19 (a) - (b) (No change)

20 (c) An initial application for registration must be filed with the tax assessor-collector of the county
21 in which the owner resides or any county tax assessor-collector who is willing to accept the application,
22 except as provided in subsection (d) of this section. [;]

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1 ~~(d) An~~ (1) an application for registration, as a prerequisite to filing an application for title, may
2 ~~[also]~~ be filed with the county tax assessor-collector in the county in which:

- 3 (1) the owner resides;
- 4 (2) the motor vehicle is purchased or encumbered; or
- 5 (3) a county tax assessor-collector who is willing to accept the application.

6 ~~[(2) if a county has been declared a disaster area, the resident may apply at the closest~~
7 ~~unaffected county if the affected county tax assessor collector estimates the county offices will be~~
8 ~~inoperable for a protracted period; or]~~

9 ~~[(3) if the county tax assessor collector office in the county in which the owner resides is~~
10 ~~closed for more than one week, the resident may apply to the county tax assessor collector in a county~~
11 ~~that borders the closed county if the adjacent county agrees to accept the application.]~~

13 §217.28. Vehicle Registration Renewal.

14 (a) To renew vehicle registration, a vehicle owner must apply ~~[, prior to the expiration of the~~
15 ~~vehicle's registration,]~~ to the tax assessor-collector of the county in which the owner resides or a county
16 tax assessor-collector who is willing to accept the application.

17 (b) The department will send a registration ~~[license plate]~~ renewal notice, indicating
18 indicating the proper registration fee and the month and year the registration expires, to each vehicle
19 owner prior to the expiration of the vehicle's registration.

20 (c) The registration ~~[license plate]~~ renewal notice should be returned by the vehicle owner to the
21 ~~[appropriate]~~ county tax assessor-collector in which the owner resides or a county tax assessor-collector
22 who is willing to accept the application, or to that ~~[the]~~ tax assessor-collector's deputy, either in person

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1 or by mail, unless the vehicle owner renews via the Internet. The renewal notice must be accompanied by
2 the following documents and fees:

3 (1) - (3) (No change)

4 (d) If a registration renewal notice is lost, destroyed, or not received by the vehicle owner, the
5 vehicle may be registered if the owner presents personal identification acceptable to the county tax
6 assessor-collector or via the Internet. Failure to receive the notice does not relieve the owner of the
7 responsibility to renew the vehicle's registration.

8 (e) Renewal of expired vehicle registrations.

9 (1) - (4) (No change)

10 (5) Specialty license plates, symbols, tabs, or other devices may be prorated as provided
11 in §217.45(d)(2) of this title (relating to Specialty License Plates, Symbols, Tabs, and Other Devices) [If a
12 vehicle is registered in accordance with Transportation Code, §§502.255, 502.431, 502.435, 502.454,
13 504.315, 504.401, 504.405, 504.505, or 504.515 and if the vehicle's registration is renewed more than one
14 month after expiration of the previous registration, the registration fee will be prorated].

15 (f) For purposes of Transportation Code §502.407(c), the county tax assessor-collector's office of
16 the county in which the owner resides is closed for a protracted period of time if the county tax assessor-
17 collector's office has notified the department that it is closed or will be closed for more than one week.

18
19 §217.36. Refusal to Register by Local Government and Record Notation.

20 (a) (No change)

21 ~~[(b) Refusal to register due to traffic signal violation. A local authority, as defined in Transportation~~
22 ~~Code, §541.002, that operates a traffic signal enforcement program authorized under Transportation~~
23 ~~Code, Chapter 707 may enter into a contract with the department under Government Code, Chapter 791~~

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1 ~~to indicate in the state's motor vehicle records that the owner of a motor vehicle has failed to pay the civil~~
2 ~~penalty for a violation of the local authority's traffic signal enforcement system involving that motor~~
3 ~~vehicle. In accordance with Transportation Code, §707.017, a county tax assessor-collector may refuse to~~
4 ~~register a motor vehicle if such a failure is indicated in the motor vehicle record for that motor vehicle.~~
5 ~~The local authority is responsible for obtaining the agreement of the county in which the local authority~~
6 ~~is located to refuse to register motor vehicles for failure to pay civil penalties imposed by the local~~
7 ~~authority.]~~

8 (b) [(c)] (No change)

9 (c) [(d)] Record notation. A contract between the department and a county, municipality, or local
10 authority entered into under Transportation Code, §502.010 or [.] Transportation Code, §702.003 [~~or~~
11 ~~Transportation Code, §707.017~~] will contain the terms set out in this subsection.

12 (1)- (5) (No change)

14 §217.45. Specialty License Plates, Symbols, Tabs, and Other Devices.

15 (a) (No change)

16 (b) Initial application for specialty license plates, symbols, tabs, or other devices.

17 (1) - (2) (No change)

18 (3) Place of application. Applications for specialty license plates may be made directly to
19 the county tax assessor-collector in which the owner resides or a county tax assessor-collector who is
20 willing to accept the application, except that applications for the following license plates must be made
21 directly to the department:

22 (A) County Judge;

23 (B) Federal Administrative Law Judge;

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- 1 (C) State Judge;
- 2 (D) State Official;
- 3 (E) U.S. Congress--House;
- 4 (F) U.S. Congress--Senate; and
- 5 (G) U.S. Judge.

6 (4) (No change)

7 (c) (No change)

8 (d) Specialty license plate renewal.

9 (1) - (2) (No change)

10 (3) Renewal.

11 (A) Renewal notice. Approximately 60 days before the expiration date of a
12 specialty license plate, symbol, tab, or other device, the department will send each owner a renewal
13 notice that includes the amount of the specialty plate fee and the registration fee.

14 (B) Return of notice. The owner must return the fee and any prescribed
15 documentation to the tax assessor-collector of the county in which the owner resides or a county tax
16 assessor-collector who is willing to accept the application, except that the owner of a vehicle with one of
17 the following license plates must return the documentation, and specialty license plate fee, if applicable,
18 directly to the department and submit the registration fee to a [the] county tax assessor-collector:

- 19 (i) County Judge;
- 20 (ii) Federal Administrative Law Judge;
- 21 (iii) State Judge;
- 22 (iv) State Official;
- 23 (v) U.S. Congress--House;

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1 (vi) U.S. Congress--Senate; and

2 (vii) U.S. Judge.

3 (C) - (D) (No Change)

4 (E) Lost or destroyed renewal notices. If a renewal notice is lost, destroyed, or not
5 received by the vehicle owner, the specialty license plates, symbol, tab, or other device may be renewed
6 if the owner provides acceptable personal identification along with the appropriate fees and
7 documentation to the tax assessor-collector of the county in which the owner resides or a county tax
8 assessor-collector who is willing to accept the application. Failure to receive the notice does not relieve
9 the owner of the responsibility to renew the vehicle's registration.

10 (e) Transfer of specialty license plates.

11 (1) Transfer between vehicles.

12 (A) Transferable between vehicles. The owner of a vehicle with specialty license
13 plates, symbols, tabs, or other devices may transfer the specialty plates between vehicles by filing an
14 application through the county tax assessor-collector in which the owner resides or a county tax assessor-
15 collector who is willing to accept the application, if the vehicle to which the plates are transferred:

16 (i) is titled or leased in the owner's name; and

17 (ii) meets the vehicle classification requirements for that particular
18 specialty license plate, symbol, tab, or other device.

19 (B) - (C) (No change)

20 (2) - (3) (No change)

21 (f) Replacement.

22 (1) Application. When specialty license plates, symbols, tabs, or other devices are lost,
23 stolen, or mutilated, the owner shall apply directly to a [the] county tax assessor-collector for the issuance

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1 of replacements [~~except that Log Loader license plates must be reapplied for and accompanied by the~~
2 ~~prescribed fees and documentation~~].

3 (2) - (3) (No change)

4 (g)-(l) (No change)

5

6 §217.46. Commercial Vehicle Registration.

7 (a) - (b) (No change)

8 (c) Application for commercial vehicle registration.

9 (1) Application form. An applicant shall apply for commercial license plates through the
10 appropriate county tax assessor-collector upon forms prescribed by the director and shall require, at a
11 minimum, the following information:

12 (A) owner name and complete address;

13 (B) complete description of vehicle, including empty weight; and

14 (C) vehicle identification number [~~motor number~~] or serial number.

15 (2) Empty weight determination.

16 (A) The weight of a Motor Bus shall be the empty weight plus carrying capacity,
17 in accordance with Transportation Code, §502.055.

18 (B) The weight of a vehicle cannot be lowered below the weight indicated on a
19 Manufacturer's Certificate of Origin unless a corrected Manufacturer's Certificate of Origin is obtained.

20 (C) In all cases where the department questions the empty weight of a particular
21 vehicle, the applicant should present a weight certificate from a public weight scale or the Department of
22 Public Safety.

23 (3) Gross weight.

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- 1 (A) (No change)
- 2 (B) Restrictions. The following restrictions apply to combined gross weights.
- 3 (i) (No change)
- 4 (ii) A combination of vehicles is restricted to a total gross weight not to
- 5 exceed 80,000 pounds; however, all combinations may not qualify for 80,000 pounds unless such weight
- 6 can be properly distributed in accordance with axle load limitations, [~~tire size,~~] and distance between
- 7 axles, in accordance with Transportation Code, §623.011.
- 8 (4) Vehicle identification number [~~Motor number~~] or serial number. Ownership must be
- 9 established by a court order if no vehicle identification number [~~motor~~] or serial number can be identified.
- 10 Once ownership has been established, the department will assign a number upon payment of the fee.
- 11 (5) - (7) (No change)
- 12 (d) Renewal of commercial license plates.
- 13 (1) (No change)
- 14 (2) Registration [~~License Plate~~] Renewal Notice. The department will send [~~mail~~] a
- 15 registration renewal notice [~~License Plate Renewal Notice~~], indicating the proper registration fee and the
- 16 month and year the registration expires, to each vehicle owner approximately six to eight weeks prior to
- 17 the expiration of the vehicle's registration.
- 18 (3) Return of registration renewal notices [~~License Plate Renewal Notices~~]. Except for
- 19 authorized online renewals, registration renewal notices [~~License Plate Renewal Notices~~] should be
- 20 returned by the vehicle owner to the department or the appropriate county tax assessor-collector, as
- 21 indicated on the registration renewal notice [~~License Plate Renewal Notice~~]. Unless otherwise exempted
- 22 by law, registration renewal notices [~~License Plate Renewal Notices~~] may be returned either in person or
- 23 by mail, and shall be accompanied by:

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1 (A)-(D) (No change)

2 (4) Lost or destroyed registration renewal notice [~~License Plate Renewal Notice~~]. If a
3 registration renewal notice [~~License Plate Renewal Notice~~] is lost, destroyed, or not received by the vehicle
4 owner, the vehicle may be registered if the owner presents personal identification acceptable to the
5 county tax assessor-collector. Failure to receive the notice does not relieve the owner of the responsibility
6 to renew the vehicle's registration.

7 (e) Transfer of commercial vehicle license plates.

8 (1) Transfer between persons. With the exceptions noted in paragraph (3) of this
9 subsection, when ownership of a vehicle displaying commercial vehicle license plates is transferred,
10 application for transfer of such license plates shall be made with the county tax assessor-collector in the
11 county in which the purchaser resides or a county tax assessor-collector who is willing to accept the
12 application. If the purchaser does not intend to use the vehicle in a manner that would qualify it for the
13 license plates issued to that vehicle, such plates must be exchanged for the appropriate license plates.

14 (2) - (3) (No change)

15 (f) Replacement of lost, stolen, or mutilated commercial vehicle license plates. An owner of lost,
16 stolen, or mutilated commercial vehicle license plates may obtain replacement license plates by filing an
17 Application for Replacement Plates and remitting the prescribed fee to the county tax assessor-collector
18 or from the department [~~of the county in which the owner resides~~].

19

SUBCHAPTER D. NONREPAIRABLE AND SALVAGE MOTOR VEHICLES

43 TAC §217.89

22

23 §217.89. Rebuilt Salvage Motor Vehicles.

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1 (a) Filing for title. When a salvage motor vehicle or a non-repairable motor vehicle for which a
2 non-repairable vehicle title was issued prior to September 1, 2003, has been rebuilt, the owner shall file
3 a certificate of title application, as described in §217.4 of this title (relating to Initial Application for Title),
4 for a rebuilt salvage certificate of title.

5 (b) Place of application. An application for a rebuilt salvage certificate of title shall be filed with
6 the county tax assessor-collector in the county in which the applicant resides, ~~or~~ in the county in which
7 the motor vehicle was purchased or is encumbered, or to any county tax assessor-collector who is willing
8 to accept the application.

9 (c) Fee for rebuilt salvage certificate of title. In addition to the statutory fee for a title application
10 and any other applicable fees, a \$65 rebuilt salvage fee must accompany the application [~~unless the~~
11 ~~applicant provides the evidence described in subsection (d)(3)(B) of this section~~].

12 (d) Accompanying documentation. The application for a certificate of title for a rebuilt non-
13 repairable or salvage motor vehicle must be supported, at a minimum, by the following documents:

14 (1) evidence of ownership, properly assigned to the applicant, as described in subsection
15 (e) of this section;

16 (2) a rebuilt statement, on a form prescribed by the department that includes:

17 (A) a description of the motor vehicle, which includes the motor vehicle's model
18 year, make, model, identification number, and body style;

19 (B) an explanation of the repairs or alterations made to the motor vehicle;

20 (C) a description of each major component part used to repair the motor vehicle
21 and showing the identification number required by federal law to be affixed to or inscribed on the part;

22 (D) the name ~~and address~~ of the owner and the name and address of the
23 rebuilder;

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1 (E) a statement by the owner that the owner is the legal and rightful owner of the
2 vehicle, the vehicle is rebuilt, repaired, reconstructed, or assembled and that the vehicle identification
3 number disclosed on the rebuilt affidavit is the same as the vehicle identification number affixed to the
4 vehicle;

5 (F) the signature of the owner, or the owner's authorized agent; and

6 (G) a statement by the rebuilder that the vehicle has been rebuilt, repaired, or
7 reconstructed by the rebuilder and that all component parts used were obtained in a legal and lawful
8 manner, signed by the rebuilder or the rebuilder's authorized agent or employee;

9 (3) evidence of inspection submitted by the person who repairs, rebuilds, or reconstructs
10 a non-repairable or salvage motor vehicle in the form of [;]

11 ~~[(A)]~~ disclosure on the rebuilt statement of the vehicle inspection report
12 authorization or certificate ~~[sticker]~~ number, and the date of inspection ~~[expiration]~~, issued by an
13 authorized state safety inspection station after the motor vehicle was rebuilt, if the motor vehicle will be
14 registered at the time of application; ~~[or]~~

15 ~~[(B) a written statement, executed by a specially trained commissioned officer of~~
16 ~~the Department of Public Safety prior to September 1, 2003, certifying that the rebuilt non-repairable or~~
17 ~~salvage motor vehicle's parts and identification numbers have been inspected and that the vehicle~~
18 ~~complies with state safety standards;]~~

19 (4) an odometer disclosure statement properly executed by the seller of the motor vehicle
20 and acknowledged by the purchaser, if applicable;

21 (5) proof of financial responsibility in the title applicant's name, as required by
22 Transportation Code §502.046, ~~[§502.153]~~ unless otherwise exempted by law;

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1 (6) a vehicle inspection report [~~the identification certificate~~] required by Transportation
2 Code, §548.256, and Transportation Code, §501.030, if the motor vehicle was last titled and registered in
3 another state or country, unless otherwise exempted by law; and

4 (7) a release of any liens, unless there is no transfer of ownership and the same lienholder
5 is being recorded as is recorded on the surrendered evidence of ownership.

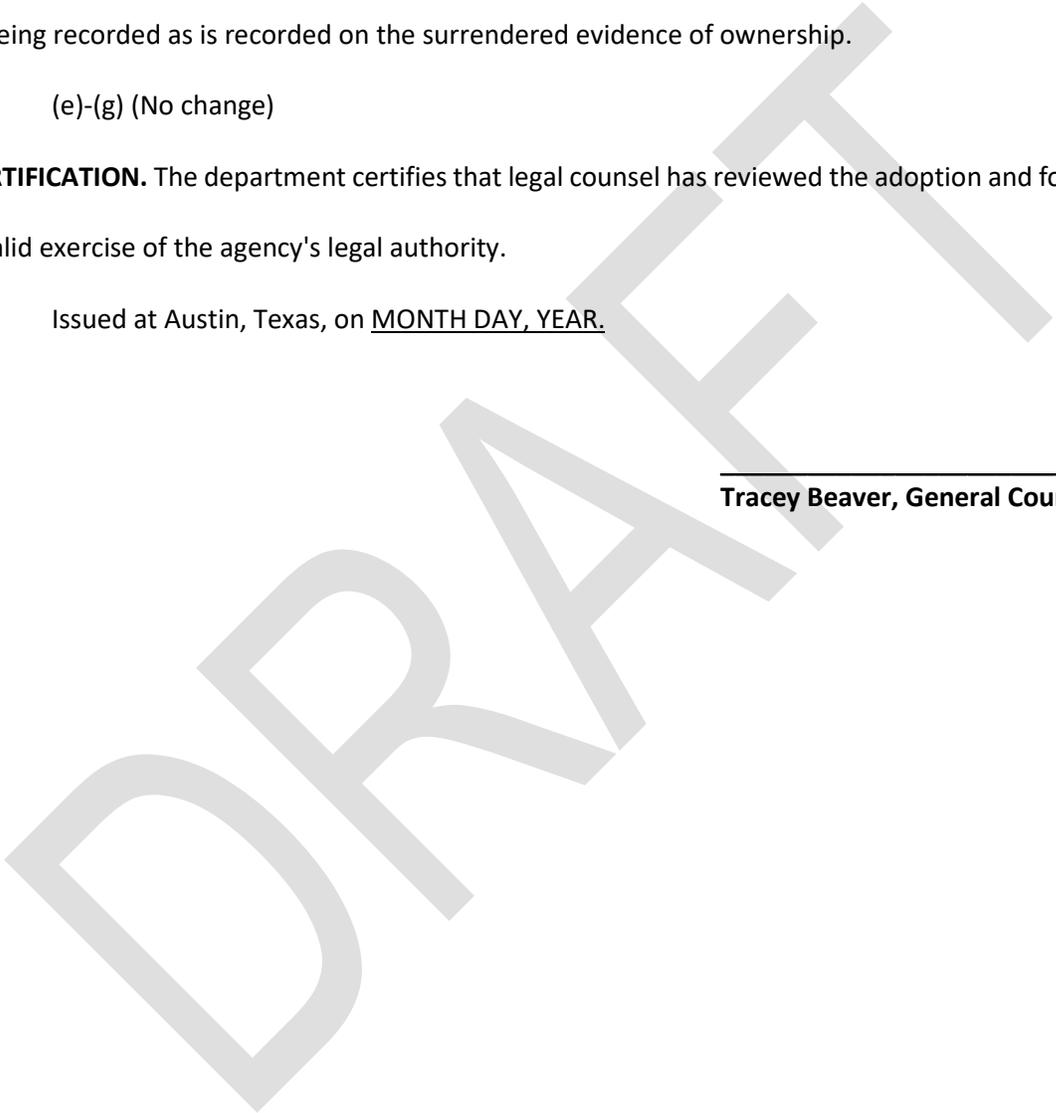
6 (e)-(g) (No change)

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

9 Issued at Austin, Texas, on MONTH DAY, YEAR.

10
11
12
13

Tracey Beaver, General Counsel





Ronnie Keister
 Lubbock County Tax Assessor-Collector
 916 Main Street, Suite 102
 PO Box 10536
 Lubbock, TX 79408-3536
 806.775.1344
 taxoffice@lubbockcounty.gov

December 8, 2021

Office of General Counsel
 Texas Department of Motor Vehicles
 4000 Jackson Avenue
 Austin, TX 78731

Via Email to: rules@txdmv.gov

SUBJECT: Response to TxDMV
 43 TAC § 217.2 and § 217.4 – Motor Vehicle Titles
 43 TAC §§ 217.23, 217.28, 217.36, 217.45 and 217.46 – Motor Vehicle Registration
 43 TAC § 217.89 – Nonrepairable and Salvage Motor Vehicles

TxDMV Board Members and Agency Leadership:

I strongly recommend language be added to the rule that clarifies how funds will be collected, refunded and dispersed between willing counties. How will dishonored payments be managed efficiently?

If a title is processed in a participating county, not the county of residence, and the title is rejected through Austin or NMVTIS how will the affected county be able to access the documents to correct the title in a timely manner?

How will specialty license plates be picked up from a participating county if they are currently sent to their county based on the address?

TITLE 43. TRANSPORTATION		Proposed Sections
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Chapter 217 - Vehicle Titles and Registration		
1	(3) Place of application. Applications for specialty license plates may be made directly to	
2	the county tax assessor-collector <u>in which the owner resides or a county tax assessor-collector who is</u>	
3	<u>willing to accept the application</u> , except that applications for the following license plates must be made	
4	directly to the department:	



Ronnie Keister

Lubbock County Tax Assessor-Collector
916 Main Street, Suite 102
PO Box 10536
Lubbock, TX 79408-3536
806.775.1344
taxoffice@lubbockcounty.gov

The concerns listed need to be addressed prior to the approval of this rule. Please call me if you have any additional questions.

Respectfully,

A handwritten signature in blue ink, appearing to read "Ronnie Keister".

Ronnie Keister

Tax Assessor-Collector



1108 Lavaca, Suite 800
Austin, Texas 78701
Phone: 512-476-2686
www.tada.org

December 13, 2021

Office of General Counsel
Attn: Ms. Tracey Beaver
General Counsel, TxDMV
4000 Jackson Avenue
Austin, TX 78731

Sent via email: rules@txdmv.gov

Re: Proposed Rules—Chapter 215 and Chapter 217

Dear Ms. Beaver:

On behalf of the Texas Automobile Dealers Association (TADA), please accept the following comments with respect to the proposed rules regarding temporary tags and title and registration services as published in the *Texas Register* on November 12, 2021, 46 *TexReg* 7752 - 7768.

The published proposals are in response to House Bill 3927 (87th Legislature, R.S., 2021) (Exhibit A), and Senate Bill 876 (87th Legislature, R.S., 2021) (Exhibit B), and attached for reference.

Subchapter E. GENERAL DISTINGUISHING NUMBERS
Proposed 43 TAC §215.150. Authorization to Issue Temporary Tags.

Proposed rule 43 TAC §215.150(d) provides that a dealer is responsible for all use and access to the temporary tag database under the dealer's or converter's account, including access by any user or unauthorized person.

Any business or individual with an internet connection or a shared connection with another entity may be subject to a cyberattack as well as a virus and other types of computer intrusions. Although fire walls and proper safeguards and comprehensive plans are put in place by a business, there is no system or software or system-wide computer protection that is available to safeguard a

system against all types of viruses, hacking, or attacks.

As franchised dealers secure their computer networks and continually upgrade their various computer systems, TADA requests that “all” be stricken from the proposal so that subsection (d) reads:

“A dealer or converter is responsible for [att] use of and access to 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 temporary tag usage, managing account access, and taking timely and appropriate actions to maintain system security, including: . .”

Although the dealer remains responsible for the use and access to the TxDMV’s temporary tag database through the proposal with respect to reasonable password policies, limiting users, and securing equipment and tags,¹ there may be a circumstance over which the dealer has no control and removing “all” takes into account a period of time or event that is outside of the dealer’s command.

Proposed 43 TAC §215.152. Obtaining Numbers for Issuance of Temporary Tags.

The number of temporary tags that any licensed dealer may print is discussed in proposed 43 TAC §215.152 with respect to a currently licensed dealer, a new dealer point, and, a dealer who is relocating as well as opening an additional location.

As the misuse of the agency’s temporary tag database is occurring by a few entities who abuse their state-issued license, a focus of the agency’s resources on the abusers is available through the statute, as provided for in the suggested optional considerations.

Optional Considerations

The statute provides that the department by rule *may* establish the maximum number of temporary tags that a dealer *may* obtain annually and sets out the various factors to be considered when determining a dealer’s maximum number.² Consequently, the statute does not impose a duty on the department by stating that it “shall” establish the maximum number of temporary tags that a dealer “shall” obtain in a calendar year.

The department has discretionary authority as to whether it will establish the maximum

¹Proposed 43 TAC §215.150(d) (1) - (5).

²(a) The department by rule *may* establish the maximum number of temporary tags that a dealer or converter *may* obtain in a calendar year under Section 503.062, 503.0625, or 503.063. TEX. TRANSP. CODE ANN. §503.0632 (Vernon Supp. 2021). (Emphasis added.)

number of temporary tags that may be obtained by a dealer. The statute uses “may” and not “shall” regarding establishing the maximum number of temporary tags that a dealer “may” obtain annually. In accordance with the Code Construction Act, Section 311.016, Government Code, unless the context in which the word or phrase appears necessarily requires a different construction or unless a different construction is expressly provided by statute, “may” creates discretionary authority or grants permission or a power.

The statute does not require the agency to establish a maximum number of temporary tags that a dealer may obtain annually. As the department has discretionary authority as to whether to establish a maximum number of temporary tags for a dealer to obtain, the department can determine that establishing a specific number for a dealer who has been licensed for a specific time period, such as five years, and who has not fraudulently obtained temporary tags, need not have a maximum number of temporary tags assigned by the department, leaving the department to focus on those types of licensees which have been shown to fraudulently print temporary tags as well as closely monitor and investigate license applicants and new licensees.

Another category for the department’s consideration not to establish a maximum number of temporary tags, is a licensee who is a franchised dealer. As stated by witnesses in hearings and reported by the media, the franchised dealers are not at issue for fraudulently printing temporary tags. With the information as provided by law enforcement that the franchised dealers are not the dealers at issue for fraudulently printing and selling temporary tags and as the statute gives the department the discretionary authority to establish the maximum number of temporary tags that a dealer may obtain, a dealer who is licensed by the department as a franchised dealer may be excluded from an established maximum number of temporary tags that may be obtained.

Another alternative for the department’s consideration is to combine the conditions of an established length of time that a dealer has been licensed without fraudulently obtaining temporary tags and who is also licensed as a franchised dealer as not subject to a maximum number of temporary tags that may be obtained.

TADA requests that the department consider that a dealer who has been licensed for a specific length of time, such as 5 years, and who has not fraudulently printed temporary tags, not be subject to proposed 43 TAC §215.152(c), (d), (f) -(j), and (l).

In the alternative, TADA requests that a licensed franchised dealer who has not fraudulently printed temporary tags, not be subject to proposed 43 TAC §215.152(c), (d), (f) - (j), and (l).

As a third option, TADA requests that a licensed franchised dealer who has been licensed for 5 years or more and who has not fraudulently printed temporary tags, not be subject to proposed 43 TAC §215.152(c), (d), (f) -(j), and (l).

If the dealers who have been licensed for a period of time and who have not fraudulently printed temporary tags are not subject to the proposed annually imposed temporary tag number

formula, then the department's licensing and enforcement investigators will be able to use their time and energy to inquire in-depth into new applicants, such as by in-person visits to a new licensee's location as well as closely monitor the daily number of temporary tags that are printed.

By placing the department in a position to focus its licensing and investigative resources on those who are fraudulently obtaining temporary tags, its resources can be utilized more strategically and benefit the public, the dealer community, and law enforcement.

Proposed Temporary Tag Formula

Annually, proposed 43 TAC §215.152(c) states that the TxDMV will inform each licensed dealer as to the maximum number of authorized buyer's temporary tags for issuance during the calendar year, as provided for in §503.0632, Transportation Code.

The proposal does not specify *when or how* the notification will be made to the licensed dealer. In order for a dealer to be informed of the agency's annual temporary tag number allotment prior to the beginning of the calendar year, TADA suggests that a notification by the department be given to the dealer and any dealer-designated person by email and through the U.S. Postal Service with the following underlined language:

(c) The department will inform each dealer and any dealer-designated person annually, by email and to the dealer's mailing address as shown in the department's records, within a reasonable time and no less than 30 days prior to the start of the new annual allotment, of the maximum number of buyer's temporary tags the dealer is authorized to issue during the calendar year under Transportation Code §503.0632. . . .

The proposed dealer's annual buyer's temporary tag formula is calculated from the dealer's sales data from the previous *three* fiscal years as determined from the department's systems. TADA recommends that for clarity and so there is no confusion, that the *three* fiscal years be included in subparagraphs A., B., and C., as shown below:

- (1) Sales data determined from the department's systems from previous three fiscal years. A dealer's base number will contain the greater of:
- A. The maximum number of in-state buyer's temporary tags issued during the previous three fiscal years, or
 - B. The maximum number of title transaction processed through the Registration Title System during the previous three fiscal years; and
 - C. The maximum number of out-of-state buyer's temporary tags issued during the previous three fiscal years added to A. or B.; except,
 - D. The dealer's base number is limited to an amount not more than two times the number of title transactions identified in subparagraph (B) of this paragraph.

The proposed buyer's temporary tag formula next provides for a multiplier based on the

dealer's time in operation by stating:

- (c)(2): a multiplier based on the dealer's time in operation; and
- (c)(3): the total value of paragraphs (1) and (2) of this subsection, multiplied by the expected annual growth rate percentage, not less than zero, to determine the buyer's temporary tag allotment; and in addition: . . .

The proposal does not state *what* the "multiplier" is in (c)(2) nor does it state in (c)(3) *what* the expected annual growth rate percentage multiplier is other than it is not less than zero. In order to discern a multiplier amount under departmental consideration in the allotment formula, the Preamble to the proposed rule as published in the *Texas Register* must be consulted; however, since the multipliers are not a part of the proposed rule, the multipliers can be revised by the department without notice.

The Preamble provides that for §215.152(c)(2): "the anticipated factor is based on the percentage of years the dealer has been in business over the last 10 years. For example, a dealer that has been in business for five years would receive a 50% addition to the base."³

The Preamble also provides that for §215.152(c)(3), "the market growth rate factor is based on the percentage growth in the market over the prior three fiscal years. The agency's current analysis beginning in 2018 is a 9.7% growth rate."⁴

TADA requests that the multipliers be included within the written rule so that a licensee can be apprised of how the agency determines the number of buyer's temporary tags that will be allotted. As proposed, the multiplier in (c)(2) for a dealer's time in operation is unknown and the calculation to determine the expected annual growth rate percentage multiplier is also unknown, leaving a dealer to conjecture as to the formula and causing a concern that a different formula may be used for other licensees resulting in a different allotment of temporary tags.

These same unknown multipliers are proposed in §215.152(d) for the agent temporary tags and vehicle specific temporary tags. Again, TADA requests that the multipliers be provided within the rule.

Section 503.0632(b), Transportation Code, provides that the maximum number of temporary tags that is determined for "a dealer" must be based on that dealer's anticipated need by taking into consideration the dealer's time in operation, sales data, and expected growth.

The suggested multiplier example stated in the Preamble for time in operation is for a maximum of 10 years, even though a dealer is in business for a time beyond the 10 years. This

³46 *TexReg* 7758 (November 12, 2021).

⁴*Id.*

multiplier may be reasonable; however, as previously requested, the calculation should be included within the rule so that there is a known expectation by all licensees.

A statewide growth factor versus a regional growth factor may not take into account a recent change in circumstances, such as a new plant in a dealer's market. In addition, for a franchised dealer, the line-make may play a role in a dealer's expected market growth.

If 10 years for time in operation and a statewide growth factor standard are to be a part of the formula, TADA requests the rule so state; otherwise, the formula is unclear and is subject to multiple interpretations as well as to modifications without notice to the licensees.

New Points, Transfers, and Relocations

Proposed Section 215.152(f) discusses a new dealership point and provides that a new franchised dealer is allotted 600 temporary buyer's tags, agent tags, and vehicle specific tags.

TADA is concerned that 600 is not an adequate number for all new franchised dealer points. The number may be adequate for a dealer in a rural area or for a line such as Ferrari; however, a Chevrolet, Ford, Toyota, or Jeep dealer in a metropolitan location may print 600 temporary buyer's tags in less than 3 months.

TADA suggests that the agency inquire of a new franchised dealer licensee what he or she expects to sell in their location over the calendar year and multiply that number by no less than 2 to derive an initial temporary tag number.

The proposal also discusses that an existing dealer relocating its operation will continue with its allotment, and an existing dealer opening an additional location will receive a maximum allotment provided to existing locations.⁵

Another scenario for temporary tag allotment determination is a buy-sell of an existing franchised dealer. The buy-sell agreement may or may not include a relocation of the licensed facility. The purchasing dealer should be allotted at least as many temporary tags as the selling dealer was allotted. TADA requests a buy-sell purchaser of a franchised dealer be allotted, at minimum, the same number of temporary tags as the seller was allotted by the department.

Notice of 50% Use

Section 215.152(i) states that after using 50% of the allotted maximum number of temporary tags, a dealer may request an increase in the number by submitting a request in the department's eLICENSING system.

Because a dealer may not track the number of temporary tags used, TADA requests that the agency send a notification to the licensee prior to the licensee's 50% allotted use. The notice may

⁵43 TAC §215.152(g) and (h).

be added to the section as follows:

(i) After using 50 percent of the allotted maximum number of temporary tags, the department will send an email notification to the dealer or converter and the dealer's and converter's designated representative that the [a] dealer or converter may request an increase in the number of temporary tags by submitting a request in the department's eLICENSING system.

43 TAC §215.154. Dealer's Temporary Tags

Transportation Code §503.062 provides that a dealer may issue a temporary tag for use on an unregistered vehicle for demonstration use and to a prospective buyer for demonstration use and to a customer to temporarily operate the vehicle while their vehicle is being repaired, also known as a "loaner" vehicle or a "courtesy" vehicle.

The proposed rule provides that a dealer's temporary tag may not be displayed on a dealer's service or work vehicle which includes "a courtesy car with no signs on the vehicle."⁶

As the statute provides for a temporary tag to be used on a courtesy vehicle or "loaner," TADA requests that the rule track the statute and not disallow the use of a temporary tag on a courtesy or loaner vehicle that is provided to a customer to temporarily operate while their vehicle is being repaired, with or without a sign on the vehicle.

By tracking the statute, TADA requests that 43 TAC §215.154(e)(3) be repealed.

Subchapter J. Administrative Sanctions

Proposed 43 TAC §215.505. Denial of Dealer or Converter Access to Temporary Tag System

Section 503.062, Transportation Code, provides:

(f) If the department determines that a dealer or converter is fraudulently obtaining temporary tags from the temporary tag database, the department may, after giving notice electronically and by certified mail to the dealer or converter, deny access to a temporary tag database to the dealer or converter. A dealer or converter denied access to a temporary tag database under this subsection may request a hearing on the denial as provided by Subchapter O, Chapter 2301, Occupations Code.⁷

⁶Proposed 43 TAC §215.154(e)(3).

⁷*Id.* at 503.0632(f).

The proposed rule defines “fraudulently obtaining temporary tags from the temporary tag database” as obtaining:

1. An excessive number of temporary tags relative to dealer sales;
2. Temporary tags for a vehicle not in the dealer’s or converter’s inventory with the presumption that if a vehicle is not listed in the relevant monthly Vehicle Inventory Tax Statement, it is not in inventory; and,
3. Access to the temporary tag database for a fictitious user or person using a false identity.⁸

TADA is supportive of a robust enforcement of the agency’s licensing process and temporary tag database so that the fraudulent misuse of the database ends. There is a concern that there is no guidepost provided for within the rule with respect to what is an excessive number of temporary tags relative to a dealer’s sales. Is the benchmark twice the number of sales or ten percent? What is the “excessive” number of buyer’s temporary tags versus excessive agent’s temporary tags versus excessive vehicle specific temporary tags?

TADA suggests the need to include specific criteria for the department’s enforcement division regarding the denial of access to the database. In addition to other elements, fraud carries with it a material misrepresentation that is known to be false or recklessly performed.⁹ If the agency infers fraud by an excessive number of temporary tags relative to a dealer’s sales, the investigators need markers as well as a specific time period for inferring fraud by what is excessive and for what time period as well as which type of temporary tag.

In addition, the proposal provides a presumption for fraudulently obtaining a temporary tag from the database if a temporary tag is issued for a vehicle not in the dealer’s inventory because it is not listed on the dealer’s monthly Vehicle Inventory Tax Statement. A vehicle may be in the dealer’s inventory at the time the temporary tag is printed; however, the sale may be rescinded or the vehicle may be dealer-traded so that in neither scenario is the vehicle listed on the “Dealer’s Motor Vehicle Inventory Tax Statement” (Comptroller of Public Accounts Form 50-246).

With respect to a fictitious use or person using a false identity, if a system is compromised by cyberattack or a virus, this scenario may be outside of the control of the licensee and the licensee will not have made a material misrepresentation that is known to be false or recklessly performed.

Providing specific numerical criteria as well as taking into account fraud elements, may give investigators additional guidance for enforcement which TADA supports.

⁸Proposed 43 TAC §215.505(a).

⁹See Ernst & Young, L.L.P. v. Pacific Mutual Life Insurance Company, 51 S.W.3d 573 (Tex. 2001).

Chapter 217. Vehicle Titles and Registration**Subchapter A. Motor Vehicle Titles**

43 TAC §§217.2, 217.4

Subchapter B. Motor Vehicle Registration

43 TAC §§217.23, 217.28, 217.36, 217.45, 217.46

The statute and proposed rules use the terminology “willing to accept the application” for a county tax assessor-collector (TAC) in Subchapter A. and Subchapter B. concerning the titling and registering of motor vehicles.

The following concerns by stakeholders with respect to the proposed rules include:

1. As there is no definition of “willing to accept the application,” is a TAC allowed to pick and choose which dealer’s transactions it is “willing” to accept?
2. Is a TAC required to disclose the necessary requirements for its willingness to accept an application?
3. May a TAC decide to be “willing” one week and not “willing” the next week to accept applications?
4. Is a TAC required to give or post a notice regarding its willingness to accept applications so that dealers and others know of their willingness?

TADA appreciates the department clarifying the above issues as these issues and others will arise as the implementation date approaches.

The proposed amendment to §217.28(f) allows that:

For purposes of Transportation Code §502.407(c), the county tax assessor-collector’s office of the county in which the owner resides is closed for a protracted period of time if the county tax assessor-collector’s office has notified the department that it is closed or will be closed for more than one week.

As an offense is committed after the fifth working day after a vehicle’s registration expires, TADA suggests the department propose a definition of “closed” to allow for a knowable defense under §502.407, Transportation Code.

If an office is open less than eight hours per day for a week, is the office open? If the office is open a 5 hours in a five-day week, is it considered “open” or “closed”?

Additional guidance for a definition of “closed” will assist the public and dealers going forward.

Conclusion

TADA appreciates the opportunity to comment on the proposals as published in the November 12, 2021, *Texas Register*.

The issues and suggestions to the proposals as discussed above aim to clarify and assist the good work that is exhibited in today's proposal.

The franchised dealers continue to have concerns regarding the misuse of the temporary tag database and welcome the opportunity to discuss the proposal and attached comments with the department.

If the department has any question regarding these comments, please do not hesitate to contact me at your convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read "Karen Phillips", with a large, sweeping flourish at the end.

Karen Phillips
General Counsel/EVP

EXHIBIT A

H.B. No. 3927

1 AN ACT

2 relating to certain temporary motor vehicle tags.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. Sections 503.0626(a) and (c), Transportation
5 Code, are amended to read as follows:

6 (a) The department shall develop, manage, and maintain a
7 secure, real-time database of information on vehicles to which
8 dealers and converters have affixed temporary tags. [~~The database
9 shall be managed by the vehicle titles and registration division of
10 the department.~~]

11 (c) Before a dealer's or converter's temporary tag may be
12 displayed on a vehicle, the dealer or converter must enter into the
13 database through the Internet information on the vehicle and
14 information about the dealer or converter as prescribed by the
15 department. Except as provided by Section 506.0632(f), the [~~The~~]
16 department may not deny access to the database to any dealer who
17 holds a general distinguishing number issued under this chapter or
18 who is licensed under Chapter 2301, Occupations Code, or to any
19 converter licensed under Chapter 2301, Occupations Code.

20 SECTION 2. Section 503.063, Transportation Code, is amended
21 by adding Subsections (i) and (j) to read as follows:

22 (i) A vehicle may be issued and display a buyer's tag
23 without satisfying the inspection requirements of Chapter 548 if:

24 (1) the buyer of the vehicle is not a resident of this

H.B. No. 3927

1 state; and

2 (2) the vehicle:

3 (A) at the time of purchase, is not located or
4 required to be titled or registered in this state;

5 (B) will be titled and registered in accordance
6 with the laws of the buyer's state of residence; and

7 (C) will be inspected in accordance with the laws
8 of the buyer's state of residence, if the laws of that state require
9 inspection.

10 (j) A vehicle may be issued and display a buyer's tag
11 without satisfying the inspection requirements of Chapter 548 if
12 the vehicle is purchased at public auction in this state and is:

13 (1) an antique vehicle as defined by Section
14 683.077(b); or

15 (2) a special interest vehicle as defined by Section
16 683.077(b) that:

17 (A) is at least 12 years of age; and

18 (B) has been the subject of a retail sale.

19 SECTION 3. Sections 503.0631(a) and (c), Transportation
20 Code, are amended to read as follows:

21 (a) The department shall develop, manage, and maintain a
22 secure, real-time database of information on persons to whom
23 temporary buyer's tags are issued that may be used by a law
24 enforcement agency in the same manner that the agency uses vehicle
25 registration information. ~~[The database shall be managed by the~~
26 ~~vehicle titles and registration division of the department.]~~

27 (c) Except as provided by Subsection (d), before a buyer's

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1 temporary tag may be displayed on a vehicle, a dealer must enter
2 into the database through the Internet information about the buyer
3 of the vehicle for which the tag was issued as prescribed by the
4 department and generate a vehicle-specific number for the tag as
5 required by Section 503.063(e). Except as provided by Section
6 506.0632(f), the [The] department may not deny access to the
7 database to any dealer who holds a general distinguishing number
8 issued under this chapter or who is licensed under Chapter 2301,
9 Occupations Code.

10 SECTION 4. Subchapter C, Chapter 503, Transportation Code,
11 is amended by adding Section 503.0632 to read as follows:

12 Sec. 503.0632. DEPARTMENT REGULATION OF TEMPORARY TAGS AND
13 ACCESS TO TEMPORARY TAG DATABASES. (a) The department by rule may
14 establish the maximum number of temporary tags that a dealer or
15 converter may obtain in a calendar year under Section 503.062,
16 503.0625, or 503.063.

17 (b) The maximum number of temporary tags that the department
18 determines a dealer or converter may obtain under this section must
19 be based on the dealer's or converter's anticipated need for
20 temporary tags, taking into consideration:

21 (1) the dealer's or converter's:

22 (A) time in operation;

23 (B) sales data; and

24 (C) expected growth; ✓

25 (2) expected changes in the dealer's or converter's
26 market;

27 (3) temporary conditions that may affect sales by the

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1 dealer or converter; and

2 (4) any other information the department considers
3 relevant.

4 (c) At the request of a dealer or converter, the department
5 may authorize additional temporary tags of any type for the dealer
6 or converter if the dealer or converter demonstrates a need for
7 additional temporary tags resulting from business operations,
8 including anticipated need.

9 (d) The department's denial of a request under Subsection
10 (c) may be overturned if a dealer or converter shows by a
11 preponderance of the evidence the need for additional temporary
12 tags.

13 (e) The department shall monitor the number of temporary
14 tags obtained by a dealer or converter.

15 (f) If the department determines that a dealer or converter
16 is fraudulently obtaining temporary tags from the temporary tag
17 database, the department may, after giving notice electronically
18 and by certified mail to the dealer or converter, deny access to a
19 temporary tag database to the dealer or converter. A dealer or
20 converter denied access to a temporary tag database under this
21 subsection may request a hearing on the denial as provided by
22 Subchapter O, Chapter 2301, Occupations Code.

23 SECTION 5. Sections 503.067(b) and (d), Transportation
24 Code, are amended to read as follows:

25 (b) A person may not operate a vehicle that displays:

26 (1) a temporary tag in violation of this chapter or
27 Chapter 502; or

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1 (2) any other ~~[an]~~ unauthorized temporary tag.

2 (d) A person may not sell or distribute a temporary tag or an
3 item represented to be a temporary tag unless the person is(+

4 [~~1~~] a dealer issuing the tag in connection with the
5 sale of a vehicle[~~or~~

6 [~~2~~] ~~a printer or distributor engaged in the business~~
7 ~~of selling temporary tags solely for uses authorized under this~~
8 ~~chapter].~~

9 SECTION 6. The changes in law made by this Act apply only to
10 an offense committed on or after the effective date of this Act. An
11 offense committed before the effective date of this Act is governed
12 by the law in effect on the date the offense was committed, and the
13 former law is continued in effect for that purpose. For purposes of
14 this section, an offense was committed before the effective date of
15 this Act if any element of the offense occurred before that date.

16 SECTION 7. This Act takes effect September 1, 2021.

H.B. No. 3927

President of the Senate

Speaker of the House

I certify that H.B. No. 3927 was passed by the House on May 7, 2021, by the following vote: Yeas 128, Nays 12, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 3927 on May 28, 2021, by the following vote: Yeas 125, Nays 16, 4 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3927 was passed by the Senate, with amendments, on May 22, 2021, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor

EXHIBIT B

S.B. No. 876

1 AN ACT
2 relating to the county in which a person may apply for the
3 registration of and title for a motor vehicle.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 501.023(a), Transportation Code, is
6 amended to read as follows:

7 (a) The owner of a motor vehicle must present identification
8 and apply for a title as prescribed by the department, unless
9 otherwise exempted by law. To obtain a title, the owner must
10 apply:

11 (1) to the county assessor-collector in the county in
12 which:

- 13 (A) the owner is domiciled; or
 - 14 (B) the motor vehicle is purchased or encumbered;
- 15 or

16 (2) to any ~~the~~ county assessor-collector ~~[of a~~
17 ~~county]~~ who is willing to accept the application ~~[if the county~~
18 ~~assessor-collector's office of the county in which the owner~~
19 ~~resides is closed or may be closed for a protracted period of time~~
20 ~~as defined by the department].~~

21 SECTION 2. Section 501.0234(d), Transportation Code, is
22 amended to read as follows:

23 (d) A seller who applies for the registration or a title for
24 a motor vehicle under Subsection (a)(1) may ~~shall~~ apply:

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1 (1) to the county assessor-collector of the county in
2 which:

3 (A) the owner is domiciled; or

4 (B) the motor vehicle is purchased or encumbered;

5 or

6 (2) to any [in the] county assessor-collector who is
7 willing to accept the application [as directed by the purchaser
8 from the counties set forth in Section 501.023].

9 SECTION 3. Section 501.030(e), Transportation Code, is
10 amended to read as follows:

11 (e) Before a motor vehicle that is required to be registered
12 in this state and that is brought into this state by a person other
13 than a manufacturer or importer may be bargained, sold,
14 transferred, or delivered with an intent to pass an interest in the
15 vehicle or encumbered by a lien, the owner must apply for a title in
16 a manner prescribed by the department to the county
17 assessor-collector for the county in which the transaction is to
18 take place or to any assessor-collector who is willing to accept the
19 application. The assessor-collector may not issue a title receipt
20 unless the applicant delivers to the assessor-collector
21 satisfactory evidence showing that the applicant is the owner of
22 the vehicle and that the vehicle is free of any undisclosed liens.

23 SECTION 4. Section 502.0023(b), Transportation Code, is
24 amended to read as follows:

25 (b) A system of extended registration under this section
26 must allow the owner of a commercial fleet to register[+
27 [~~1~~] an entire commercial fleet in the county of the

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1 owner's residence or principal place of business or in any county in
2 which the county assessor-collector is willing to accept the
3 registration~~[, or~~

4 ~~[(2) the motor vehicles in a commercial fleet that are~~
5 ~~operated most regularly in the same county].~~

6 SECTION 5. Section 502.040(b), Transportation Code, is
7 amended to read as follows:

8 (b) The application must be accompanied by personal
9 identification as determined by department rule and made in a
10 manner prescribed by the department through:

11 (1) ~~[through]~~ the county assessor-collector of the
12 county in which the owner resides; or

13 (2) any ~~[if the office of that assessor-collector is~~
14 ~~closed, or may be closed for a protracted period of time, as defined~~
15 ~~by department rule, through a]~~ county assessor-collector who is
16 willing to accept the application.

17 SECTION 6. Section 502.041(a), Transportation Code, is
18 amended to read as follows:

19 (a) Notwithstanding Section 502.040, the owner of a vehicle
20 may concurrently apply for a title and for registration through the
21 county assessor-collector of the county in which:

22 (1) the owner resides; ~~[or]~~

23 (2) the vehicle is purchased or encumbered; or

24 (3) the county assessor-collector is willing to accept
25 the application.

26 SECTION 7. Section 502.407(c), Transportation Code, is
27 amended to read as follows:

S.B. No. 876

1 (c) It is a defense to prosecution under this section that
2 at the time of the offense:

3 (1) the office of the county assessor-collector for
4 the county in which the owner of the vehicle resided was closed for
5 a protracted period of time in accordance with department rules
6 [~~Section 502.040(b)(2)~~]; and

7 (2) the vehicle's registration was expired for 30
8 working days or less.

9 SECTION 8. The heading to Section 520.006, Transportation
10 Code, is amended to read as follows:

11 Sec. 520.006. COLLECTION OF FEES ON BEHALF OF ANOTHER
12 ASSESSOR-COLLECTOR; COMPENSATION OF ASSESSOR-COLLECTOR.

13 SECTION 9. Sections 520.006(a-1) and (b), Transportation
14 Code, are amended to read as follows:

15 (a-1) A county assessor-collector collecting fees on behalf
16 of another [a] county assessor-collector [~~whose office is closed or~~
17 ~~may be closed for a protracted period of time as defined by the~~
18 ~~department~~] for purposes of Section 501.023, 501.0234, 501.030,
19 502.0023, [or] 502.040, or 502.041 shall collect all taxes, fees,
20 and other revenue based on the vehicle owner's county of residence.
21 The vehicle owner's county of residence shall be the recipient of
22 all taxes, fees, and other revenue collected as a result of the
23 transaction, except that the county processing the application may
24 retain the portion of the title application fee under Section
25 501.138 and the processing and handling fee under Section 502.1911
26 that the tax assessor-collector is authorized to [may] retain [the
27 ~~commission for fees collected, but shall allocate the fees to the~~

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1 ~~county that is closed or may be closed for a protracted period of~~
2 ~~time].~~

3 (b) A county assessor-collector who is compensated under
4 this section for processing a transaction shall pay the entire
5 expense of issuing registration receipts and license plates under
6 Chapter 501 or 502 from the compensation allowed under this
7 section.

8 SECTION 10. Section 521.144(c), Transportation Code, is
9 amended to read as follows:

10 (c) A registration receipt issued by a ~~the~~ county
11 assessor-collector in this state ~~(of the county in which the new~~
12 ~~resident resides]~~ is satisfactory evidence that a motor vehicle is
13 registered under Chapter 502.

14 SECTION 11. The following provisions of the Transportation
15 Code are repealed:

16 (1) Section 501.023(e); and

17 (2) Section 501.0234(e).

18 SECTION 12. Section 502.407(c), Transportation Code, as
19 amended by this Act, applies only to an offense committed on or
20 after the effective date of this Act. An offense committed before
21 the effective date of this Act is governed by the law in effect when
22 the offense was committed, and the former law is continued in effect
23 for that purpose. For purposes of this section, an offense was
24 committed before the effective date of this Act if any element of
25 the offense occurred before that date.

26 SECTION 13. This Act takes effect March 1, 2022.

S.B. No. 876

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 876 passed the Senate on April 13, 2021, by the following vote: Yeas 29, Nays 2; and that the Senate concurred in House amendments on May 27, 2021, by the following vote: Yeas 28, Nays 3.

Secretary of the Senate

I hereby certify that S.B. No. 876 passed the House, with amendments, on May 14, 2021, by the following vote: Yeas 93, Nays 35, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor



December 10, 2021

Tracey Beaver
General Counsel
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, TX 78731

Re: 43 TAC Chapter 217 Proposals, Texas Register, November 12, 2021

Dear Ms. Beaver:

The Texas Independent Automobile Dealers Association (TIADA) respectfully submits the following comment in response to the Texas Department of Motor Vehicles (TxDMV) proposed changes to 43 Texas Administrative Code Chapter 217.23.

TIADA represents over 1,000 independent automobile dealers throughout the state of Texas which range in size from large publicly traded companies to small and micro-businesses. Our members process numerous initial registrations through their local Tax Assessor-Collectors. TIADA applauds the expanded choice in selecting where to register vehicles and the elimination of the VTR 136.

TIADA after reviewing the purposed rules has the following concern and suggestion for amendment of 43 TAC §217.23:

§217.23 fails to provide a registration option for situations in which a natural disaster occurs. To ensure every citizen is provided service, TIADA suggests adding §217.23(e) which states “if a county tax assessor-collector is closed or a county has been declared a natural disaster, the closest unaffected county shall be considered where an owner resides, or a motor vehicle is purchased or encumbered.” Additionally, a closure should be defined as a “county tax assessor-collector being open to receive and process registrations for both dealers and residents for less than 35 hours a week.” Finally, it should be clear if the normal tax assessor-collector is closed then the processor is paid the same amount as they would be for any other consumer residing in their county.

Thank you in advance for your consideration of our comment.

Respectfully,

A handwritten signature in blue ink that reads "Earl Cooke".

Earl Cooke
Director of Compliance and Business Development
earl.cooke@txiada.org

THE TAX ASSESSOR-COLLECTORS ASSOCIATION OF TEXAS

An Association to secure the benefits of organized ideas and discussion of mutual problems that will advance and maintain proper efficiency and dignity of the County Tax Office.

www.tacaofexas.org

ENHANCE YOUR VIEW

December 10, 2021

Office of General Counsel
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, TX 78731
Email: rules@txdmv.gov

Dear TxDMV Board Members, Executive Director and V.T.R. Director,

The Tax Assessor Collectors Association of Texas, representing all 254 county tax assessor collectors, seeks to provide input on the following proposed rules: 43 TAC § 217.2, § 217.4, § 217.23, 217.28, 217.36, 217.45, 217.46, § 217.89

The following recommendations are strongly encouraged in order to ensure the most efficient and serviceable application of Senate Bill SB 876, 87th Legislature, Regular Session (2021).

- Language that affirms that the Department will be responsible for dispersing funds collected between willing counties.
- Language that affirms the Department will be responsible for dispersing funds collected to all state agencies in the same manner as is currently dispersed if processed by a willing county.
- Language defining a willing county and a statutory county.
- Language detailing the management of NMVTIS if processed in a willing county.
- Language that affirms that the Department, through the Registration Title System, will be capable of validating the owner of resident's county to ensure the tax assessor collector office is not responsible to validate the renewal, owner and vehicle location address through other means. Furthermore that the Registration and Title System will be capable of validating emission and non-emission counties for proper assessment of fees.
- Language that details the manner by which companion applications such as webDealer, webSub, etc. will determine willing versus statutory counties.
- Language detailing how refunds will be managed between willing counties.

Thank you for the opportunity to respond to the proposed rules.

Sincerely,



Randy Riggs, President TACA



Michelle French, TxDMV Liaison TACA



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Board Meeting Date: 2/10/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Jimmy Archer, Motor Carrier Division Director
Agenda Item: 7
Subject: Chapter 217, Vehicle Titles and Registration
Amendments, §217.56 (Relating to obtaining registration under the Unified Carrier Registration System Plan and Agreement prior to registering under the International Registration Plan; cleanup)

RECOMMENDATION

Approval to publish the adopted amended section in the *Texas Register*.

PURPOSE AND EXECUTIVE SUMMARY

The amendments to §217.56: 1) implement Transportation Code §502.091(b) by requiring an applicant for vehicle registration under the International Registration Plan (IRP) to register under the Unified Carrier Registration System Plan and Agreement under 49 U.S.C. §14504a (UCR) before applying for IRP registration if the applicant is required to register under UCR; 2) delete certain definitions because the relevant terms are defined in the IRP, which is incorporated by reference into §217.56; and 3) incorporate by reference the January 1, 2021 edition of the IRP.

FINANCIAL IMPACT

There will be no fiscal impact to state or local governments as a result of the enforcement or administration of the amendments to §217.56. Even if Texas increases its UCR compliance rate by requiring an applicant to register under UCR before the applicant applies for vehicle registration under IRP, doing so will not increase the amount of UCR revenue that Texas gets to keep under federal law. Also, at this time, the department intends to implement the amendments without programming any changes to its automated systems.

BACKGROUND AND DISCUSSION

The amendments are necessary to implement §502.091(b), which authorizes the department to require an applicant to register under UCR before applying for vehicle registration under the IRP. Texas participates in UCR, which is a federal registration program that is administered by 41 states in the United States. Motor carriers and certain transportation service providers that provide interstate transportation services must register under UCR and pay the fees that are required under federal law. The department believes that implementing §502.091(b) will help Texas comply with the 85% UCR compliance rate as required by the UCR State Performance Standards. The department also believes that implementing §502.091(b) will help Texas increase its UCR compliance rate because many owners of commercial vehicles that travel through more than one IRP member jurisdiction want to get IRP registration.

Texas is a member of the IRP, which is a vehicle registration reciprocity agreement between the 48 contiguous states, the District of Columbia, and the Canadian provinces (member jurisdictions). Many owners of commercial vehicles that travel through more than one of the member jurisdictions want to get IRP registration because it is an efficient and cost-effective way to obtain vehicle registration in all member jurisdictions. When the owner registers its vehicles with one member jurisdiction under the IRP, the vehicles are only required to display one license plate that indicates the vehicles are registered in all member jurisdictions. Also, under the IRP, the owner is only required to pay a portion of the registration fees in any member jurisdiction. If the owner of a commercial vehicle does not have IRP registration, the owner must generally obtain vehicle registration in each of the member jurisdictions in which the vehicle will travel.

COMMENTS

The amendments were published for comment in the November 12, 2021 issue of the *Texas Register*. The comment period closed on December 13, 2021. The department did not receive any comments.

If the board adopts the rules during its February 10, 2022 open meeting, staff anticipates:

- Publication in the February 25, 2022 issue of the *Texas Register*; and
- An effective date of March 6, 2022.

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1 Amendments to §217.56(c)(2)(B) are also necessary to delete definitions because the relevant terms are
2 defined in the IRP. It is not necessary to repeat any definitions from the IRP in §217.56(c)(2) because the
3 IRP is adopted by reference in §217.56(c)(2)(B). Also, most of the defined terms in the definitions in
4 §217.56(c)(2)(B) do not appear in §217.56(c)(2) other than in the definitions.

5 The amendment to §217.56(c)(2)(C)(i) is necessary to implement Transportation Code §502.091(b) by
6 requiring an applicant for vehicle registration under the IRP to register under UCR before applying for IRP
7 registration if the applicant is required to register under UCR. Texas participates in UCR, which is a federal
8 registration program that is administered by the 41 states that participate in UCR (participating states)
9 under 49 U.S.C. §14504a. Motor carriers and motor private carriers (motor carriers), as well as brokers,
10 freight forwarders, and leasing companies (transportation service providers), that provide interstate
11 transportation services must register under UCR and pay the fees under §14504a and 49 C.F.R. §367.20, *et*
12 *seq.* Texas is authorized to participate in UCR under Transportation Code Chapter 645 and 43 TAC §218.17.
13 The department currently enforces UCR through audits and administrative enforcement actions. The
14 amendment to §217.56(c)(2)(C)(i) requires an applicant for IRP to provide the department with a copy of
15 the applicant's receipt under UCR to prove the applicant is currently registered under UCR if the applicant
16 is required to register under UCR. The department believes the amendment to §217.56(c)(2)(C)(i) will help
17 Texas comply with the 85% UCR compliance rate as required by the UCR State Performance Standards
18 dated January 28, 2020. The department also believes the amendment will help Texas increase its UCR
19 compliance rate. Texas achieved a UCR compliance rate of 88.37% for UCR registration year 2019, and
20 85.39% for UCR registration year 2020. Also, as more of the participating states increase their UCR
21 compliance rate, it increases the chances that the Federal Motor Carrier Safety Administration (FMCSA)
22 will reduce the UCR fees for all motor carriers and transportation service providers.

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1 The UCR State Performance Standards require each participating state to achieve a minimum of an 85%
2 UCR registration compliance rate by the end of each UCR registration period, which is the period during
3 which registration fees are collected for each UCR registration year. The UCR registration compliance rate
4 for a state is determined for each UCR registration period by dividing the total number of UCR registrations
5 for that state by the total number of people, including sole proprietors and legal entities, that are required
6 to have UCR registration in that state. According to the UCR State Performance Standards, states that do
7 not demonstrate the ability to achieve the 85% registration compliance rate must submit a remedial
8 action plan to the UCR Audit Subcommittee that identifies actions the state has taken or will take to help
9 ensure future compliance with the 85% registration compliance rate. The UCR State Performance
10 Standards also require participating states to undergo periodic compliance reviews which are
11 administered with oversight from the UCR Audit Subcommittee and the UCR Board of Directors.

12 The current UCR Handbook says the participating states enforce the payment of UCR fees in a variety of
13 ways. The UCR Handbook also says that some states deny a motor carrier its vehicle registration under
14 the IRP until the motor carrier completes its UCR registration.

15 If the owner of a commercial vehicle registers its vehicle under the IRP, the vehicle is registered in the 48
16 contiguous states, as well as the District of Columbia and the Canadian provinces (member jurisdictions).

17 If the owner of a commercial vehicle does not have IRP registration, the owner must generally obtain
18 vehicle registration in each of the member jurisdictions in which the vehicle will travel. Many owners of
19 commercial vehicles that travel through more than one of the member jurisdictions want to get IRP
20 registration because it is an efficient and cost-effective way to obtain vehicle registration at a fraction of
21 the cost. When the owner registers its vehicles with one base member jurisdiction under the IRP, the
22 vehicles are only required to display one license plate that indicates the vehicles are registered in all
23 member jurisdictions. Also, under the IRP, the owner pays vehicle registration fees based on the

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1 percentage of travel in each member jurisdiction relative to the total distance traveled in all member
2 jurisdictions. IRP registration is also called apportioned registration because the owner is only required to
3 pay a portion of the registration fees in any member jurisdiction.

4 FMCSA must set the UCR fees in an amount sufficient to collect enough revenue to pay the administrative
5 costs for UCR and to pay the participating states the revenue they are entitled to receive under §14504a(g)
6 and (h), based on the recommendation of the UCR Board under §14504a(d)(7)(A). The 41 participating
7 states collect the UCR fees for each UCR registration year. The collected UCR fees are allocated to the
8 states and to pay the administrative costs for UCR under §14504a(g) and (h).

9 FMCSA must increase the UCR fees if there is a shortage of UCR revenue and the UCR board requests an
10 adjustment to the fees. *See* §14504a(d)(7) and (f)(1)(E). When FMCSA proposed to increase the UCR fees
11 in 2010, some commenters stated that the UCR fees should only be raised after the participating states
12 achieved adequate compliance with UCR. *See* Fees for the Unified Carrier Registration Plan and
13 Agreement, 75 Fed.Reg. 21993, 22001 (April 27, 2010). Many commenters stated that raising the UCR
14 fees as proposed was unfair because it increased the burden on compliant motor carriers to the benefit
15 of the non-compliant motor carriers. *Id.* at 22002. One commenter stated that applicants for vehicle
16 registration should be required to show proof of compliance with UCR before their vehicle could be
17 registered. *Id.* FMCSA encouraged more states to register any person, including any entities, for UCR at
18 the same time the states renew vehicle registration, including IRP registration. *Id.* at 21999.

19 FMCSA must reduce the UCR fees if there is a surplus of UCR revenue and the UCR board requests an
20 adjustment to the fees. *See* §14504a(d)(7), (f)(1)(E), and (h)(4). A surplus of UCR revenue occurs when the
21 participating states collect more UCR revenue than is needed to pay the administrative costs for UCR and
22 to pay the participating states the revenue they are entitled to receive under §14504a(g) and (h). The
23 participating states are not allowed to get more UCR revenue than they are entitled to keep under

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1 §14504a(g) and (h), even if there is a surplus of UCR revenue. As more of the participating states increase
2 their UCR compliance rate, it increases the chances that FMCSA will reduce the UCR fees for all motor
3 carriers and transportation service providers. The last time FMCSA reduced the UCR fees was in
4 2020. See Fees for the Unified Carrier Registration Plan and Agreement, 85 Fed. Reg. 8192 (Feb. 13, 2020)
5 (codified at 49 C.F.R. §367.60).

6 **SUMMARY OF COMMENTS.**

7 No comments on the proposed amendments were received.

8 **STATUTORY AUTHORITY.** The department adopts amendments to §217.56 under Transportation Code
9 §§502.091(b), 502.0021, and 1002.001.

10 Transportation Code §502.091(b) authorizes the department to adopt rules to carry out the IRP and to
11 require an applicant for IRP to register under UCR before the applicant applies for registration under IRP.

12 Transportation Code §502.0021 authorizes the department to adopt rules to administer Transportation
13 Code Chapter 502.

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

16 **CROSS REFERENCE TO STATUTE.** Transportation Code §502.091 and §645.001.

17 **TEXT.**

18 Subchapter B. Motor Vehicle Registration

19 §217.56

20 §217.56. Registration Reciprocity Agreements.

21 (a) Purpose. To promote and encourage the fullest possible use of the highway system and
22 contribute to the economic development and growth of the State of Texas and its residents, the
23 department is authorized by Transportation Code, §502.091 to enter into agreements with duly

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1 authorized officials of other jurisdictions, including any state of the United States, the District of Columbia,
2 a foreign country, a state or province of a foreign country, or a territory or possession of either the United
3 States or of a foreign country, and to provide for the registration of vehicles by Texas residents and
4 nonresidents on an allocation or distance apportionment basis, and to grant exemptions from the
5 payment of registration fees by nonresidents if the grants are reciprocal to Texas residents.

6 (b) Definitions. The following words and terms, when used in this section, shall have the following
7 meanings, unless the context clearly indicates otherwise:

8 (1) Cab card--The apportioned vehicle registration receipt that contains, but is not limited
9 to, the vehicle description and the registered weight at which the vehicle may operate in each jurisdiction.

10 (2) Department--The Texas Department of Motor Vehicles.

11 (3) Director--The director of the Motor Carrier Division, Texas Department of Motor
12 Vehicles.

13 (4) Executive director--The chief executive officer of the department.

14 (5) Regional Service Center--A department office which provides specific services to the
15 public, including replacement titles, bonded title rejection letters, and apportioned registration under the
16 International Registration Plan (IRP).

17 (6) Temporary cab card--A temporary registration permit authorized by the department
18 that allows the operation of a vehicle for 30 days subject to all rights and privileges afforded to a vehicle
19 displaying apportioned registration.

20 (c) Multilateral agreements.

21 (1) Authority. The executive director may on behalf of the department enter into a
22 multilateral agreement with the duly authorized officials of two or more other jurisdictions to carry out
23 the purpose of this section.

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1 (2) International Registration Plan.

2 (A) Applicability. The IRP is a registration reciprocity agreement among states of
3 the United States and other jurisdictions providing for payment of registration fees on the basis of fleet
4 distance operated in various jurisdictions. Its purpose is to promote and encourage the fullest possible
5 use of the highway system by authorizing apportioned registration for commercial motor vehicles and
6 payment of appropriate vehicle registration fees and thus contributing to the economic development and
7 growth of the member jurisdictions.

8 (B) Adoption. The department adopts by reference the January 1, 2021 ~~January~~
9 ~~1, 2018,~~ edition of the IRP. ~~[Effective January 1, 2019, the department adopts by reference the~~
10 ~~amendments to the IRP with an effective date of January 1, 2019.]~~ The department also adopts by
11 reference the January 1, 2016, edition of the IRP Audit Procedures Manual. In the event of a conflict
12 between this section and the IRP or the IRP Audit Procedures Manual, the IRP and the IRP Audit
13 Procedures Manual control. Copies of the documents are available for review in the Motor Carrier
14 Division, Texas Department of Motor Vehicles. Copies are also available on request. ~~[The following words~~
15 ~~and terms, when used in the IRP or in paragraph (2) of this subsection, shall have the following meanings,~~
16 ~~unless the context clearly indicates otherwise.]~~

17 ~~[(i) Apportionable vehicle—Any vehicle—except recreational vehicles,~~
18 ~~vehicles displaying restricted plates, city pickup and delivery vehicles, and government-owned vehicles—~~
19 ~~used or intended for use in two or more member jurisdictions that allocate or proportionally register~~
20 ~~vehicles and used either for the transportation of persons for hire or designed, used, or maintained~~
21 ~~primarily for the transportation of property and:]~~

22 ~~[(l) is a power unit having two axles and a gross vehicle weight or~~
23 ~~registered gross vehicle weight in excess of 26,000 pounds (11,793.401 kilograms);]~~

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1 ~~[(II) is a power unit having three or more axles, regardless of~~
2 ~~weight;]~~

3 ~~[(III) is used in combination, when the weight of such~~
4 ~~combination exceeds 26,000 pounds (11,793.401 kilograms) gross vehicle weight; or]~~

5 ~~[(IV) at the option of the registrant, a power unit, or the power~~
6 ~~unit in a combination of vehicles having a gross vehicle weight of 26,000 pounds (11,793.401 kilograms)~~
7 ~~or less.]~~

8 ~~[(ii) Commercial vehicle--A vehicle or combination of vehicles designed~~
9 ~~and used for the transportation of persons or property in furtherance of any commercial enterprise, for~~
10 ~~hire or not for hire.]~~

11 ~~[(iii) Erroneous issuance--Apportioned registration issued based on~~
12 ~~erroneous information provided to the department.]~~

13 ~~[(iv) Established place of business--A physical structure owned or leased~~
14 ~~within the state of Texas by the applicant or fleet registrant and maintained in accordance with the~~
15 ~~provisions of the IRP.]~~

16 ~~[(v) Fleet distance--All distance operated by an apportionable vehicle or~~
17 ~~vehicles used to calculate registration fees for the various jurisdictions.]~~

18 (C) Application.

19 (i) An applicant must submit an application to the department on a form
20 prescribed by the director, along with additional documentation as required by the director. An applicant
21 shall provide the department with a copy of the applicant's receipt under the Unified Carrier Registration
22 System Plan and Agreement under 49 U.S.C. §14504a (UCR) to prove the applicant is currently registered
23 under UCR if the applicant is required to register under UCR.

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1 (ii) Upon approval of the application, the department will compute the
2 appropriate registration fees and notify the registrant.

3 (D) Fees. Upon receipt of the applicable fees in the form as provided by §209.23
4 of this title (relating to Methods of Payment), the department will issue one or two license plates and a
5 cab card for each vehicle registered.

6 (E) Display of License Plates and Cab Cards.

7 (i) The department will issue one license plate for a tractor, truck-tractor,
8 trailer, and semitrailer. The license plate issued to a tractor or a truck-tractor shall be installed on the
9 front of the tractor or truck-tractor, and the license plate issued for a trailer or semitrailer shall be installed
10 on the rear of the trailer or semitrailer.

11 (ii) The department will issue two license plates for all other vehicles that
12 are eligible to receive license plates under the IRP. Once the department issues two license plates for a
13 vehicle listed in this clause, one plate shall be installed on the front of the vehicle, and one plate shall be
14 installed on the rear of the vehicle.

15 (iii) The cab card shall be carried at all times in the vehicle in accordance
16 with the IRP. If the registrant chooses to display an electronic image of the cab card on a wireless
17 communication device or other electronic device, such display does not constitute consent for a peace
18 officer, or any other person, to access the contents of the device other than the electronic image of the
19 cab card.

20 (iv) The authority to display an electronic image of the cab card on a
21 wireless communication device or other electronic device does not prevent the Texas State Office of
22 Administrative Hearings or a court of competent jurisdiction from requiring the registrant to provide a
23 paper copy of the cab card in connection with a hearing, trial, or discovery proceeding.

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1 (F) Audit. An audit of the registrant's vehicle operational records may be
2 conducted by the department according to the IRP provisions and the IRP Audit Procedures Manual. Upon
3 request, the registrant shall provide the operational records of each vehicle for audit in unit number order,
4 in sequence by date, and including, but not limited to, a summary of distance traveled by each individual
5 vehicle on a monthly, quarterly, and annual basis with distance totaled separately for each jurisdiction in
6 which the vehicle traveled.

7 (G) Assessment. The department may assess additional registration fees of up to
8 100% of the apportionable fees paid by the registrant for the registration of its fleet in the registration
9 year to which the records pertain, as authorized by the IRP, if an audit conducted under subparagraph (F)
10 of this paragraph reveals that:

11 (i) the operational records indicate that the vehicle did not generate
12 interstate distance in two or more member jurisdictions for the distance reporting period supporting the
13 application being audited, plus the six-month period immediately following that distance reporting
14 period;

15 (ii) the registrant failed to provide complete operational records; or

16 (iii) the distance must be adjusted, and the adjustment results in a
17 shortage of registration fees due Texas or any other IRP jurisdiction.

18 (H) Refunds. If an audit conducted under subparagraph (F) of this paragraph
19 reveals an overpayment of fees to Texas or any other IRP jurisdiction, the department will refund the
20 overpayment of registration fees in accordance with Transportation Code, §502.195 and the IRP. Any
21 registration fees refunded to a carrier for another jurisdiction will be deducted from registration fees
22 collected and transmitted to that jurisdiction.

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1 (I) Cancellation or revocation. The director or the director's designee may cancel
2 or revoke a registrant's apportioned registration and all privileges provided by the IRP as authorized by
3 the following:

4 (i) the IRP; or

5 (ii) Transportation Code, Chapter 502.

6 (J) Enforcement of cancelled or revoked registration.

7 (i) Notice. If a registrant is assessed additional registration fees, as
8 provided in subparagraph (G) of this paragraph, and the additional fees are not paid by the due date
9 provided in the notice or it is determined that a registrant's apportioned license plates and privileges
10 should be canceled or revoked, as provided in subparagraph (I) of this paragraph, the director or the
11 director's designee will mail a notice by certified mail to the last known address of the registrant. The
12 notice will state the facts underlying the assessment, cancellation, or revocation; the effective date of the
13 assessment, cancellation, or revocation; and the right of the registrant to request a conference as
14 provided in clause (ii) of this subparagraph.

15 (ii) Conference. A registrant may request a conference upon receipt of a
16 notice issued as provided by clause (i) of this subparagraph. The request must be made in writing to the
17 director or the director's designee within 30 days of the date of the notice. If timely requested, the
18 conference will be scheduled and conducted by the director or the director's designee at division
19 headquarters in Austin and will serve to abate the assessment, cancellation, or revocation unless and until
20 that assessment, cancellation, or revocation is affirmed or disaffirmed by the director or the director's
21 designee. In the event matters are resolved in the registrant's favor, the director or the director's designee
22 will mail the registrant a notice of withdrawal, notifying the registrant that the assessment, cancellation,
23 or revocation is withdrawn, and stating the basis for that action. In the event matters are not resolved in

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1 the registrant's favor, the director or the director's designee will issue a ruling reaffirming the
2 department's assessment of additional registration fees or cancellation or revocation of apportioned
3 license plates and privileges. The registrant has the right to appeal in accordance with clause (iii) of this
4 subparagraph.

5 (iii) Appeal. If a conference held in accordance with clause (ii) of this
6 subparagraph fails to resolve matters in the registrant's favor, the registrant may request an
7 administrative hearing. The request must be in writing and must be received by the director no later than
8 the 20th day following the date of the ruling issued under clause (ii) of this subparagraph. If requested
9 within the designated period, the hearing will be initiated by the department and will be conducted in
10 accordance with Chapter 206, Subchapter D of this title (relating to Procedures in Contested Cases).
11 Assessment, cancellation, or revocation is abated unless and until affirmed or disaffirmed by order of the
12 Board of the Texas Department of Motor Vehicles or its designee.

13 (K) Reinstatement.

14 (i) The director or the director's designee will reinstate apportioned
15 registration to a previously canceled or revoked registrant if all applicable fees and assessments due on
16 the previously canceled or revoked apportioned account have been paid and the applicant provides proof
17 of an acceptable recordkeeping system for a period of no less than 60 days.

18 (ii) The application for the following registration year will be processed in
19 accordance with the provisions of the IRP.

20 (L) Denial of apportioned registration for safety reasons. The department will
21 comply with the requirements of the Performance and Registration Information Systems Management
22 program (PRISM) administered by the Federal Motor Carrier Safety Administration (FMCSA).

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1 (i) Denial or suspension of apportioned registration. Upon notification
2 from the FMCSA that a carrier has been placed out of service for safety violations, the department will:

- 3 (I) deny initial issuance of apportioned registration;
- 4 (II) deny authorization for a temporary cab card, as provided for
5 in subparagraph (M) of this paragraph;
- 6 (III) deny renewal of apportioned registration; or
- 7 (IV) suspend current apportioned registration.

8 (ii) Issuance after denial of registration or reinstatement of suspended
9 registration. The director or the director's designee will reinstate or accept an initial or renewal application
10 for apportioned registration from a registrant who was suspended or denied registration under clause (i)
11 of this subparagraph upon presentation of a Certificate of Compliance from FMCSA, in addition to all other
12 required documentation and payment of fees.

13 (M) Temporary cab card.

14 (i) Application. The department may authorize issuance of a temporary
15 cab card to a motor carrier with an established Texas apportioned account for a vehicle upon proper
16 submission of all required documentation, a completed application, and all fees for either:

- 17 (I) Texas title as prescribed by Transportation Code, Chapter 501
18 and Subchapter A of this chapter (relating to Motor Vehicle Titles); or
- 19 (II) registration receipt to evidence title for registration purposes
20 only (Registration Purposes Only) as provided for in Transportation Code, §501.029 and §217.24 of this
21 title (relating to Vehicle Last Registered in Another Jurisdiction).

22 (ii) Title application. A registrant who is applying for a Texas title as
23 provided for in clause (i)(I) of this subparagraph and is requesting authorization for a temporary cab card,

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1 must submit to a Regional Service Center a photocopy of the title application receipt issued by the county
2 tax assessor-collector's office.

3 (iii) Registration Purposes Only. A registrant who is applying for
4 Registration Purposes Only under clause (i)(II) of this subparagraph and is requesting authorization for a
5 temporary cab card, must submit an application and all additional original documents or copies of original
6 documents required by the director to a Regional Service Center.

7 (iv) Department approval. On department approval of the submitted
8 documents, the department will send notice to the registrant to finalize the transaction and make
9 payment of applicable registration fees.

10 (v) Finalization and payment of fees. To finalize the transaction and print
11 the temporary cab card, the registrant may compute the registration fees through the department's
12 apportioned registration software application, TxIRP system, and:

13 (I) make payment of the applicable registration fees to the
14 department as provided by §209.23 of this title; and

15 (II) afterwards, mail or deliver payment of the title application fee
16 in the form of a check, certified cashier's check, or money order payable to the county tax assessor-
17 collector in the registrant's county of residency and originals of all copied documents previously
18 submitted.

19 (vi) Deadline. The original documents and payment must be received by
20 the Regional Service Center within 72-hours after the time that the office notified the registrant of the
21 approval to print a temporary cab card as provided in clause (iv) of this subparagraph.

22 (vii) Failure to meet deadline. If the registrant fails to submit the original
23 documents and required payment within the time prescribed by clause (vi) of this subparagraph, the

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1 registrant's privilege to use this expedited process to obtain a temporary cab card will be denied by the
2 department for a period of six months from the date of approval to print the temporary cab card.

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

5 Issued at Austin, Texas, on M DD, YYYY.

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7
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Tracey Beaver, General Counsel

DRAFT



Board Meeting Date: 2/10/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Clint Thompson, Vehicle Titles & Registration Division Deputy Director
Agenda Item: 8
Subject: Chapter 217, Vehicle Titles and Registration
Amendments, §217.5 (Relating to Evidence of Motor Vehicle Ownership)

RECOMMENDATION

Approval to publish the proposed amended section in the *Texas Register*.

PURPOSE AND EXECUTIVE SUMMARY

The amendments to §217.5 expand the definition of evidence of ownership to provide an alternative to filing lawsuits to satisfy evidence of ownership requirements under Transportation Code §501.033(b) (relating to Assignment and Reassignment of Identification Number by Department). The proposed amendments will allow applicants applying for an identification number assignment or reassignment for a manufactured vehicle to use a surety bond under Transportation Code §501.053 as evidence of ownership for the limited purpose of the identification number assignment or reassignment. The amendment will align the process for manufactured vehicles with the process for assembled vehicles.

FINANCIAL IMPACT

There will be no fiscal impact to state or local governments as a result of the enforcement or administration of the proposal. The public benefits anticipated as a result of the proposal include providing applicants an option for eliminating currently required litigation costs related to providing evidence of ownership for identification number assignment or reassignment and issuance of title. Additionally, the amendment may result in better use of state resources by reducing the number of these types of cases on court dockets, where the department is generally represented by the Office of the Attorney General. There will be costs for persons who choose this proposed option, the cost to obtain a surety bond, but the choice to incur those costs is a business decision of the applicant.

BACKGROUND AND DISCUSSION

The proposed amendments to §217.5 are necessary to eliminate unnecessary costs and burdens on applicants for identification number assignments and reassignments, the department, the Office of the Attorney General, and the court system. The proposed changes will provide an alternative to obtaining a court order to use as evidence of ownership for a manufactured vehicle under Transportation Code §501.033.

Transportation Code §501.033 allows the department to assign or reassign an identification number to a vehicle, but the application must be accompanied by “valid evidence of ownership in the name of, or properly assigned to the applicant.” Applicants under §501.033 are required by Transportation Code §501.032 to obtain an identification number inspection to verify the identity of the motor vehicle, trailer or semitrailer, frame, body, or motor of a motor vehicle under Transportation Code §501.0321. In most cases where a new identification number is needed, the applicant does not have the title and is unable to work with the former owner to obtain a certified copy of title. In addition, there are instances when the identification number cannot be determined through an identification number inspection under Transportation Code §501.0321, so valid evidence of ownership cannot be connected to the vehicle.

Currently, applicants for title to a used vehicle who are unable to produce evidence of ownership allowed by §217.5(a)(2), in the form of a title issued by the department or by another state in which the motor vehicle was last titled, are able to obtain a title by filing a surety bond with the department under Transportation Code §501.053. An identification number is required on all titles issued by the department, under Transportation Code §501.021, so an individual attempting to file a surety bond with the department for a vehicle missing an identification number is unable to complete their title application.

Currently, applicants can meet this requirement via a court order establishing ownership of the vehicle, but the department’s experience has shown that requiring such court orders is impractical and imposes unnecessary costs on applicants, the department, and the court system.

- Applicants must pay filing fees, the cost of service of process, and possibly attorney's fees.
- The department and the Office of the Attorney General incur costs associated with defending the department across the state in cases where the department is not a proper party.
- The courts incur costs associated with the time it takes to handle these unfamiliar cases.

Owners of assembled vehicles that lack evidence of ownership and require an assigned or reassigned number can currently file a surety bond with the department as evidence of ownership to obtain an assigned or reassigned number. The department determined that a surety bond is also sufficient for manufactured vehicles, and assembled vehicles and manufactured vehicles should be treated the same from this perspective. In the event an interested person is damaged by the issuance of title to a motor vehicle, they will be protected under Transportation Code §501.053(c), which affords a right of action to recover on the bond. The proposed amendments will allow applicants with manufactured vehicles requiring an identification number to have a surety bond serve as evidence of ownership simultaneously with the assignment of an identification number and subsequently apply for title.

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PROPOSAL OF
CHAPTER 217. VEHICLE TITLES AND REGISTRATION
SUBCHAPTER A. MOTOR VEHICLE TITLES

43 TAC §217.5

INTRODUCTION. The Texas Department of Motor Vehicles (department) proposes amendments to Title 43 Texas Administrative Code, Subchapter A, §217.5 concerning motor vehicle titles. These amendments are necessary to expand the definition of evidence of ownership to provide an alternative to filing lawsuits to satisfy evidence of ownership requirements under Transportation Code §501.033(b). The proposed amendments will allow applicants applying for an identification number assignment or reassignment to use a surety bond under Transportation Code §501.053 as evidence of ownership for the purpose of the identification number assignment or reassignment.

EXPLANATION. The proposed amendments to §217.5 are necessary to eliminate unnecessary costs and burdens on applicants for identification number assignments and reassignments, the department, the Office of the Attorney General, and the court system. The proposed changes will provide an alternative to obtaining a court order to produce as evidence of ownership under Transportation Code §501.033. Currently, applicants for motor vehicle title to a used vehicle who are unable to produce evidence of ownership allowed by §217.5(a)(2), in the form of a title issued by the department or by another state in which the motor vehicle was last registered, are able to obtain a title by filing a surety bond with the department under Transportation Code §501.053. Applicants under §501.053 are required by Transportation Code §501.032 to obtain an identification number inspection, if the department does not have a motor vehicle record for the motor vehicle, trailer, or semi-trailer in the department's registration and title system. Identification number inspections are required to verify the identity of the motor vehicle,

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1 trailer or semi-trailer, frame, body, or motor of a motor vehicle under Transportation Code §501.0321.
2 This is usually done by the inspector verifying a vehicle identification number of the motor vehicle
3 inspected as well as the corresponding make and year of manufacture of the vehicle. However, in some
4 cases, most commonly in the cases of trailers or semi-trailers, an inspector may be unable to locate an
5 identification number for the vehicle—if the identification number has been removed, altered, or
6 obliterated; or if a permanent identification number was never assigned. Because an identification
7 number is required on all titles issued by the department under Transportation Code §501.021, the
8 applicant for title under §501.053 for a vehicle that is missing an identification number is unable to
9 complete their title application.

10 Transportation Code §501.033 allows the department to assign or reassign a vehicle identification
11 number upon application by the owner of the motor vehicle. Applications for assignment or reassignment
12 under §501.033(b) must be accompanied by “valid evidence of ownership in the name of, or properly
13 assigned to the applicant.” However, in most cases, the applicant does not have the title, and is unable
14 to work with the former record titleholder to obtain a certified copy.

15 To allow applicants to complete the identification number assignment or reassignment process
16 and then obtain title, the department has traditionally allowed a court order declaring that the applicant
17 is the owner of the vehicle to serve as "other evidence of ownership" under 43 Texas Administrative Code
18 §217.5(a)(2). This allows the applicant to have an identification number assigned or reassigned under
19 Transportation Code §501.033, so the vehicle will have the requirements for title.

20 The department’s experience has shown that requiring such court orders is impractical and
21 imposes unnecessary costs on applicants, the department, and the court system. To pursue a court order,
22 applicants must pay filing fees and the cost of service of process and may also incur costs associated with
23 legal representation. Many applicants pursuing litigation improperly name the department as a

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1 defendant, rather than naming the existing titleholder or handling the case as an In Rem action. This
2 requires that the department obtain representation from the Office of the Attorney General to raise
3 sovereign immunity defenses on its behalf in courts all across the state, as the legislature has not waived
4 sovereign immunity to sue the department in such cases. Additionally, these cases burden the courts with
5 handling an unfamiliar type of case where there is usually not a true dispute of ownership, and the
6 plaintiffs are not sure who they need to name as defendants.

7 The department has determined that a surety bond will eliminate these issues, while providing
8 adequate evidence of ownership. Interested person damaged by the issuance of title on a motor vehicle
9 will be protected under Transportation Code §501.053(c), which affords a right of action to recover on
10 the bond. The department’s proposed process will allow applicants with vehicles needing an identification
11 number to have a surety bond serve as evidence of ownership which will allow for the assignment of an
12 identification number and the issuance of title.

13
14 The amendment to §217.05(a)(3) redesignates the paragraph, replaces language describing the
15 inspection requirement under Transportation Code §501.032(a)(2) and the exemption from the
16 requirement for military members in Transportation Code §501.032(b), with references to
17 Transportation Code §501.032(a)(2) and §501.032(b). The changes are made to accurately conform with
18 the statute and prevent confusion if the statute is subsequently amended. The changes do not to
19 modify, the exemption to the identification member for military members and their immediate family,
20 but merely streamline the rule language with a citation to the statutory authority for the exemption.

21
22 **FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Glenna Bowman, Chief Financial Officer,
23 has determined that for each year of the first five years the amendments will be in effect, there will be no

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1 fiscal impact to state or local governments as a result of the enforcement or administration of the
2 proposal. Roland Luna, Sr., Director of the Vehicle Titles and Registration Division, has determined that
3 there will be no measurable effect on local employment or the local economy as a result of the proposal.
4

5 **PUBLIC BENEFIT AND COST NOTE.** Mr. Luna, Sr. has also determined that, for each year of the first five
6 years the amended section is in effect, there are several public benefits anticipated because applicants
7 for identification number assignment or reassignment who are unable to produce evidence of ownership
8 will not need to file a lawsuit and pursue a court order to be used as evidence of ownership.

9 Anticipated Public Benefits. The public benefits anticipated as a result of the proposal include
10 providing applicants an option for eliminating litigation costs related to providing evidence of ownership
11 for identification number assignment or reassignment and issuance of title. Additionally, the amendment
12 may result in better use of state resources by reducing court dockets.

13 Anticipated Costs To Comply With The Proposal. Mr. Luna, Sr. anticipates that the proposed
14 amendments do not create additional costs for persons required to comply with these rules, as the rules
15 are not mandatory, but provide an option for applicants seeking evidence of ownership through litigation.
16 There will be costs for persons who choose this option, the cost to obtain a surety bond, but the choice
17 to incur those costs is a business decision of the applicant. The cost of the bond will vary with the value
18 of the vehicle. The value of the surety bond must be one and one-half times the value of the vehicle, as
19 determined by 43 Texas Administrative Code §217.9. The costs of the bond is estimated to be two percent
20 of the value of the bond.

21 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** The cost analysis in the
22 Public Benefit and Cost Note section of this proposal has determined that proposed amendments will not
23 result in additional costs for applicants unable to produce evidence of ownership for purposes of

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1 identification number assignments or reassignment, including any small businesses, micro-businesses, or
2 rural communities. Therefore, the department is not required to prepare a regulatory flexibility analysis
3 under Government Code §2006.002.

4
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
10 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the
11 first five years the proposed amendments are in effect, no government program would be created or
12 eliminated. Implementation of the proposed amendments would not require the creation of new
13 employee positions or elimination of existing employee positions. Implementation would not require an
14 increase or decrease in future legislative appropriations to the department or an increase or decrease of
15 fees paid to the department. The proposed amendments expand an existing regulation by providing an
16 alternative type of evidence of ownership. Lastly, the proposed amendments do not affect the number
17 of individuals subject to the rule's applicability and will not affect this state's economy.

18
19 **REQUEST FOR PUBLIC COMMENT.** If you want to comment on the proposal, submit your written
20 comments by 5:00 p.m. CST on **MM, DD, YYYY**. A request for a public hearing must be sent separately
21 from your written comments. Send written comments or hearing requests by email to *rules@txdmv.gov*
22 or by mail to Office of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue,

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Proposed Sections

1 Austin, Texas 78731. If a hearing is held, the department will consider written comments and public
2 testimony presented at the hearing.

3

4 **STATUTORY AUTHORITY.** The department proposes amendments to §217.05 under Transportation Code
5 §501.0041 and §1002.001.

6 Transportation Code §501.0041 authorizes the department to adopt rules to administer Chapter
7 501.

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

10 **CROSS REFERENCE TO STATUTE.** Transportation Code §501.033 and §501.053.

11

SUBCHAPTER A. MOTOR VEHICLE TITLES

43 TAC §217.5

14 §217.5. Evidence of Motor Vehicle Ownership

15 (a) Evidence of motor vehicle ownership properly assigned to the applicant must accompany the title
16 application. Evidence must include, but is not limited to, the following documents.

17 (1) New motor vehicles. A manufacturer's certificate of origin assigned by the manufacturer or
18 the manufacturer's representative or distributor to the original purchaser is required for a new motor
19 vehicle that is sold or offered for sale.

20 (A) The manufacturer's certificate of origin must be in the form prescribed by the
21 department and must contain, at a minimum, the following information:

22 (i) motor vehicle description including, but not limited to, the motor vehicle year,
23 make, identification number, and body style;

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1 (ii) the empty or shipping weight;
2 (iii) the gross vehicle weight when the manufacturer's certificate of origin is
3 invoiced to a licensed Texas motor vehicle dealer and is issued for commercial motor vehicles as that term
4 is defined in Transportation Code, Chapter 502;

5 (iv) a statement identifying a motor vehicle designed by the manufacturer for off-
6 highway use only; and

7 (v) if the vehicle is a "neighborhood electric vehicle," a statement that the vehicle
8 meets Federal Motor Vehicle Safety Standard 500 (49 C.F.R. §571.500) for low-speed vehicles.

9 (B) When a motor vehicle manufactured in another country is sold directly to a person
10 other than a manufacturer's representative or distributor, the manufacturer's certificate of origin must
11 be assigned to the purchaser by the seller.

12 (2) Used motor vehicles. A title issued by the department, a title issued by another state if the
13 motor vehicle was last registered and titled in another state, or other evidence of ownership must be
14 relinquished in support of the title application for any used motor vehicle. A registration receipt is required
15 from a vehicle owner coming from a state that no longer titles vehicles after a certain period of time.

16 (3) Evidence of Ownership for Purpose of Identification Number Assignment of Reassignment. An
17 applicant for assignment or reassignment of an identification number under Transportation Code
18 §501.033 who is unable to produce evidence of ownership under this section, may file a bond with the
19 department in accordance with Transportation Code §501.053 and §217.9 of this title (relating to Bonded
20 Titles). The bond will serve as evidence of ownership for purposes of §501.033(b).

21 (4) [(3)] Motor vehicles brought into the United States. An application for title for a motor vehicle
22 last registered or titled in a foreign country must be supported by documents including, but not limited
23 to, the following:

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1 (A) the motor vehicle registration certificate or other verification issued by a foreign
2 country reflecting the name of the applicant as the motor vehicle owner, or reflecting that legal evidence
3 of ownership has been legally assigned to the applicant;

4 (B) the identification number inspection required under Transportation Code
5 §501.032(a)(2), except as provided in 501.032(b); and ~~[unless the applicant is an active-duty member of~~
6 ~~the U.S. Armed Forces or is from the immediate family of such a member returning to Texas with proof of~~
7 ~~the active-duty status of the family member, verification of the vehicle identification number of the~~
8 ~~vehicle, on a form prescribed by the department, executed by a member of:~~

- 9 _____ (i) the National Insurance Crime Bureau;
- 10 _____ (ii) the Federal Bureau of Investigation; or
- 11 _____ (iii) a law enforcement auto theft unit; and]

12 (C) for motor vehicles that are less than 25 years old, proof of compliance with United
13 States Department of Transportation (USDOT) regulations including, but not limited to, the following
14 documents:

15 (i) the original bond release letter with all attachments advising that the motor
16 vehicle meets federal motor vehicle safety requirements or a letter issued by the USDOT, National
17 Highway Traffic Safety Administration, verifying the issuance of the original bond release letter;

18 (ii) a legible copy of the motor vehicle importation form validated with an original
19 United States Customs stamp, date, and signature as filed with the USDOT confirming the exemption from
20 the bond release letter required in clause (i) of this subparagraph, or a copy thereof certified by United
21 States Customs;

22 (iii) a verification of motor vehicle inspection by United States Customs certified
23 on its letterhead and signed by its agent verifying that the motor vehicle complies with USDOT regulations;

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Proposed Sections

1 (iv) a written confirmation that a physical inspection of the safety certification
2 label has been made by the department and that the motor vehicle meets United States motor vehicle
3 safety standards;

4 (v) the original bond release letter, verification thereof, or written confirmation
5 from the previous state verifying that a bond release letter issued by the USDOT was relinquished to that
6 jurisdiction, if the non United States standard motor vehicle was last titled or registered in another state
7 for one year or less; or

8 (vi) verification from the vehicle manufacturer on its letterhead stationery.

9 (b) Alterations to documentation. An alteration to a registration receipt, title, manufacturer's certificate,
10 or other evidence of ownership constitutes a valid reason for the rejection of any transaction to which
11 altered evidence is attached.

12 (1) Altered lien information on any surrendered evidence of ownership requires a release from
13 the original lienholder or a statement from the proper authority of the state in which the lien originated.
14 The statement must verify the correct lien information.

15 (2) A strikeover that leaves any doubt about the legibility of any digit in any document will not be
16 accepted.

17 (3) A corrected manufacturer's certificate of origin will be required if the manufacturer's
18 certificate of origin contains an:

19 (A) incomplete or altered vehicle identification number;

20 (B) alteration or strikeover of the vehicle's model year;

21 (C) alteration or strikeover to the body style, or omitted body style on the manufacturer's
22 certificate of origin; or

23 (D) alteration or strikeover to the weight.

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1 (4) A Statement of Fact may be requested to explain errors, corrections, or conditions from which
2 doubt does or could arise concerning the legality of any instrument. A Statement of Fact will be required
3 in all cases:

4 (A) in which the date of sale on an assignment has been erased or altered in any manner;
5 or

6 (B) of alteration or erasure on a Dealer's Reassignment of Title.

7 (c) Rights of survivorship. A signed "rights of survivorship" agreement may be executed by a natural person
8 acting in an individual capacity in accordance with Transportation Code, §501.031.

9 (d) Identification required.

10 (1) An application for title is not acceptable unless the applicant presents a current photo
11 identification of the owner containing a unique identification number and expiration date. The
12 identification document must be a:

13 (A) driver's license or state identification certificate issued by a state or territory of the
14 United States;

15 (B) United States or foreign passport;

16 (C) United States military identification card;

17 (D) North Atlantic Treaty Organization identification or identification issued under a
18 Status of Forces Agreement;

19 (E) United States Department of Homeland Security, United States Citizenship and
20 Immigration Services, or United States Department of State identification document; or

21 (F) concealed handgun license or license to carry a handgun issued by the Texas
22 Department of Public Safety under Government Code, Chapter 411, Subchapter H.

23 (2) If the motor vehicle is titled in:

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- 1 (A) more than one name, then the identification of one owner must be presented;
- 2 (B) the name of a leasing company, then:
 - 3 (i) proof of the Federal Employer Identification Number/Employee Identification
 - 4 Number (FEIN/EIN) of the leasing company must be submitted, written on the application, and can be
 - 5 entered into the department's titling system. The number must correspond to the name of the leasing
 - 6 company in which the vehicle is being titled; and
 - 7 (ii) the leasing company may submit:
 - 8 (I) a government issued photo identification, required under paragraph
 - 9 (1) of this subsection, of the lessee listed as the registrant; or
 - 10 (II) a government issued photo identification, required under paragraph (1) of this
 - 11 subsection, of the employee or authorized agent who signed the application for the leasing company, and
 - 12 the employee's or authorized agent's employee identification, letter of authorization written on the
 - 13 lessor's letterhead, or a printed business card. The printed business card, employee identification, or letter
 - 14 of authorization written on the lessor's letterhead must contain the name of the lessor, and the
 - 15 employee's or authorized agent's name must match the name on the government issued photo
 - 16 identification;
 - 17 (C) the name of a trust, then a government issued photo identification, required under
 - 18 paragraph (1) of this subsection, of a trustee must be presented; or
 - 19 (D) the name of a business, government entity, or organization, then:
 - 20 (i) proof of the Federal Employer Identification Number/Employee Identification
 - 21 Number (FEIN/EIN) of the business, government entity, or organization must be submitted, written on the
 - 22 application, and can be entered into the department's titling system. The number must correspond to the
 - 23 name of the business, government entity, or organization in which the vehicle is being titled;

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1 (ii) the employee or authorized agent must present a government issued photo
2 identification, required under paragraph (1) of this subsection; and

3 (iii) the employee's or authorized agent's employee identification; letter of
4 authorization written on the business', government entity's, or organization's letterhead; or a printed
5 business card. The printed business card, employee identification, or letter of authorization written on
6 the business', government entity's, or organization's letterhead must contain the name of the business,
7 governmental entity, or organization, and the employee's or authorized agent's name must match the
8 name on the government issued photo identification.

9 (3) In addition to the requirements of paragraphs (1) and (2) of this subsection, if a power of
10 attorney is being used to apply for a title, then the applicant must show:

11 (A) identification, required under paragraph (1) of this subsection, matching the person
12 named as power of attorney; or

13 (B) identification, required under paragraph (1) of this subsection, and employee
14 identification or a printed business card or authorization written on the letterhead of the entity named as
15 power of attorney that matches the identification of the employee if the power of attorney names an
16 entity.

17 (4) Within this subchapter, "current" is defined as not to exceed 12 months after the expiration
18 date, except that a state-issued personal identification certificate issued to a qualifying person is
19 considered current if the identification states that it has no expiration.

20 (5) Within this subsection, an identification document such as a printed business card, letter of
21 authorization, or power of attorney, may be an original or a photocopy.

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Proposed Sections

1 (6) A person who holds a general distinguishing number issued under Transportation Code,
2 Chapter 503 or Occupations Code, Chapter 2301 is exempt from submitting to the county tax assessor-
3 collector, but must retain:

4 (A) the owner's identification, as required under paragraph (1) of this subsection; and

5 (B) authorization to sign, as required under paragraph (2) of this subsection.

6 (7) A person who holds a general distinguishing number issued under Transportation Code,
7 Chapter 503 or Occupations Code, Chapter 2301, is not required to submit photo identification or
8 authorization for an employee or agent signing a title assignment with a secure power of attorney.

9
10 **CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be
11 within the state agency’s legal authority to adopt.

12 Issued at Austin, Texas, on **M DD, YYYY.**

13

14

15

/s/ Tracey Beaver
Tracey Beaver, General Counsel



Board Meeting Date: 2/10/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Clint Thompson, Vehicle Titles & Registration Division Deputy Director
Agenda Item: 9
Subject: Chapter 217, Vehicle Titles and Registration
Amendments, §217.9 (Relating to Bonded Titles)

RECOMMENDATION

Approval to publish the proposed amended section in the *Texas Register*.

PURPOSE AND EXECUTIVE SUMMARY

The amendments to §217.9 clarify portions of the rule, remove duplicative information, and create an alternative to an appraisal for owners of trailers and semitrailers, which is intended to reduce costs to applicants. The amendments clarify that the existing resource to determine the value of a motor vehicle to establish the bond amount is the standard presumptive value under existing Tax Code §152.0412. The amendments also provide an appraisal as an option for a person to establish the value of a motor vehicle that is 25 years or older for purposes of applying for a bond.

FINANCIAL IMPACT

There will be no fiscal impact to state or local governments as a result of the enforcement or administration of the proposal.

BACKGROUND AND DISCUSSION

The proposed amendments are necessary to clarify that the existing resource used by the department to determine the value of a motor vehicle to establish the bond amount is the standard presumptive value under existing Tax Code §152.0412. Amendments to §217.9(c) also provide an additional option for a person to establish the value of a motor vehicle that is 25 years or older for purposes of applying for a bond. These amendments are necessary to ensure a person has the ability to use a resource that accurately reflects the value of their motor vehicle in its current condition. The option to use an appraisal instead of a national reference guide is at the person's discretion at the time of application for bond. The amendments also create an alternative to an appraisal for owners of trailers and semitrailers, which is intended to reduce costs to applicants. Additionally, the amendments remove unnecessary duplicative language and substitute the term "notice of determination" for "rejection letter" to better align with current department terminology and practices.

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Proposed Sections

1 Nonsubstantive changes include amending subsection (e) to delete an unnecessary duplicative
2 provision, substituting “notice for determination” for “rejection letter,” to better align with current
3 department terminology and practices.

4 Additionally, the rules are being reviewed in compliance with Texas Government Code §2001.039
5 which requires agencies to review rules every four years and readopt, readopt with amendments, or
6 repeal.

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

11 Roland Luna, Sr., Director of the Vehicle Titles and Registration Division, has determined that there will
12 be no measurable effect on local employment or the local economy as a result of the proposal.

13 **PUBLIC BENEFIT AND COST NOTE.** Mr. Luna, Sr. has also determined that, for each year of the first five
14 years amended section is in effect, there are several anticipated public benefits.

15 **Anticipated Public Benefits.** The public benefits anticipated as a result of the proposal include clarifying
16 the resources available for a person to use in determining value of a motor vehicle for purposes of applying
17 for a bond, as well as providing persons with additional resources to determine the value of a motor
18 vehicle more accurately for purposes of applying for a bond.

19 **Anticipated Costs To Comply With The Proposal.** Mr. Luna, Sr. anticipates that there will be no
20 costs to comply with these rules.

21 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by Government
22 Code, §2006.002, the department has determined that the proposed amendments will not have an
23 adverse economic effect on small businesses, micro-businesses, and rural communities. Therefore, the

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1 department is not required to prepare a regulatory flexibility analysis under Government Code,
2 §2006.002.

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

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

15 **REQUEST FOR PUBLIC COMMENT.**

16 If you want to comment on the proposal, submit your written comments by 5:00 p.m. CST on **MM, DD,**
17 **YYYY.** A request for a public hearing must be sent separately from your written comments. Send written
18 comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office of General Counsel, Texas
19 Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the
20 department will consider written comments and public testimony presented at the hearing.

21 **STATUTORY AUTHORITY.** The department proposes amendments to §§223.1 - 223.3 under
22 Transportation Code §1002.001 that authorizes the board to adopt rules that are necessary and
23 appropriate to implement the powers and the duties of the department.

TITLE 43. TRANSPORTATION
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Proposed Sections

1 **CROSS REFERENCE TO STATUTE.**

2

3

TEXT.

4

SUBCHAPTER A. MOTOR VEHICLE TITLES

5

43 TAC §217.9

6 §217.9. Bonded Titles

7 (a) Who may file. A person who has an interest in a motor vehicle to which the department has refused
8 to issue a title or has suspended or revoked a title may request issuance of a title from the department
9 on a prescribed form if the vehicle is in the possession of the applicant; and

10 (1) there is a record that indicates a lien that is less than ten years old and the surety bonding
11 company ensures lien satisfaction or release of lien;

12 (2) there is a record that indicates there is not a lien or the lien is ten or more years old; or

13 (3) the department has no previous motor vehicle record.

14 (b) Administrative fee. The applicant must pay the department a \$15 administrative fee in addition to any
15 other required fees.

16 (c) Value. The amount of the bond must be equal to one and one-half times the value of the vehicle as
17 determined under Tax Code §152.0412 regarding [using the] Standard Presumptive Value (SPV) [from the
18 department's Internet website]. If the SPV is not available, then a national reference guide will be used. If
19 the value cannot be determined by the department through either source, then the person may obtain
20 an appraisal. If a motor vehicle is 25 years or older, a person may obtain an appraisal to determine the
21 value instead of using a national reference guide.

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1 (1) The appraisal must be on a form specified by the department from a Texas licensed motor
2 vehicle dealer for the categories of motor vehicles that the dealer is licensed to sell or a Texas licensed
3 insurance adjuster who may appraise any type of motor vehicle.

4 (2) The appraisal must be dated and be submitted to the department within 30 days of the
5 appraisal.

6 (3) If the motor vehicle 25 years or older and the appraised value of the vehicle is less than \$4,000,
7 the bond amount will be established from a value of \$4,000.

8 (4) If the motor vehicle is a trailer or semi-trailer, the person may, as an alternative to an appraisal,
9 have the bond amount established from a value of:

10 (A) \$4,000, if under 20 feet in length, or

11 (B) \$7,000, if 20 or more feet in length.

12 (d) Vehicle identification number inspection. If the department has no motor vehicle record for the
13 vehicle, the vehicle identification number must be verified by an inspection under Transportation Code
14 §501.0321 [a Texas licensed Safety Inspection Station or a law enforcement officer who holds an auto
15 theft certification].

16 (e) Required documentation. An applicant may apply for a bonded title if the applicant submits:

17 ~~[(1) verification of the vehicle identification number on a form specified by the department;]~~

18 (1) [(2)] any evidence of ownership;

19 (2) [(3)] the original bond within 30 days of issuance;

20 (3) [(4)] the notice of determination [rejection letter] within one year of issuance and the receipt
21 for \$15 paid to the department;

22 (4) [(5)] the documentation determining the value of the vehicle;

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1 (5) [(6)] proof of the vehicle identification number inspection, as described in subsection (d) of
2 this section, if the department has no motor vehicle record for the vehicle;

3 [(7) a weight certificate if there is no title or the vehicle is an out-of-state commercial vehicle;]

4 (6) [(8)] a certification of lien satisfaction by the surety bonding company, or a release of lien, if
5 the notice of determination [rejection] letter states that there may be a lien less than ten years old; and

6 (7) [(9)] any other required documentation and fees.

7 (f) Report of Judgment. The bond must require that the surety report payment of any judgment to the
8 department within 30 days.

9 **CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be
10 within the state agency’s legal authority to adopt.

11 Issued at Austin, Texas, on M DD, YYYY.

12

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14

/s/ Tracey Beaver
Tracey Beaver, General Counsel



Board Meeting Date: 2/10/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Roland D. Luna, Sr., Vehicle Titles & Registration Division Director
Agenda Item: 10
Subject: Specialty Plate Designs

RECOMMENDATION

The Vehicle Titles and Registration Division (VTR) seeks board approval or denial of three plate designs submitted for your consideration. Each plate design is from the marketing vendor, My Plates.

PURPOSE AND EXECUTIVE SUMMARY

The Classic Black-Silver plate, Classic Blue-Silver plate and Classic Pink-Silver plate are new plate designs and have never been sold before.

FINANCIAL IMPACT

Costs incurred by the department related to the My Plates program and an \$8 administrative fee per plate are recouped from the My Plates vendor. Revenue generated from the sale of vendor specialty license plates is split between the state (General Revenue Fund) and My Plates. The details of the revenue splits can be found in Section IV (State/Contractor Revenue Sharing) of the Specialty License Plate Marketing (SLPM) contract.

BACKGROUND AND DISCUSSION

Statutory authority for the board to approve vendor specialty license plates and invite the public's comment on proposed vendor plate designs are in Texas Transportation Code §504.851(g) and (g-1)(1). Statutory authority for a sponsor of a specialty license plate under Texas Transportation Code Chapter 504, Subchapter J, to contract with the private vendor authorized under Texas Transportation Code §504.851 for the marketing and sale of the specialty license plate is in Texas Transportation Code §504.6011. Statutory authority for the board to approve non-profit organization specialty license plates and invite the public's comment on proposed plate designs are in Texas Transportation Code §504.801. The board's approval criteria are clarified in Texas Administrative Code §217.45 Specialty License Plates, Symbols, Tabs, and Other Devices, and §217.52 Marketing of Specialty License Plates through a Private Vendor.

The vendor contract (Statement of Work paragraph #2, Marketing Services) specifies that following the board's contingent approval of a plate, the vendor must get at least 200 commitments within six months of the approval for a plate to be produced (*existing* plates must also maintain 200 registrations to stay in the program). My Plates' procedure is to first offer a plate to the public to register their interest. Following the board's contingent approval, My Plates then offers a plate online for prepaid orders and confirms when 200 prepaid orders are achieved.

TxDMV's procedure is to invite comments on all proposed plates ahead of the board's review. The department's intent is to determine if there are any unforeseen public concerns about a plate design. The department publishes a 10-day



“like/dislike/comment-by-email” survey, called an eView, on its website. Although the survey counts the public’s “likes” and “dislikes,” it is unscientific and not used as an indicator of a plate’s popularity.

The Classic Black-Silver, Classic Blue-Silver and Classic Pink-Silver plates were presented to the public in a December 2021 eView. No negative comments were received. The count of the public’s “like/dislikes” are noted below with each design.

Classic Black-Silver	NEW PLATE DESIGN
665 people liked this design and 70 did not	
Classic Blue-Silver	NEW PLATE DESIGN
517 people liked this design and 105 did not	
Classic Pink-Silver	NEW PLATE DESIGN
348 people liked this design and 307 did not	



Classic Black-Silver (New)





Classic Blue-Silver (New)





Classic Pink-Silver (New)



TEXAS SPECIALTY PLATE BUSINESS

Vehicle Titles and
Registration Division
Special Plates Unit (5FTEs) 01/22

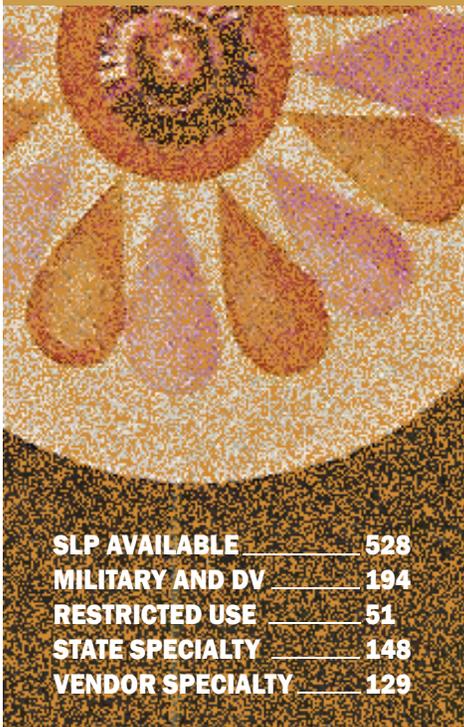


VTR Director
Roland D. Luna, Sr.

FEB. 2022



New Specialty Plates for the New Year



SLP AVAILABLE _____ **528**
MILITARY AND DV _____ **194**
RESTRICTED USE _____ **51**
STATE SPECIALTY _____ **148**
VENDOR SPECIALTY _____ **129**



CHARITY

	LINKED	UNLINKED	TOTAL
1. ANIMAL FRIENDLY	7,913	290	8,203
2. CONSERVATION: HORNED LIZARD	6,585	242	6,827
3. STATE OF THE ARTS	4,979	164	5,143
4. CONSERVATION: BLUEBONNET	4,652	189	4,841
5. CONSERVATION: WHITE-TAILED DEER	3,264	159	3,423
6. TEXAS A & M UNIVERSITY	2,429	50	2,479
7. BIG BEND	2,079	109	2,188
8. CONSERVATION: LARGE MOUTH BASS	1,936	126	2,062
9. CONSERVATION: CAMPING	1,932	136	2,068
10. NATIVE TEXAN	1,836	86	1,922



VENDOR

	LINKED	UNLINKED	TOTAL
1. CLASSIC BLACK	48,592	9,599	58,191
2. LARGE STAR WHITE/BLACK	39,520	7,852	47,372
3. TEXAS BLACK 1845	17,128	4,342	21,470
4. LONE STAR BLACK	12,343	3,385	15,728
5. CARBON FIBER	9,248	1,515	10,763
6. LONE STAR BLK/SILV	4,191	1,252	5,443
7. LONESTAR 1836	4,104	906	5,010
8. TEXAS VINTAGE BLACK	4,055	836	4,891
9. A&M (MAROON)	3,883	619	4,502
10. WHITE	3,578	809	4,387

**TOP
10**



MILITARY

	LINKED	UNLINKED	TOTAL
1. DISABLED VETERAN	206,402	5,171	211,573
2. DV U.S. ARMY	47,508	1,095	48,603
3. DV U.S. MARINE CORPS	24,947	618	25,565
4. DV U.S. AIR FORCE	21,022	478	21,500
5. DV U.S. NAVY	18,376	420	18,796
6. PURPLE HEART	13,969	375	14,344
7. DV BRONZE STAR MEDAL	13,422	289	13,711
8. U.S. MARINE CORPS	12,227	474	12,701
9. MERITORIOUS SERVICE MEDAL	11,800	494	12,294
10. U.S. ARMY	10,590	482	11,072

SPECIAL PLATES UNIT CUSTOMER SERVICE FY 2022

28,354

Personalized Plate
Applications Reviewed
(12% Declined)

9,144

Telephone Calls

18

Walk-in
Customers

5,606

Emails

1,613

Refunds

18

Public Information
Open Records

1,440

Correspondence
(Including Plate
Applications)



Board Meeting Date: 2/10/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Keith Yawn, Government & Strategic Communications Division Director
Agenda Item: 11.A
Subject: Briefing on Legislative Implementations

RECOMMENDATION

Briefing Only

PURPOSE AND EXECUTIVE SUMMARY

Provide status updates on the implementation of recent legislation. Updates provided during this meeting will focus on completed implementations, the availability of newly authorized specialty license plates, and in-progress implementations related to legislation nearing completion.

FINANCIAL IMPACT

No financial impact.

BACKGROUND AND DISCUSSION

The Government and Strategic Communications (GSC) Division is tracking the status of 27 pieces of legislation with direct impact or effect on TxDMV, passed during the 87th Texas Legislative Session. The department has completed implementation for 16 of the bills, 9 of the bills are in progress, and 2 of the bills are on hold for reasons outside TxDMV control.

A summary of each bill and its status is included in the following agenda item materials.

Texas Department of Motor Vehicles

Summary of 87th Regular Session Legislative Implementation Activity

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| 5. House Bill 1863 (Bucy) | Make-A-Wish Specialty Plate |
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| 10. House Bill 2879 (Landgraf) | Heavy Vehicle Mechanics Lien Notice |
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Legislation Implementation Summary

Bill Number: House Bill 139

Session: 87R

Bill Author: Representative Brad Buckley

Bill Sponsor: Senator Beverly Powell

Committees: House Defense & Veteran Affairs, Senate Veteran Affairs & Border Security

Effective Date: September 1, 2021

Caption: Relating to state occupational licensing of certain military veterans and military spouses.

Summary: The bill makes minor adjustments to the state agency occupational licensing provisions for military members, spouses, and veterans. The definition of armed forces includes space force. Optional rulemaking for alternative licensing methods for such applicants with equivalent licensure in another state can include giving credit for education and experience. If an agency has a residency requirement for licensing, then rules must be adopted regarding proof of residency for a military spouse applicant. These rules must allow permanent change of station order for the military service member to whom the spouse is married be acceptable proof.

Implementation Status: No operational changes necessary as occupational licensing does not have a residency requirement. Out-of-state dealers will also have the dealer education requirement waived. A Board rule update may be needed to allow for a waiver. Review of potential rulemaking requirements is underway. Current rules can be found in 43 Tex. Admin. Code § 215.83 and § 221.17.

Legislation Implementation Summary

Bill Number: House Bill 912

Session: 87R

Bill Author: Representative Philip Cortez

Bill Sponsor: Senator Jose Menéndez

Committees: House Defense & Veterans' Affairs, Senate Veteran Affairs & Border Security

Effective Date: September 1, 2021

Caption: Relating to the issuance of specialty license plates for recipients of the Borinqueneers Congressional Gold Medal.

Summary: Requires the department to issue specialty license plates for recipients of the Borinqueneers Congressional Gold Medal. The plate is also available with the disabled veteran designation. These plates do not require a deposit to be paid to the department. The first set of license plates issued to a customer is exempt from registration fees.

Implementation Status: Fully implemented. License plates are available as of December 20, 2021.

Legislation Implementation Summary

Bill Number: House Bill 1081

Session: 87R

Bill Author: Representative John Kuempel

Bill Sponsor: Senator Judith Zaffirini

Committees: House Defense & Veterans' Affairs, Senate Transportation

Effective Date: September 1, 2021

Caption: Relating to the issuance of specialty license plates to honor recipients of the Presidential Service Badge.

Summary: Requires the department to issue specialty license plates for recipients of the Presidential Service Badge. This plate is also available with the disabled veteran designation. These plates do not require a deposit to be paid to the department to begin production.

Implementation Status: Fully implemented. License plates are available as of December 20, 2021.

Legislation Implementation Summary

Bill Number: House Bill 1698

Session: 87R

Bill Author: Representative John Raney

Bill Sponsor: Senator Charles Schwertner

Committees: House Transportation, Senate Transportation

Effective Date: September 1, 2021

Caption: Relating to authorizing an optional county fee on vehicle registration in certain counties to be used for transportation projects.

Summary: Authorizes Brazos County to establish a fee of up to \$10 to be collected at the time of a vehicle registration. The fee is for the benefit of the local regional mobility authority to fund long-term transportation projects and must be approved by voters in a local referendum.

Implementation Status: Brazos County is not currently collecting this fee. Should the county notify the department they intend to collect the fee, TxDMV will need to program the Registration and Title System (RTS) accordingly. The local referendum and county implementation process allows for adequate time for the department to make these programming changes.

Legislation Implementation Summary

Bill Number: House Bill 1863

Session: 87R

Bill Author: Representative John Bucy

Bill Sponsor: Senator Jose Menéndez

Committees: House Transportation, Senate Transportation

Effective Date: September 1, 2021

Caption: Relating to the issuance of Make-A-Wish specialty license plates.

Summary: Requires TxDMV to issue specialty license plates that include the words “Make-A-Wish” and the Make-A-Wish logo. Design of the plate is required to be in consultation with the Central and South chapters of the Make-A-Wish organization. Fees collected from sale of the plate in excess of TxDMV administrative costs are credited to a dedicated account to be used by the Health and Human Services Commission to make grants to non-profit organizations providing services to children diagnosed with critical illness.

Implementation Status: Fully implemented. Make-A-Wish specialty license plates were available for sale beginning December 20, 2021.

Legislation Implementation Summary

Bill Number: House Bill 1936

Session: 87R

Bill Author: Representative John Bucy

Bill Sponsor: Senator Charles Schwertner

Committees: House Defense & Veterans' Affairs, Senate Administration

Effective Date: September 1, 2021

Caption: Relating to the issuance of specialty license plates to honor members of the United States Army Special Forces.

Summary: Requires the department to issue specialty license plates for persons who serve or have served in the armed services and have earned United States Army Special Forces qualifications. These plates do not require a deposit to be paid to the department to begin production.

Implementation Status: Fully implemented. License plates are available as of December 20, 2021.

Legislation Implementation Summary

Bill Number: House Bill 2633

Session: 87R

Bill Author: Representative Ann Johnson

Bill Sponsor: Senator Joan Huffman

Committees: House Human Services, Senate Health & Human Services

Effective Date: September 1, 2021

Caption: Relating to resources provided to human trafficking victims and the establishment of the trafficked persons grant program.

Summary: The bill requires the department to produce specialty license plates to support the trafficked persons program administered by the Texas Health and Human Services Commission. After deduction of the department's costs, the remainder of the license plate fee is deposited to the trafficked persons program fund. An \$8,000 deposit is required to produce the plate. The department is required to design the plate in consultation with an unnamed human trafficking organization.

The bill also requires the department to direct a person to the opportunity to donate to the trafficked persons program fund during vehicle registration or renewal.

Implementation Status: Partially implemented. TxDMV has not received the required deposit to begin the process of producing the authorized license plate.

A link to donate to the fund is available on the department website. This will also be present in IVTRS upon deployment of release 12.0, scheduled for February 2022. Donation ability is also expected to be available in Texas by Texas at that time.

Legislation Implementation Summary

Bill Number: House Bill 2879

Session: 87R

Bill Author: Representative Brooks Landgraf

Bill Sponsor: Sen. Kel Seliger

Committees: House Business and Industry, Senate Business and Commerce

Effective Date: September 1, 2021

Caption: Relating to notice required in connection with possessory liens on certain motor vehicles.

Summary: Creates a new option for mechanics to place a possessory lien on a motor vehicle when payment is not made for repairs. Mechanics can now file a copy of the required notice with the county tax assessor-collector no later than the 30th day before the proposed date of the vehicle sale or disposition. The bill maintains an existing process allowing a mechanic to file a notice with a county tax assessor-collector within 30 days of the completion of repairs.

Implementation Status: Implemented on September 1, 2021, with department updates to the Title Manual (Chapter 23), Mechanic's Lien Foreclosure (Form VTR-265-M) and the Mechanic's Lien Procedures Flowchart. County tax assessor-collectors have been notified of the provisions of the bill and external education efforts are ongoing.

Legislation Implementation Summary

Bill Number: House Bill 3401

Session: 87R

Bill Author: Representative Four Price

Bill Sponsor: Senator César Blanco

Committees: House Defense & Veterans' Affairs, Senate Transportation

Effective Date: September 1, 2021

Caption: Relating to the issuance of specialty license plates to honor members of the United States Navy SEALs.

Summary: Requires the department to issue specialty license plates for members of the armed forces who have been awarded the Special Warfare Insignia. This plate does not require a deposit to be paid to the department to begin production.

Implementation Status: Not implemented. The United States Navy did not approve the department's use of the Special Warfare Insignia and the words "Navy SEALs" to produce the intended plate. As a matter of standard policy, the US Navy does not permit any entity or state to use the Navy SEALs trademark.

Legislation Implementation Summary

Bill Number: House Bill 3514

Session: 87R

Bill Author: Representative Terry Canales

Bill Sponsor: Senator Kel Seliger

Committees: House Transportation, Senate Transportation

Effective Date: September 1, 2021

Caption: Relating to the functions of the Texas Department of Motor Vehicles; authorizing a penalty.

Summary: Items in this bill were recommendations made by the TxDMV Board to update statutes and improve a variety of department operations. Outdated references to “Motor Vehicle Board” and to how final orders are issued in Lemon Law cases were updated. Also related to Lemon Law, a Public Information Act exception for active cases was reinstated, and more flexibility was allowed for conducting re-hearings. Counties and the department were given more flexibility in cases of a dealer not filing their inventory tax declarations. The bill contained wording clean-ups to a section of code that contained conflicting language regarding dealer hearing procedures. Motor Vehicle Crime Prevention Authority (MVCPA) related updates removed an outdated Texas Department of Transportation reporting requirement and aligned statute with longstanding fee refund and Comptroller collection practices. Also, MVCPA expenses related to improving fee collection efforts were excluded from administrative expense limits.

Implementation Status: No operational implementation was needed since the changes were conforming or optional in nature. Minor administrative rules updates are required for Lemon Law re-hearings. Development of these rules is underway and will be proposed later in the year, possibly by April 2022.

Legislation Implementation Summary

Bill Number: House Bill 3533

Session: 87R

Bill Author: Representative Armando Martinez

Bill Sponsor: Senator Kel Seliger

Committees: House Transportation, Senate Transportation

Effective Date: September 1, 2021

Caption: Relating to the security requirement for the issuance or renewal of a motor vehicle dealer general distinguishing number or a wholesale motor vehicle auction general distinguishing number.

Summary: Items in this bill were recommendations made by the Board to improve consumer protections in instances when a dealer goes out of business. The amount of the surety bond required of independent motor vehicle dealers increased from \$25,000 to \$50,000. Also, to ensure customers are informed, dealers must post notice of the bond adjacent to where their dealer license is posted, and the department's website must include information on filing claims on the bond.

Implementation Status:

Programming to the eLICENSING system to replace "\$25,000" with "\$50,000" on the bond detail page of the GDN license record was completed September 2, 2021. Changes and additional language were added to the department's website as specifically required in the bill and updates have been made to various publications on the website such as the User Guide for Independent GDN Licenses and an update for the Dealers, Important Updates page, Sample MV Dealer Surety Bond. Notice of the new bond amount and the effective date was distributed to GDN holders Aug 10, 2021.

Minor updates to administrative rules required to conform bond requirements with statute are under development and are expected to be proposed in the coming months.

Legislation Implementation Summary

Bill Number: House Bill 3927

Session: 87R

Bill Author: Representative Cole Hefner

Bill Sponsor: Senator Robert Nichols

Committees: House Transportation, Senate Transportation

Effective Date: September 1, 2021

Caption: Relating to certain temporary motor vehicle tags.

Summary: The bill made numerous changes to the temporary tag program. The items that were recommendations of the Board were to remove a requirement that a specific departmental division manage the tag system and to allow the department to set the maximum number of tags a dealer can issue through the system. The maximum number must take into consideration the dealer's or converter's time in operation, sales data, expected growth, expected changes in the dealer's or converter's market, and temporary conditions that may affect sales by the dealer or converter. A dealer or converter may request additional temporary tags by demonstrating a need resulting from business operations.

The bill also included other items not specifically recommended by the Board. The department must monitor the number of temporary tags obtained by a dealer or converter. If the department determines that a dealer or converter is fraudulently obtaining temporary tags from the system, the department may, after giving notice, deny a dealer or converter access to the system. A dealer or converter denied access may request a hearing on the denial. A buyer's temporary tag may be issued without a state inspection to a vehicle bought by a non-Texas resident and not located or to be titled and registered in the state, or that is bought at a public auction and is an antique vehicle or certain type of special interest vehicle. The bill clarified that a vehicle may not be operated with a temporary tag in violation of state law and removed outdated statutory language related to businesses that print or distribute temporary tags.

Implementation Status: In December 2021, the Motor Vehicle Industry Regulation and Advisory Committee (MVIAC) reviewed public comments to the proposed administrative code rules implementing HB 3927. The TxDMV Board considered the proposed rules, including input by the advisory committee, on January 27, 2022. Computer systems and related licensing and enforcement processes within TxDMV are undergoing changes and upgrades to ensure the rules are implemented as intended upon adoption. Additionally, department staff continue to work with agency stakeholders to identify additional regulatory activities available under existing state law to further prevent the production or distribution of fraudulent temporary tags in the near term.

Legislation Implementation Summary

Bill Number: House Bill 4080

Session: 87R

Bill Author: Representative Jacey Jetton

Bill Sponsor: Senator Judith Zaffirini

Committees: House Transportation, Senate Transportation

Effective Date: September 1, 2021

Caption: Relating to issuance of autism awareness specialty license plates.

Summary: Requires the department to issue specialty license plates for autism awareness. A deposit is required to produce this plate. After deduction of the department's costs, the remainder of the license plate fee is deposited for use by the governor's trustee programs to make grants to an organization that promotes autism awareness.

Implementation Status: Fully implemented. Plates are available as of December 20, 2021.

Legislation Implementation Summary

Bill Number: House Bill 4472

Session: 87R

Bill Author: Representative Brooks Landgraf

Bill Sponsor: Sen. Brian Birdwell

Committees: House Environmental Regulation, Senate Natural Resources and Economic Development

Effective Date: September 1, 2021

Caption: Relating to the Texas emissions reduction plan fund and account.

Summary: The bill amends portions of Transportation Code governing vehicle titles and redirects the deposit of certain vehicle title fees from the Texas Mobility Fund (TMF) to the Texas Emissions Reduction Plan (TERP) fund. As part of the larger bill, this change results in transfers of like amounts from the State Highway Fund (SHF) to TMF as opposed to those amounts being transferred from the SHF to TERP as they were previously. The bill also provides for the possible future redirection of these funds after applicable air quality standards are attained.

Implementation Status: Necessary programming for the Registration and Title System (RTS) was completed on August 11, 2021 and released on August 27, 2021. Associated updates to the Title Manual (Chapter 3) were made available on October 15, 2021.

Legislation Implementation Summary

Bill Number: Senate Bill 791

Session: 87R

Bill Author: Senator Donna Campbell

Bill Sponsor: Representative Matt Schaefer

Committees: Senate Veteran Affairs & Border Security, House Defense & Veterans' Affairs

Effective Date: September 1, 2021

Caption: Relating to the issuance of specialty license plates to United States Navy submariners.

Summary: Requires the department to issue specialty license plates for persons who served on a submarine while in the United States Navy, including plates with the disabled veteran designation. These plates do not require a deposit to be paid to the department to begin production.

Implementation Status: Fully implemented. License plates are available as of December 20, 2021.

Legislation Implementation Summary

Bill Number: Senate Bill 792

Session: 87R

Bill Author: Senator Donna Campbell

Bill Sponsor: Rep. Philip Cortez

Committees: Senate Veteran Affairs and Border Security, House Defense and Veterans' Affairs

Effective Date: January 1, 2022

Caption: Relating to specialty license plates and parking placards for vehicles of certain disabled veterans.

Summary: Requires vehicles to display the International Symbol of Access (ISA) on a license plate or placard when using disabled parking and allows those eligible to receive Disabled Veteran (DV) plates to elect to have those plates also feature the ISA when the applicant meets eligibility requirements set by Texas Transportation Code 504.201 (e.g. mobility impairment). Previously, vehicles displaying DV plates did not also need to display the ISA to access disabled parking. Adoption of associated rules was also required.

Implementation Status: TxDMV adopted required administrative rules for these change prior to December 1, 2021 bill dead line. The bill was fully implemented as of January 1, 2022, with department updates to the Registration Manual (Chapter 3), Application for Disabled Veteran License Plates and/or Parking Placards (Form VTR-615), Application for Persons with Disabilities Parking Placard and/or License Plate (Form VTR 214), the Disabled Veteran Military Plate Guide and brochure, TxDMV.gov and associated programming for the Registration and Title System (RTS). Communications on these changes were initially released by TxDMV to county tax assessor-collectors, law enforcement and other stakeholders in August 2021 and repeated in December 2021, with follow-up media engagement and interviews during January 2022 to further support public education and awareness.

Legislation Implementation Summary

Bill Number: Senate Bill 795

Session: 87R

Bill Author: Senator Donna Campbell

Bill Sponsor: Rep. Brisco Cain

Committees: Senate Veteran Affairs and Border Security, House Defense and Veterans' Affairs

Effective Date: September 1, 2021

Caption: Relating to an exemption from the requirement that the title of a state agency be printed on state-owned motor vehicles.

Summary: Adds the Texas Military Department to a list of state agencies that can exempt themselves from the *inscription requirement*, whereby "Texas" and the name of the state agency must be displayed on the side of state-owned vehicles.

Implementation Status: Fully implemented as of September 1, 2021 with department updates to the Registration Manual (Chapter 6) and associated content on TxDMV.gov. County tax assessor-collectors and law enforcement have also been notified of the provisions of this bill.

Legislation Implementation Summary

Bill Number: Senate Bill 876

Session: 87R

Bill Author: Senator Kelly Hancock

Bill Sponsor: Rep. Ed Thompson

Committees: Senate Business and Commerce, House Transportation

Effective Date: March 1, 2022

Caption: Relating to the county in which a person may apply for the registration of and title for a motor vehicle.

Summary: Allows customers to apply for title or registration, including extended fleet registration, with any county tax assessor-collector who is willing to accept the application. The bill also eliminates a portion of code that required the department to develop and maintain a form or electronic process by which the purchaser can designate the county to which the dealer will submit application for title and registration; a dealer is no longer required to make the form or process available to the purchaser at the time of sale.

Implementation Status: In September 2021, the TxDMV Customer Service Advisory Committee met to discuss the implementation plan for SB 876 and consider the potential impact to stakeholders, programming enhancements, and functionality of the Registration and Title System. Associated administrative rules were published November 12, 2021, and the TxDMV Board will consider adoption of the proposed rules during the February 2022 meeting. Efforts to make associated updates to department systems, manuals, etc. are currently underway to implement the bill by the March 1, 2022 effective date.

Legislation Implementation Summary

Bill Number: Senate Bill 1064

Session: 87R

Bill Author: Senator Carol Alvarado

Bill Sponsor: Representative Mike Schofield

Committees: Senate Transportation, House Transportation

Effective Date: September 1, 2021

Caption: Relating to the extended registration of certain county fleet vehicles.

Summary: The bill allows a county with a population of at least 3.3 million to register the vehicles it owns and exclusively uses (now known as an “exempt county fleet”) for up to eight years at a time. At this time, the provisions would apply only to Harris County. Existing inspection requirements in statute continue to apply to an exempt county fleet, and TxDMV must adopt rules that include the suspension of registration for noncompliance with statute and rules and a method to enforce statutory inspection requirements.

Implementation Status: Implementation of this bill requires administrative rules and programming to department computer systems (primarily handled by a contract vendor) at a cost of up to \$250,000. Funding for the project was appropriated by the legislature and a contract solicitation for the work will be posted soon. TxDMV staff have met with Harris County fleet administrators about this implementation.

Legislation Implementation Summary

Bill Number: Senate Bill 1123

Session: 87R

Bill Author: Senator Charles Perry

Bill Sponsor: Representative Matt Krause

Committees: Senate Transportation, House Transportation

Effective Date: September 1, 2021

Caption: Relating to the issuance of Family First specialty license plates.

Summary: Requires the department to issue “Family First” specialty license plates. A deposit is required to produce this plate. After deduction of the department’s costs, the remainder of the license plate fee is deposited for use by the Texas Education Agency to make grants to the Family First nonprofit organization, promoting the importance of fatherhood.

Implementation Status: Fully implemented. License plates are available as of December 20, 2021.

Legislation Implementation Summary

Bill Number: Senate Bill 1181

Session: 87R

Bill Author: Senator Brandon Creighton

Bill Sponsor: Rep. Will Metcalf

Committees: Senate Business and Commerce, House Business and Industry

Effective Date: September 1, 2021

Caption: Relating to the towing of certain property from a self-service storage facility for disposition by a vehicle storage facility.

Summary: Creates a new process by which a self-service storage facility (SSF) can transfer a non-paying tenant's motor vehicle to a vehicle storage facility (VSF) for disposition while also preserving a preexisting process by which notice can be made to the property owner/non-paying tenant. When the new process is used, owners/non-paying tenants are first notified by the SSF then later, and separately, by the VSF.

Implementation Status: Implemented on September 1, 2021 with department updates to Title Manual (Chapter 23), Self-Service Storage Facility Lien Foreclosure (Form VTR-265-SSF), License Vehicle Storage Facility Lien Foreclosure (Form VTR-265-VSF) and Foreclosure Lien Flow Charts. County tax assessor-collectors, self-storage facilities, vehicle storage facilities have been notified of these changes and external educations efforts continue.

Legislation Implementation Summary

Bill Number: Senate Bill 1814

Session: 87R

Bill Author: Senator Kel Seliger

Bill Sponsor: Representative Armando Martinez

Committees: Senate Transportation, House Transportation

Effective Date: September 1, 2021

Caption: Relating to oversize and overweight vehicle permits.

Summary: Items in this bill were recommendations made by the Board to improve processes for the permitting of oversize/overweight (OS/OW) vehicles. The bill cleaned-up wording of a section of code that was amended in two slightly different ways during a single session. Changes were made to OS/OW permit bond requirements, but the bonds remain a requirement for the weight tolerance and annual timber permits. This was different than the recommendation of the board to no longer require permit bonds. Notification requirements for OS/OW permits were amended to match the longstanding operational practice of listing permit information on the department's website and providing actual copies of permits only upon request.

Implementation Status:

The department updated Over Axle/Over Gross Weight Tolerance Bond and Timber Permit Bond forms and the Letter of Credit template in August 2021. Reference to Unified Carrier Registration from TxPROS was also removed the same month.

Minor updates to administrative rules are still required to conform with statute. Those rules are under development and estimated for proposal by April 2022.

Legislation Implementation Summary

Bill Number: Senate Bill 1815

Session: 87R

Bill Author: Senator Kel Seliger

Bill Sponsor: Representative Armando Martinez

Committees: Senate Transportation, House Transportation

Effective Date: September 1, 2021

Caption: Relating to motor vehicle size and weight limitations.

Summary: Items in this bill were recommendations made by the Board largely to conform vehicle size and weight standards with federal requirements to avoid the risk of loss of federal road funds or conflict with federal law. Specific changes increased idle reduction technology weight allowances, emergency vehicle weights, automobile transporter and towaway trailer transporter combination lengths, and limiting the annual overlength permit to only non-divisible loads. The bill also updated statute to conform to the operational practice of allowing both oversize/overweight equipment and loads under certain permits.

Implementation Status: The changes made by the bill did not require any active implementation by the department.

Legislation Implementation Summary

Bill Number: Senate Bill 1817

Session: 87R

Bill Author: Senator Kel Seliger

Bill Sponsor: Representative Armando Martinez

Committees: Senate Transportation, House Transportation

Effective Date: September 1, 2021

Caption: Relating to vehicle titles and registration.

Summary: Most items in this bill were recommendations made by the TxDMV Board to update statute regarding title disputes to align with longstanding practices. The bill requires that holds be placed on titles when the department is informed there is a legal action regarding ownership or a lien interest. In addition to the Board recommendations, the bill included a provision that counties cannot add additional requirements to a title or registration transaction connected with a vehicle storage facility, if the requirements are not included in general state law.

Implementation Status: Title manual updated in October 2021. Administrative rule revisions are required to fully implement the title hold provisions by clarifying the meaning of “legal action.” Rule revision development is underway, with a proposal to the Board estimated for April 2022.



Board Meeting Date: 2/10/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Keith Yawn, Government & Strategic Communications Division Director
Agenda Item: 11.B
Subject: Briefing on 88th Regular Legislative Session Recommendations Development Schedule

RECOMMENDATION

Briefing Only

PURPOSE AND EXECUTIVE SUMMARY

Provide an overview of the proposed schedule to identify, develop, approve, and communicate Texas Department of Motor Vehicles (TxDMV) legislative recommendations for statutory change to be considered by the 88th Texas Legislature.

FINANCIAL IMPACT

No financial impact.

BACKGROUND AND DISCUSSION

The 88th Texas Legislature will begin deliberations in regular session on January 10, 2023. While it may seem early to begin considering the needs of the next legislative session, it can be challenging to coordinate the process appropriate to bring together various stakeholders to identify and develop the statutory needs of the agency in just under a year. TxDMV staff has prepared the following proposed schedule to facilitate this work and seek to ensure the final product is actionable and agreed to by all involved parties.

Beginning this month, the Government and Strategic Initiatives (GSC) Division will begin seeking the input of internal staff, TxDMV stakeholder communities, and the Board to identify potential statutory changes to benefit the efficiency and effectiveness of department programs and operations, as well as improvements that could enhance the department's responsiveness to customers, industry, and the public. Such changes could range from minor adjustments or clean-up of statutory language to ensure adherence to existing operations and compliance with other related statutes that may have been revised in recent years, to the addition of new authorizations for how TxDMV does business in the state of Texas to regulate motor industries.

As the identification process continues, GSC staff will work with program divisions and subject matter experts from around the agency, including the Office of the General Counsel, to review ideas and begin looking at draft language to implement the ideas. During this process, from February through May, staff will also prioritize pending ideas with direction from the Executive Directors Office. Depending on the specific recommendations considered, background materials developed as supporting documentation may include operational impact, financial analysis, and/or bill language drafts.

TxDMV staff plans to bring the priority items to the Legislative and Public Affairs Committee and the full Board in June for initial consideration and review. Using Board input and comments, staff will then refine the recommendations,

including any additional analysis or reviews requested, for final consideration and approval by the Board in August. The final stage, conducted during the fall and into January 2023, will be to educate legislative offices and stakeholders on the agency's statutory needs.



Board Meeting Date: 2/10/2022
BRIEFING

To: Texas Department of Motor Vehicles Board
From: Monique Johnston, Motor Vehicle Division Director
Agenda Item: 11.C
Subject: Briefing on Motor Vehicle Industry Regulation Advisory Committee (MVIRAC) - Fingerprinting Recommendation

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Provide background on MVIRAC's recommendation to fingerprint all independent GDN holders to help deter temporary tag fraud.

FINANCIAL IMPACT

None.

BACKGROUND AND DISCUSSION

At the December 16, 2021, meeting MVIRAC recommended that the department fingerprint all independent GDN holders.

Implementing this recommendation would allow the department to more effectively screen approximately 83% of license holders including non-franchised motor vehicle, motorcycle, towable travel trailers, and utility trailer and semitrailer dealers.

Fingerprinting offers a more comprehensive and accurate identity and criminal history search of the Department of Public Safety (DPS) and Federal Bureau of Investigation (FBI) databases.

Fingerprints would be collected through a DPS-authorized service that would require the individual to be present and show identification prior to having their fingerprints collected. The authorized service provider has a large national network of locations and can coordinate electronic and card-based fingerprinting services for persons in remote areas. Persons would pay the service provider directly for the fingerprinting service and the current cost is \$38.25 per person.

The department would also enroll in the FBI rap back service, so persons would be required to provide fingerprints only once if an associated license is approved and continues to be timely renewed.

The eLICENSING system's encryption level satisfies the DPS standard but must be modified to store related criminal history information. System development and testing are required before fingerprinting can be implemented or another database solution must be identified that meets DPS security requirements.



In addition to temporary tag abuse, the department is also concerned about other serious crimes such as human trafficking and illegal drug and gun distribution. MVD currently performs background checks for all owners, managers, directors, officers, members, or partners listed in each application for all license types. In the last 5 years, the only license type that has not required one or more applicant criminal history reviews is the Distributor license type.

This chart below summarizes the license holder impact for three different approaches to fingerprinting: 1) all license holders, 2) only license holders whose licenses allow eTAG access, and 3) only independent motor vehicle dealers.

All License Holders*	eTAG Access	% of Total	Independent Motor Vehicle Dealers	% of Total
21,938	20,189	92%	18,155	83%
License Types with <u>No</u> Applicant Criminal History: <ol style="list-style-type: none"> 1. Distributor (0.4% of total) 	License Types <u>Not</u> Included: <ol style="list-style-type: none"> 1. Distributor 2. In-Transit Operator 3. Lease Facilitator 4. Lessor 5. Manufacturer 6. Salvage Dealer 7. Wholesale Motor Vehicle Auction Dealer 	License Types <u>Not</u> Included: <p>eTAG Access:</p> <ol style="list-style-type: none"> 1. Converter 2. Franchised Dealer 3. Independent Mobility Motor Vehicle Dealer 4. Wholesale Dealer <p>No eTAG Access:</p> <ol style="list-style-type: none"> 5. Distributor 6. In-Transit Operator 7. Lease Facilitator 8. Lessor 9. Manufacturer 10. Salvage Dealer 11. Wholesale Motor Vehicle Auction Dealer 		

* data as of 12/30/2021 and is the number of individual license holders; some hold multiple licenses.



Board Meeting Date: 2/10/2022
BRIEFING

To: Texas Department of Motor Vehicles Board
From: Brian Ge, Enforcement Division Interim Director
Agenda Item: 11.C
Subject: Motor Vehicle Industry Regulation Advisory Committee (MVIRAC) Premise Inspection Recommendation

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

Provide background on MVIRAC's recommendation to conduct in-person onsite premise inspections for motor vehicle dealer applications.

FINANCIAL IMPACT

\$890,040 to \$1,568,880 per annum with \$275,000 to \$500,000 in one-time costs.

BACKGROUND AND DISCUSSION

At the December 16, 2021 meeting, MVIRAC recommended that the department conduct in-person onsite premise inspections of all non-franchised GDNs prior to them being issued a license. The purpose of these premise inspections is to ensure that all licensees and potential-licensees are operating at the location indicated on their application and that the location meets the minimum requirements for a car dealership.

To determine how many investigator resources we would need to accomplish this task, we started by looking at approved application data from FY21. Since we are talking about approved applications, that necessarily means denied applications are not captured in this data. The figures presented below are minimums of what may be needed for each of the three scenarios.

In FY21, MVD approved 3,947 new applications, 9,952 renewals, and 2,393 amendments. As these applications relate to locations across the state, investigators and vehicles need to be staged across the state.

If Enforcement were to conduct premise inspections for all **3,947 new applications**, we would need 14 investigators, 1 supervisor, 1 attorney, and 11 vehicles to handle the load. The salary requirements for the 14 investigators, 1 supervisor, and 1 attorney would be approximately \$890,040 per year. Assuming an average vehicle cost of \$25,000, the estimated cost of 11 vehicles is \$275,000.

If Enforcement were to conduct premise inspections for all **3,947 new applications and all 9,952 renewal applications**, we would need 20 investigators, 1 supervisor, 2 attorneys, and 13 vehicles to handle the load. The salary requirements for the 20 investigators, 1 supervisor, and 2 attorneys would be approximately \$1,290,480 per year. Assuming an average vehicle cost of \$25,000, the estimated cost of 13 vehicles is \$325,000.



If Enforcement were to conduct premise inspections for all **13,899 new and renewal applications, and all 2,393 amendments**, we would need 24 investigators, 2 supervisors, 2 attorneys, and 20 vehicles to handle the load. The salary requirements for the 24 investigators, 2 supervisors, and 2 attorneys would be approximately \$1,568,880 per year. Assuming an average vehicle cost of \$25,000, the estimated cost of 20 vehicles is \$500,000.

In total, the minimum fiscal impact of implementing this recommendation is between \$890,040 and \$1,568,880 in annual salary with one-time costs of between \$275,000 and \$500,000.



Board Meeting Date: 2/10/2022
BRIEFING

To: Texas Department of Motor Vehicles Board
From: Roland D. Luna, Sr., Vehicle Titles & Registration Division Director
Agenda Item: 11.D
Subject: Briefing on TxDMV Review of Potential Enhancements to Temporary Tags

RECOMMENDATION

Briefing Only

PURPOSE AND EXECUTIVE SUMMARY

Provide the Legislative and Public Affairs Committee of the Texas Department of Motor Vehicles with an overview of the research conducted and the development of enhancements related to temporary tags, and provide an overview of the American Association of Motor Vehicle Administrators (AAMVA) License Plate Standard (Best Practices Guide).

FINANCIAL IMPACT

No financial impact.

BACKGROUND AND DISCUSSION

Vehicle Titles and Registration (VTR) has been reviewing processes and conducting research to identify and develop enhancements, best practices, and strategies to improve temporary tags. An examination of the AAMVA Best Practice Guide has been conducted and TxDMV has implemented the majority of best practices related to temporary tags, and will fully implement all best practices once all provisions of HB 3927 are in place. In addition to best practices, the department will continue to identify methods to combat temporary tag fraud.

VTR is currently working closely with ITSD and the Motor Vehicle Division (MVD) to implement the max tag and system denial rules. VTR also conducted a review of the eTag system and identified a list of additional enhancements and safeguards that will be implemented. The level of effort and prioritization for these enhancements was also completed since they require IT programming and coordination.

VTR is also working with other states to determine and document best practices. VTR has identified several other states (New York, Ohio, Florida, Nebraska, North Carolina, Utah, and Nevada) and will meet with them over the next couple of weeks to evaluate their practices, procedures, and temporary tag systems. A summary of findings will be produced and provided for further coordination and implementation. Furthermore, VTR researched and analyzed tamper-evident products and services available from third party vendors that could possibly assist with eTag security. VTR is currently working with multiple vendors that offer products that may be useful in enhancing eTag security. Information from these companies will be compiled and discussed internally to determine the viability for implementation.

The TxDMV will continue to explore and evaluate any and all measures to improve and secure the eTag system.



American Association of
Motor Vehicle Administrators



License Plate Standard

EDITION 2

*Including Best Practices for
Managing Vanity and Specialty
License Plate Programs*

October 2020

VEHICLE AND LAW ENFORCEMENT STANDING COMMITTEES
LICENSE PLATE STANDARD WORKING GROUP

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Executive Summary

License plates quickly identify motor vehicles and vehicle registrant information and are most effective when they are designed to optimize legibility to the human eye as well as for license plate readers (LPRs). License plates serve one common purpose: to identify motor vehicles. The ability of motor vehicle agency (MVA) employees, police officers, and citizens to quickly and easily identify license plate numbers (consisting of alpha and/or numeric characters) is fundamental to accurate vehicle registration data creation, maintenance, and retrieval. The adoption of the standards within Chapters 1 to 5 streamlines the license plate retrieval processes within MVAs and improves the exchange of license plate data and information between jurisdictions. Alignment with these standards also supports highway safety and increases revenue collection, which are dependent on accurate license plate identification, such as toll collection, restricted lane access, and parking regulations. License plate recognition, by human eye and LPR, is critical to serving these purposes.

In addition, license plates play a central role in preventing and solving crimes. Every day across North America, crimes are prevented or solved through the identification of license plates. It is difficult to quantify the missed opportunities that occur to prevent or solve a crime because a license plate was misread by either the human eye or by LPR, but testing has documented that misreads occur. Adoption of the license plate standard contained in this document will minimize the risk of such misreads.

This standard was developed to support a jurisdiction's ability to produce license plates that enhance accurate license plate identification while not limiting a jurisdiction's flexibility for innovation and allowing for multiple license plate designs. It is designed for full-size license plates issued by jurisdictions; portions of it may not apply to smaller license plates typically issued to motorcycles and other similar vehicles.

AAMVA recommends jurisdictions involve law enforcement, tolling authorities, and other stakeholders they deem appropriate when developing new license plate designs.

Four new chapters have been established that do not appear in the original (2016) License Plate Standard. They are:

- Chapter Four, Temporary License Plates
- Chapter Five, Alternative Vehicle License Plate Displays
- Chapter Six, Best Practices for Managing Vanity License Plate Programs
- Chapter Seven, Best Practices for Managing Specialty License Plate Programs

It is recognized that with rapidly advancing technology, jurisdictions continue to explore alternatives to traditional license plate manufacture, design, and issuance. This document will be updated as needed to keep pace with emerging technologies, solutions, and best practices.

NOTE: Part One, the *License Plate Standard*, is in Chapters 1 to 5. Part Two, *Best Practices for Managing Vanity and Specialty License Plate Programs* are found in Chapters 6 and 7. Part Two is in the form of a *Best Practices Guide* wherein program *recommendations* are provided. All elements of the *Standard* should be utilized for jurisdictions to optimize license plate legibility and vehicle identification.

Chapters 1 to 5 of this document constitute the Standard. Chapters 1 to 3 of the Standard is broken into three main sections: Administrative, Design, and Manufacture with license plate design attributes addressed as follows:

Administrative	Design	Manufacture
<ul style="list-style-type: none"> <input type="checkbox"/> Display <input type="checkbox"/> Unique License Plate Numbers <input type="checkbox"/> Items Applied to License Plates <input type="checkbox"/> Replacement Cycle <input type="checkbox"/> Auditing and Accountability <input type="checkbox"/> License Plate Verification Program 	<ul style="list-style-type: none"> <input type="checkbox"/> Issuing Jurisdiction <input type="checkbox"/> Character Sizing and Placement <input type="checkbox"/> Fonts <input type="checkbox"/> Stacked Characters <input type="checkbox"/> License Plate Type Identifiers <input type="checkbox"/> Messaging <input type="checkbox"/> Special Characters <input type="checkbox"/> Spaces and Dashes <input type="checkbox"/> Graphics <input type="checkbox"/> Graphic Placement <input type="checkbox"/> Background 	<ul style="list-style-type: none"> <input type="checkbox"/> License Plate Dimensions and Bolt Holes <input type="checkbox"/> Manufacturing Process <input type="checkbox"/> Retro-reflectivity <input type="checkbox"/> Security Features

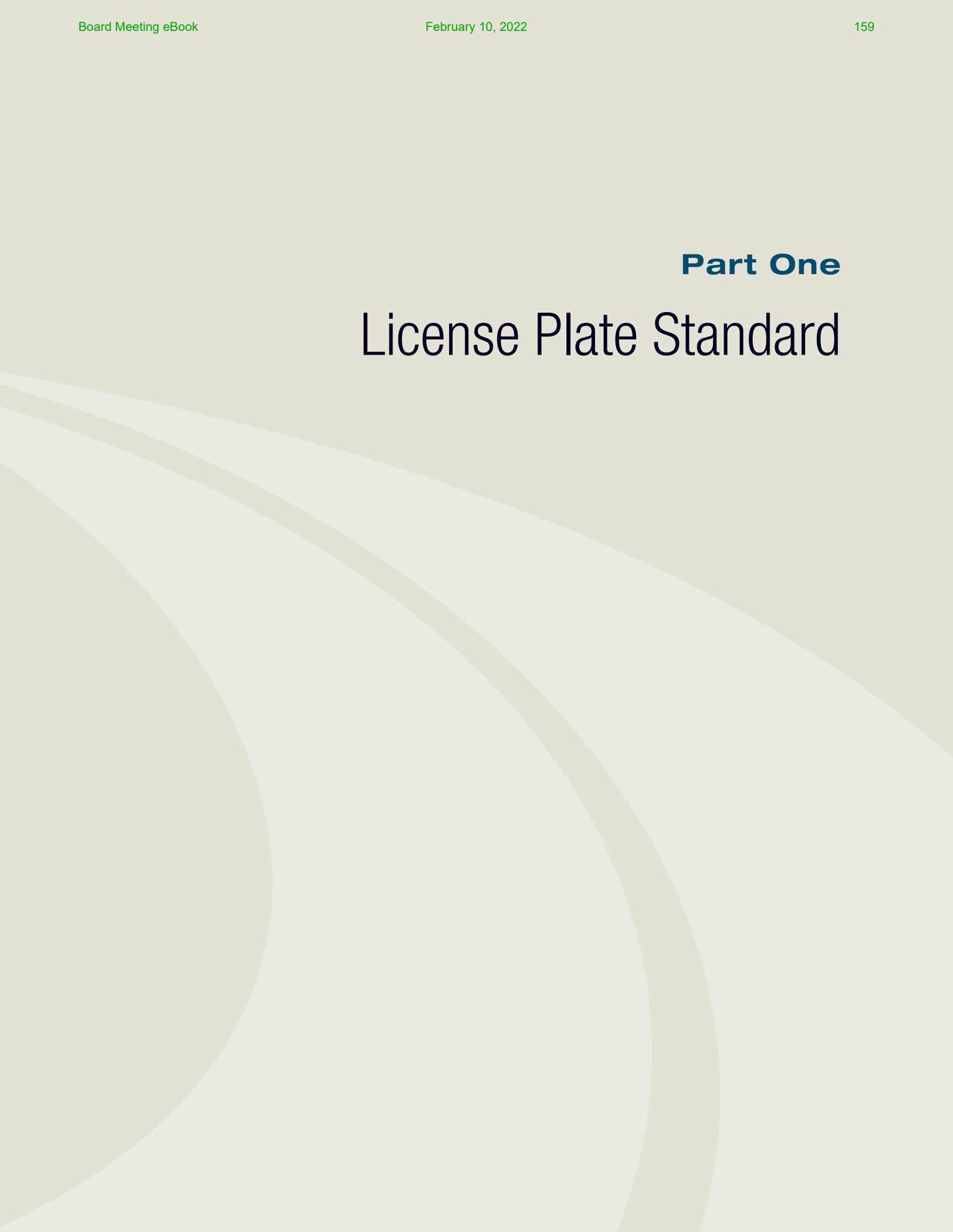
The above table can also be used as a “Summary Checklist” allowing jurisdictions to check on how they utilize the specifications in these chapters. Completing the checklist will give jurisdictions an immediate view of their level of alignment with this standard.

AAMVA License Plate Policies address areas not covered in this License Plate Standard.

See <https://www.aamva.org/aamva-policy-positions/>.

Part One

License Plate Standard



Chapter One Administrative

This section addresses administrative and policy aspects of license plates as well as elements of manufacture and design.

1.1 Display

License plates are displayed horizontally on the vehicle in the space designated by the vehicle manufacturer.

1.2 Unique License Plate Numbers

License plate numbers are unique to each vehicle within a jurisdiction and are not repeated unless first invalidated or purged from the jurisdiction's vehicle registration database (e.g., license plate number "ABC 123" should not be used on multiple license plates regardless of the license plate type).

1.3 Items Applied to License Plates

If decals are used to add a graphic to a license plate, such as a representation of veteran medals, other specialty license plate graphics, or expiration decals, the life expectancy of the decal is to be considered. If the decal becomes unreadable because of fading, damage, or degradation, the decal is replaced. Because decals may have a shorter life expectancy than license plates, information that is needed to identify the license plate is not to be displayed on the decal. A decal replacement cycle is adopted by the jurisdiction that is consistent with the life expectancy of the material used to manufacture the decal. Jurisdictions have in place a law or administrative rule prohibiting the display of any decal, other object, or material applied to the surface of a license plate unless it is issued by the jurisdiction.

1.4 Replacement Cycle

A license plate replacement cycle is adopted. Because license plates commonly lose significant reflectivity within 10 years, a required rolling or full replacement cycle not to exceed 10 years is recommended. Jurisdictions also have a process to replace damaged license plates as soon as practical.

1.5 Auditing and Accountability

Jurisdictions, contractors, and vendors follow established auditing and accountability standards.

To minimize risk of theft, counterfeiting, and fraud, materials used in the production of license plates are carefully controlled and properly stored and are produced in a secure environment. Quality control methods are used to ensure accountability over the production, storage, issuance, and disposal of license plates as well as consistency from one batch to another.

1.6 License Plate Verification Program

The AAMVA License Plate Verification Program (LPVP) allows jurisdictions to submit a limited number of license plates each year for analysis, by an independent laboratory, to see how a license plate compares to the AAMVA license plate standard. A written report is provided to the jurisdiction explaining whether the examined license plate aligns, or does not align, with each standard in this document. For more information on the LPVP, please visit <https://www.aamva.org/vehicle-registration-and-titling/>.

Chapter Two Design

License plate design has a significant impact on accurate license plate identification. This section provides specifications intended to optimize readability by the human eye and license plate reader (LPR) and connection to the correct vehicle record. These specifications also provide flexibility for innovation and allow for multiple license plate designs.

2.1 Issuing Jurisdiction

The name of the issuing jurisdiction is readable and appears in the top center location of the license plate. The full jurisdiction name is displayed to avoid confusion between jurisdictions with similar postal abbreviations.

Jurisdiction characters are no less than 0.75 inches and no more than 1 inch in height and width with 0.125 inches spacing and are at least 0.25 inches from the top edge of the license plate.

2.2 Character Sizing and Placement

Characters are at least 2.5 inches in height, proportionally wide, and spaced no less than 0.25 inches apart. Character stroke weight (thickness of lines) is between 0.2 and 0.4 inches. Characters are positioned on the license plate no less than 1.25 inches away from the top and bottom edges of the license plate.

2.3 Fonts

The font and spacing present each alphanumeric as a distinct and identifiable character. Standardized fonts and font sizes that clearly distinguish characters are

used. For example, similar characters such as A and R, 8 and B, or O and Q are easily distinguishable from each other.

2.4 Stacked Characters

If stacked characters are used, they are part of the official license plate number and appear before or after the other characters, not between them. No more than two characters are to be stacked, and license plates do not have more than one set of stacked characters. When one character appears above the other, the top character is entered first, immediately followed by the bottom character, in sequence, with the other characters on the license plate.

Each individual stacked character is displayed vertically, not staggered or slanted, and is 45% the size of the regular license plate characters with 10% vertical spacing between each character to ensure readability.

2.5 License Plate Type Identifiers

License plate type identifiers such as COMMERCIAL, APPORTIONED, TRAILER, or DEALER are placed on the bottom of the license plate between the bolt holes and do not interfere with the identification of the characters.

2.6 Messaging

When a name, phrase, motto, slogan, or other approved message is used, it is placed at the bottom of the license plate. The text is placed at least 0.25 inches below the license plate numbers.

2.7 Special Characters

When used, non-alphanumeric characters, such as ampersands and hashtags, found on a standard keyboard are considered part of the license plate number, are entered into the vehicle registration database, and are displayed on the license plate (see Standard 2.8, Spaces and Dashes).

Symbols that appear on the license plate that are *not* found on a standard keyboard, such as hearts, diamonds, or emojis, are considered graphics and are not considered part of the license plate number sequence nor is any representation of the symbol entered into the vehicle registration database.

2.8 Spaces and Dashes

If license plates include spaces or dashes, these spaces or dashes are not assigned a value. Dashes are treated the same as spaces in that they are not entered into the vehicle registration database (“ABC123,” “ABC 123,” and “ABC-123” are the same plate number).

2.9 Graphics

Graphics on license plates do not distort or interfere with the readability of the characters or any other identifying information on the license plate. If text is included within the graphic, a translucent ink or other technique is used to prevent the text from being read by LPR.

2.10 Graphic Placement

For license plates that contain a graphic, the graphic will either be on the right or left side of the license plate number. All graphics should be restricted to an area that will not interfere with meeting size requirements of the license plate number. Graphics can stretch from the edge of the license plate to within 0.25 inches from the closest character of the license plate number and to the top and bottom of the license plate.

2.11 Background

When used, a background image does not interfere with the ability to read the license plate number by the human eye and LPR.

Chapter Three **Manufacture**

This section provides key specifications in the manufacturing process necessary to produce license plates in a consistent manner that optimizes the readability, security, appearance, and performance of the license plate. This includes flat and embossed license plates.

3.1 License Plate Dimensions and Bolt Holes

License plate dimensions and bolt holes comply with the SAE, International – Motor Vehicle License Plates Standard J686 (revised July 2012).*

3.2 Manufacturing Process

The manufacturing process for license plates allows for high contrast recognition for infrared (IR) and visible light illumination in daylight and nighttime conditions.

* SAE International Standard J686 available (SAE charges a fee) at https://www.sae.org/standards/content/j686_201207

3.3 Retro-reflectivity

License plates contain a retro-reflective surface, and the license plate number is readable in both daylight and nighttime from distances of at least 75 feet. This provides illumination without distortion when viewed under headlights.

License plates contain a retro-reflective surface consistent with International Organization for Standardization ISO 7591:1982, clause 3.

3.4 Security Features

Security feature(s) are used. The specific security feature(s) chosen can be at the discretion of the issuing jurisdiction, but the chosen feature is difficult to duplicate, an integral part of the license plate, and does not interfere with license plate character legibility by the human eye and LPR. License plates contain at least one security feature that is identifiable by a visual or tactile inspection of the license plate.

Chapter Four Temporary License Plates

A temporary license plate is a nonpermanent license plate issued upon vehicle purchase for vehicle identification until the permanent license plate is issued and mounted on the vehicle.

It is important to note that, unless specifically noted, the license plate standards that precede this section also apply to temporary license plates.

4.1 Design

Although intended for short-duration use, temporary license plates should clearly identify the vehicle. Temporary license plate shape, size, and license plate number font match the basic permanent license plate providing visibility by LPR technology and the human eye.

The temporary license plate is most visible when placed outside of the vehicle with a white background and dark identification characters. This contrast allows for maximum visibility in all conditions and increases the likelihood a LPR will accurately read the license plate.

Unless specifically noted, the license plate standards that precede this section also apply to temporary license plates.

The temporary license plate is an all-weather material or protected as such, providing for protection from exposure to a variety of weather elements. This allows the license plate to maintain its integrity and readability through-out use. The duration of

validation may dictate the material used to protect the information and deter counterfeiting.

Minimum information displayed on a temporary license plate includes license plate number, jurisdiction name, expiration date, vehicle year, make, and Vehicle Identification Number (VIN). The temporary license plate number and jurisdiction name are displayed in the same location as on the basic permanent license plate. The license plate expiration date is the same font size as the jurisdiction name and spaced a sufficient distance from the license plate number to avoid confusion. Any additional information included on the temporary license plate does not interfere with the license plate number and readability as required.

The vehicle year, make, and VIN information is displayed on the outward facing, visible side of the license plate. This placement allows for validation that the temporary license plate is displayed on the correct vehicle. The vehicle year, make, and VIN characters on the temporary license plate are a smaller font—they need only be visible in close proximity viewing—to prevent interference with the other license plate information being read (see Appendix B [Rhode Island Exemplar]).

Security features deter alterations and counterfeiting. While the vehicle is in motion, it is difficult to determine if the temporary license plate is genuine, but a physical inspection of the license plate during a traffic stop, along with a query of the motor vehicle agency (MVA) database, helps an officer determine license plate validity.

The duration of validation may dictate the material used to protect the information and deter counterfeiting.

4.2 Display

The temporary license plate is attached to the vehicle in the same location and manner as the standard license plate. Any LPR or person looking for the license plate on a vehicle will focus on the standard display location, making it important to replicate this location. Window glare significantly impacts the ability to accurately read a temporary license plate attached to the inside of a vehicle window.

Proper exterior securement and attachment of the temporary license plate to the vehicle is important to avoid unintentional detachment (see Standard 3.1, License Plate Dimensions and Bolt Holes).

4.3 Administrative and Internal MVA Processes

Temporary license plates serve the same purpose as a permanent license plate—to quickly identify motor vehicles and vehicle registrant information. Temporary license plate data are available for inquiry upon issuance of the temporary license plate.

When a temporary license plate inquiry is made, the information returned is the same as a permanent license plate query, including the vehicle year, make, VIN, color, expiration date, owner name, and address. After a permanent license plate has been issued, the temporary license plate information remains available for inquiry for a period of time in case it is unlawfully displayed on another vehicle. This also provides valuable intelligence information for a criminal investigation. The temporary license plate issuance system references the permanent license plate number when issued.

Procedures are developed for use when the temporary license plate issuance system is unavailable at the time of vehicle sale and delivery. These procedures allow for the continued integrity of the temporary license plate issuance process while allowing the customer to take possession of the vehicle. These procedures address entering data into the temporary license plate issuance system when it becomes available.

When a customer is issued a temporary license plate, a temporary registration is also issued to be carried in the vehicle. The registration provides the vehicle year, make, VIN, seller and buyer information, and date of sale. Insurance information may also be contained on the registration. If a jurisdiction includes machine-readable technology, such as a bar code or QR code, on its standard registration receipt, then it is included on the temporary registration (see Appendix B [Rhode Island Exemplar]).

The temporary license plate number is unique and not repeated unless first invalidated or purged. The unique license plate number is not simultaneously used on another valid temporary or permanent license plate used within that jurisdiction (see Standard 1.2, Unique License Plate Numbers).

When a temporary license plate is issued for a sale or transfer of ownership, the selling dealer's report of sale to the MVA documents the transaction, begins the title and registration issuance process, and allows for permanent license plate issuance.

4.4 Fraud Prevention and Security of the Temporary License Plate Issuance Process

Temporary license plates are targets for criminal use as they traditionally have been easier to obtain and have been less controlled than permanent license plates. Temporary license plates may be passed among a variety of vehicles, making criminal activity more difficult to detect.

Temporary license plate data are entered into the MVA database immediately upon issuance and available for real-time inquiry. Any delay in temporary license plate information availability through MVA license plate inquiry leaves open the potential for fraudulent use and other criminal activity, along with the ability of the vehicle to incur tolls and other travel fees without detection.

Proper management and control of the temporary license plate issuance system protects it from fraud. Thorough audit processes and procedures aid in detecting anomalies and unusual temporary license plate issuances, which can then be investigated (see Standard 1.5, Auditing and Accountability). The

ability to void temporary license plates issued in error is restricted to properly trained and authorized MVA staff. The monitoring of this activity ensures it is conducted properly and avoids internal fraud. Material used to create temporary license plates is secured.

Repeated issuance of a temporary license plate to the same vehicle by the same selling dealer may indicate the vehicle is being used illegally for rental purposes or the selling dealer is not complying with vehicle sales laws and selling vehicles without proper ownership. Safeguards within the MVA issuance system are in place to restrict repeated issuance unless proper justification is provided.

Chapter Five Alternative Vehicle License Plate Displays

5.1 Introduction

This section addresses two recent nontraditional license plate technologies, digital license plates and front license plate wraps. These alternative vehicle license plates are intended to replace traditional metal license plates. Unless specifically noted otherwise, the license plate standards preceding this section apply to these new license plate technologies as well.

5.2 Alternative License Plates Addressed in this Standard

Digital License Plate

A digital display license plate is mounted on a vehicle and emits a wireless signal so real-time license plate information can be displayed. Digital license plates may be equipped with GPS technology that determines and stores vehicle navigation and location. Digital license plates may also be equipped with Radio Frequency Identification (RFID) technology, which uses radio waves to identify objects carrying encoded microchips.



License Plate Wrap

A license plate wrap is an adhesive license plate applied to a vehicle's bumper. Wraps, where currently authorized for purchase, are only allowed to be applied to the front of a vehicle.



Unless specifically noted otherwise, the license plate standards preceding this section apply to these new license plate technologies as well.

5.3 New Technology Benefits – Digital License Plates

There may be benefits to jurisdictions that adopt digital license plates. Some benefits may include:

- Potential revenue for the motor vehicle licensing agency (MVA) via a unique digital license plate fee
- Potential reduction in operating costs such as eliminating postage for mailing validation stickers (unless required on front or nondigital license plate)
- Display of real-time public safety information without interfering with the readability of the identifying characters of the license plate, such as:
 - Amber, Silver, or Blue alerts
 - Other emergency alerts
 - Real-time display of registration expiration
 - Stolen vehicle banner
- Real-time GPS tracking in appropriate situations (such as providing law enforcement real-time suspect vehicle location during an active Amber Alert)

- Retrieval of historical GPS location data in compliance with court order or search warrant
- Standardized or interoperable RFID capability could offer a more reliable and cost-effective transmission of vehicle and registrant identifying data than current LPR technology. For example, RFID provides potential for reducing governmental infrastructure cost by virtualizing tolling and public meter parking.

5.4 New Technology Challenges – Digital License Plates

The aforementioned benefits are to be weighed against new technology challenges, including:

- Implementation cost
 - Full implementation costs are not yet fully understood but need to be carefully considered.
 - Under the most common business model, registrants who choose a digital license plate pay most, if not all, of the license plate purchase and installation cost, as well as a monthly subscription fee.
 - A Texas DMV legislative fiscal note for SB 604 (Article 3), estimated a five-year implementation cost, including information technology programming and adding two new program specialists.*
 - A California DMV report titled “Vehicle Registration Alternative Products Pilot” does not identify additional program costs but provides other information jurisdictions may find valuable.†
- Digital license plates are reflective but not retro-reflective, creating challenges for law

enforcement, tolling authorities, and others that read license plates in all light conditions and rely on reader technology, which is currently programmed to read retro-reflective license plates.

- Vehicle information is transmitted between the digital license plate vendor and the digital license plate itself, creating a cybersecurity vulnerability.
- Special digital license plate messaging could create distracted driving or other public safety issues.

Digital license plate data collection and sharing raises privacy concerns for MVAs and consumers.

5.5 Standards Specific to Digital License Plates

The MVA issues a vehicle-specific participation letter on official MVA letterhead (or other official documentation), which is to be kept in the vehicle at all times. The documentation outlines the validity of the digital license plate to avoid unnecessary enforcement action by any law enforcement officer coming into contact with the vehicle who may be unfamiliar with digital license plates. Jurisdictions determine when such letters are no longer needed. Jurisdictions may eventually provide a digital license plate indicator in their vehicle registration databases.

The alphanumeric characters constituting the official license plate number and jurisdiction of issuance are displayed in the manner prescribed by the Standard, for example, meeting character size specifications whenever a vehicle is operated or located in an area where the jurisdiction’s vehicle laws are enforceable.

Personally identifiable information (PII) stored on the digital license plate is limited to that which is absolutely necessary. U.S. and Canadian laws and MVA policies, procedures, and vendor agreement(s) provide means to protect this information to ensure it

* <https://www.capitol.state.tx.us/BillLookup/Text.aspx?LegSess=86R&Bill=SB604>

† <https://www.dmv.ca.gov/portal/uploads/2020/04/AlternativeRegistrationProducts.pdf>

is not misused. Specifically, the following requirements are pursued:

- PII provided to the digital license plate manufacturer or provider is limited to what is absolutely necessary.
- Protection of PII is required by digital license plate manufacturers or providers. Digital license plate manufacturers or providers have a well-defined and demonstrable PII security plan in place that meets the PII security standards of the jurisdiction. The MVA can audit the vendor's PII security plan and processes at any time.
- Information retention complies with laws, rules, and policies of the jurisdiction.
- Applicable registrants are informed when their PII is released to manufacturers or providers.
- Manufacturers and providers tell users how their PII is protected.

An agreement between the jurisdiction MVA and the digital license plate provider prohibits MVA data from being disclosed or shared with any person or entity not duly authorized by the MVA or a court.

Digital license plates must be visible, either through self-illumination or an external license plate light. Digital license plate illumination should not create a distraction or hazard for other drivers, such as emitting an overly bright light during nighttime (dark) hours.

An audit process provides the ability to review the use, access, and dissemination of PII, looking for anomalies requiring investigative follow-up. Anyone with access to PII related to the digital license plate is made aware of policies and procedures (see Standard 1.5, Auditing and Accountability).

5.6 New Technology Benefits – License Plate Wraps

There may be benefits to jurisdiction that adopt license plate wraps. Some benefits may include:

- Conforms to different bumper shapes
- Eliminates the need to mount a license plate frame or drill holes into the front of a vehicle

5.7 New Technology Challenges – License Plate Wraps

- A curved, indented, or otherwise non-flat surface could render the wrap unreadable to LPRs or the human eye.
- License plate wrap durability is unknown and may require a replacement cycle different from the cycle recommended in the standard.
- If jurisdictions require a validation sticker on the front license plate, it is not known how well the sticker will apply to the wrap, and visibility of the validation sticker may be an issue.
- Incorrect application of the wrap by the consumer may make it unreadable.
- Incorrect application by the consumer may cause the wrap to fall out of compliance with a jurisdiction's license plate placement requirements.
- Depending on their frangibility and adhesive qualities, license plate wraps may be easy to remove and fraudulently placed on another vehicle; conversely, a wrap that is difficult to remove may pose challenges for vehicle ownership transfer.

5.8 Standards Specific to License Plate Wraps

Malleable self-adhesive license plates, after they have been applied, meet the existing standards of readability and reflectivity (conformation to vehicle or bumper shape does not interfere with readability of all identifying elements of the license plate).

5.9 Additional Resources

Best Practices Guide for Improving ALPR Effectiveness through Uniform License Plate Design and Manufacture (*revised October 2012*)

<https://www.aamva.org/best-practices-and-model-legislation>

(AAMVA anticipates this document being updated and republished by end of 2021.)

Part Two

Best Practices for
Managing Vanity and Specialty
License Plate Programs

Chapter Six Best Practices for Managing Vanity License Plate Programs

A **vanity license plate**, for the purposes of this document, is an official license plate issued to a vehicle owner with specifically requested characters, numbers, or letters being referred to as the license plate number. They may also be referred to as personalized license plates.

Upon receipt of the request, the license plate issuing MVA reviews the request to determine if the combination of non-alphanumeric characters, numbers, or letters is available. The review determines if the requested license plate number is unique, not currently issued to another registrant, and meets acceptable license plate criteria.

When administering a vanity license plate program, the jurisdiction should be neutral and consistent while recognizing that societal norms change over time. Jurisdictions should consult with their legal counsel and stay aware of emerging court decisions related to vanity and specialty license plates.

Occasionally, jurisdictions may decide to recall a license plate if after issuance it is determined to meet the unacceptable criteria. It is preferred jurisdictions deny the license plate before it is issued as opposed to recalling it later.

The process for determining if a requested license plate is acceptable can be complex. It is important the review process described below is established, consistent, well-documented, objective, understood by staff, and supported by the jurisdiction's decision-making body.

6.1 Authority

The authority and description of the vanity license plate program should be established by statute or rule, clearly defining:

- The application process
- That license plates must be unique and cannot be duplicated
- Unacceptable license plate criteria
- The authority to recall or cancel a license plate
- The length of time a license plate is not renewed before it can be issued to another registrant
- Application and renewal fees

6.2 Administration

Clear and concise policies and procedures should be developed to provide staff with specific instructions for applying the law or rule, for approving and denying license plates, and for denying license plates that may be unacceptable.

When administering a vanity license plate program, the jurisdiction should be neutral and consistent while recognizing that societal norms change over time. Jurisdictions should consult with their legal counsel and stay aware of emerging court decisions related to vanity and specialty license plates.

6.3 Examples of Unacceptable License Plate Numbers

Defined and documented criteria for unacceptable license plates may include:

- Profanity
- Derogatory reference to a group based on age, race, nationality, ethnicity, gender, or religion

- Reference to illegal substances or criminal acts
- Sexual terms, intimate body parts, and bodily functions or fluids
- Reference to acts of violence

The unacceptable criteria should be considered when read left to right, right to left, by mirror image, or aloud through phonetic spelling.

6.4 Application

An application form, either paper or electronic, is important for the administration of the vanity license plate program and assists with streamlining processes and providing information to the public and staff. An application form includes:

Registrant and Vehicle Information

- Registrant's name
- Mailing address
- E-mail address
- Phone or cell phone number
- Current license plate number and license plate type
- VIN

Application Process

- Instructions on how to submit an application
- Instructions for any additional documents required
- The website address to use to order the license plate online

License Plate Request Criteria

- List of license plate types available as vanity license plates
- Minimum and maximum number of characters allowed for each license plate type along with any other specific license plate type criteria

- Symbols allowed
- Number and position of blank spaces allowed
- Unacceptable license plate criteria

Plate Number

- Type and class of license plate requested
- Allow more than one choice if the first choice is not available
- A description of the meaning of the license plate number requested (optional)

General information to include:

- Application and renewal fees
- Indicate a license plate may be recalled or canceled if a complaint is received or there is other cause for reevaluation
- Explain refund policy

6.5 Online Process

Many jurisdictions provide an interactive website to allow registrants to search for potential license plates to determine availability.

- The website should indicate that although a license plate number appears available, the agency has final approval of each license plate.
- If payment is collected online but later the license plate is not approved, information on the status of the funds should be provided.

6.6 Review Committee

Jurisdictions should have or establish a committee to review requested license plates when staff is uncertain whether they meet acceptable criteria. The review committee should:

- Be a diverse group of individuals.

- Understand the unacceptable license plate criteria, the history of license plates that have been approved and denied in the past, and the common combinations of letters and numbers that are unacceptable as established by the Jurisdiction's policy.

Reference materials such as an “urban dictionary” and other search engines can assist in defining the meaning of a requested license plate number.

6.7 License Plate Denial

A license plate denial should be in writing to the requestor. If a license plate request is denied, the applicant should be provided the opportunity to submit another request or appeal the decision.

6.8 Appeal Process

An appeal process provides the applicant with an opportunity to have the application denial reconsidered. The applicant should be required to submit notice of appeal in writing to the designated agency within a specified period of time after the license plate is denied.

When an appeal is received, the license plate request should be reviewed a second time by the review committee. The jurisdiction should include the general counsel and/or agency administrator in this

level of review. If the license plate is still denied, the review committee should also consider providing an opportunity for the registrant to request a formal hearing under the agency's hearing process.

6.9 Complaints

Occasionally, a member of the public will contact the license plate issuing agency to complain about a vanity license plate. The complaint should be in writing and include the basis for the complaint as well as the individual's name and contact information. Complaints should be submitted to the review committee for consideration. The complainant should be informed, in writing, of the committee's decision.

6.10 Recall or Cancellation Process

A vanity license plate recall or cancellation notice should be sent to the registrant in writing and should provide the registrant with an opportunity to apply for another license plate, request a refund, or request an appeal within an allotted timeframe. The registrant should also be informed that if the agency doesn't receive a response, the license plate will be cancelled, suspended, or revoked and will be replaced by a standard license plate. They should be instructed to either return the license plate or to keep the license plate without displaying it. The notice should include information on the jurisdiction's refund policy if applicable.

Chapter Seven Best Practices for Managing Specialty License Plate Programs

A **specialty license plate**, for purposes of this document, is an official license plate designated as promoting a specific cause or recognizing a specific group. Specialty license plates are popular as a mechanism for sponsoring organizations, to promote awareness, or to raise funds. Additional fees may be collected when the license plate is issued and subsequently each year upon registration renewal. Specialty license plates are popular with the public because they are able to choose a license plate design they want to display on their vehicle, and it may provide them with a convenient opportunity to financially assist a cause they support.

License plates issued to government personnel or agencies are not considered specialty license plates for purposes of this document.

Some specialty license plates are issued to recognize a specific group. In most cases, there are requirements to qualify for the license plate. There may or may not be additional fees; qualifying for some license plates may exempt the individual from certain taxes or fees.

Although specialty license plates are popular, there are challenges with license plate designs and program administration. Often the license plate sponsor provides artwork for a license plate design that emphasizes the organization and cause, causing the traditional identifying features of a license plate to become secondary. Jurisdictions should work with these organizations to redesign the license plate to ensure the identifying characters and features on the license plate are clearly visible to the human eye and LPR. A well-designed specialty license plate will increase accurate identification. The design

should not interfere with license plate identification characteristics such as the name of the jurisdiction, license plate number, license plate type indicators, and expiration date.

It is important that a jurisdiction's specialty license plate program be consistent and well documented, understood by staff, and supported by the jurisdiction's decision-making body.

7.1 Authority

The authority and description of specialty license plate programs should be established by statute or rule. A well-defined program will ensure the issuing agency, legislative body, executive officials, and sponsoring organizations have a clear understanding of requirements. It is recommended the following be addressed statutorily or by rule as appropriate for the jurisdiction:

- Criteria to qualify as a sponsoring organization
- Identification of the authority responsible for reviewing and approving the specialty license plate designs
- Issuance and renewal fees
- Fee allocation if the fees are shared between the issuing agency and the sponsoring organization
- Funds to be provided for the initial production of the license plates and the administration of the program
- Minimum number of license plates to be preordered prior to license plate production

7.2 Administration

When administering a specialty license plate program, the jurisdiction should be neutral and consistent. Jurisdictions should consult with their legal counsel and stay aware of court decisions related to vanity and specialty license plates.

7.3 Specialty License Plate Sponsor

Developing partnerships with sponsoring organizations benefits the issuing MVA. The agency should consider the following:

- Execute a contract or agreement with each sponsor outlining expectations and restrictions and describing how and why a license plate may be discontinued (see example in Appendix E).
- Require each sponsor to develop and submit a marketing plan.

7.4 Production Method

Jurisdictions may either have an on-demand or mass-production (inventory) method of producing license plates. Some jurisdictions use a combination of these two production methods. Jurisdictions that have the capability to also produce specialty license plates on-demand have more flexibility to produce small quantities of license plates. Jurisdictions using a mass-production method face challenges and may prefer to produce and distribute small quantities of license plates due to costs, resource demands, or storage space limitations. For these reasons, some jurisdictions require a minimum presale of license plates prior to producing a new design.

The license plate issuing agency should consider the following when establishing a new specialty license plate:

- How the license plates will be produced, whether on demand as each license plate is ordered or through mass production

- Inventory management, meaning where the license plates will be stored and how they will be secured
- Distribution points; the number of distribution points is a factor to determine the number of license plates that need to be produced
- Whether presale of license plates is required to obtain funding to produce license plates

7.5 Presales of License Plates

If a certain number of license plates must be presold before the agency will begin to produce the license plate, the jurisdiction should develop a plan to determine:

- The requisite minimum number of license plates to be sold prior to production
- Whether presale funds will be used for license plate material and production
- If other funding is also required for the initial license plate production
- The time frame allowed for reaching the minimum number of presales
- Whether extensions will be granted if the minimum sales are not reached in the time frame established
- How to return presale deposits if the minimum license plate sales are not met

7.6 License Plate Sponsor Request or Application

It is important for the license plate sponsor to submit a request or an application to begin the administrative process for establishing a new license plate. It is recommended the request or application form contain the following information:

Sponsoring Organization

- Name and mailing address of sponsoring organization

- Organization's website address
- Primary contact's name, telephone number, and e-mail address

Include an explanation of the following that may apply:

- Instructions on how to submit a request or an application
- Instructions for any additional documents required
- Preorder process and required fees
- License plate design approval process
- License plate design criteria and template
- Collection and distribution of fees that will raise funds for the organization
- Number of active license plates that must be maintained
- Length of time the license plates will be made available
 - Agency approval of advertising to ensure accuracy
 - Advertising guidelines and restrictions for the sponsoring organization

This information should also be available on the issuing agency's website.

7.7 Design Approval

It is recommended that jurisdictions make their specialty license plate design criteria available to the sponsoring organization (see Appendix D). Chapter Two of the AAMVA License Plate Standard provides guidance for a jurisdiction's design criteria. Jurisdictions should develop a license plate design template for sponsors.

When administering a specialty license plate program, the jurisdiction should be neutral and consistent. Jurisdictions should consult with their legal counsel and stay aware of court decisions related to vanity and specialty license plates.

Prior to approving a specialty license plate design, it is recommended the jurisdiction:

- Consult with law enforcement officials, toll authorities, and parking control authorities to identify concerns or difficulties reading the license plate identifying features by human eye or LPR.
- Utilize existing software and other testing methods to identify LPR readability before and after license plate manufacture.
- Consult with the license plate production or license plate manufacturer to identify concerns with the license plate design.
- Determine if the license plate design meets the AAMVA License Plate Standard.
- Test the design with LPR readers to determine license plate readability.
- Consider an executed third-party logo agreement for the intellectual property in the plate design (graphic, logo, motto, artwork, etc.).

If any concerns are identified, the issuing agency should require the sponsor to make adjustments to the design before approving it.

7.8 Communication Plan

After a license plate is approved and production is scheduled, notifications should be sent to staff and issuing agents with processing instructions. Law enforcement agencies, toll authorities, parking control

entities, and other interested stakeholders should also be notified. Notification to stakeholders should include the following as applicable:

- The numbering sequence
- A picture of the license plate
- Any weight restrictions
- License plate type or identifier
- Effective date

The agency should also ensure the general public is aware of the license plate sponsor, the design, any additional fees, when additional fees are charged, and how the fees are shared. The issuing agency may want to issue a press release and consider holding a joint press conference with the license plate sponsor.

7.9 Discontinuance of Specialty License Plates

Some jurisdictions have authority to discontinue specialty license plates if a minimum number of license plates do not remain active over a given period of time. Some jurisdictional laws automatically sunset a license plate after a specific number of years. The

discontinuance process may be initiated by the issuing agency or by the sponsoring organization.

If a license plate is going to be discontinued, the issuing agency should undertake the following:

- Determine how to discontinue the license plates; all license plates with a particular design may be replaced at one time, or individual license plates may be replaced upon renewal, replaced if lost, stolen, or damaged, or replaced in accordance with the jurisdiction's replacement cycle.
- Determine the timeframe within which the discontinuance should be completed.
- Determine if the current inventory will be exhausted or if the sponsoring organization will be required to buy-out the remaining inventory.
- Develop a communication plan that includes notification to staff, the license plate producer or manufacturer, law enforcement agencies, other interested stakeholders, and the general public.
- Send direct notification to each registrant.
- Update the agency's website, systems, and applications.

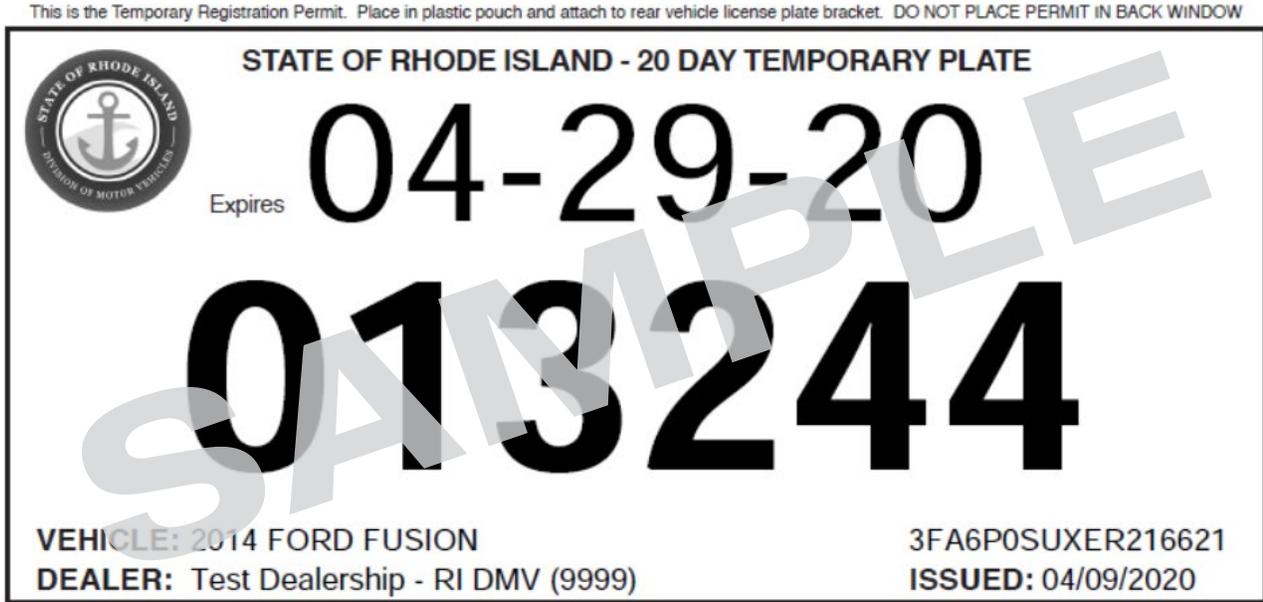
Appendix A Definitions

The following is an explanation of terminology used in this document. AAMVA is not necessarily recommending that jurisdictions adopt these terms for use in their statutes or administrative rules; they are provided to help readers understand their use in this document.

American Association of Motor Vehicle Administrators (AAMVA)	A nonprofit organization developing model programs in motor vehicle administration, law enforcement, and highway safety. AAMVA represents the state and provincial officials in the United States and Canada who administer and enforce motor vehicle laws. www.aamva.org
Background	A color, scene, or design element behind the license plate number.
Character	The single alphanumeric unit that, by itself or in combination with others, makes up the license plate number.
Digital license plate	A digital license plate is mounted on a vehicle and emits a wireless signal so real time information can be displayed. Digital license plates may be equipped with Radio Frequency Identifier (RFID), which uses radio waves to identify objects carrying encoded microchips.
Graphic	A design element, such as a logo or other representation, appearing on a license plate.
Jurisdiction	A state, district, province, or territory.
License plate number	The official alphanumeric character or combination of allowable characters appearing on the vehicle registration assigned to a vehicle and embossed or printed on a license plate.
License plate reader (LPR)	License plate recognition technology used by law enforcement, toll authorities, and other governmental entities. These devices use infrared illumination to capture license plate images and transform the image of the license plate into alphanumeric characters to compare against vehicle registration databases.

License plate wrap	An adhesive license plate applied to a vehicle's bumper. Wraps, where currently authorized for purchase, are only allowed to be applied to the front of a vehicle.
Manufacturing process	The application of dye, ink, paint, or film applied to the license plate or embossed characters on the license plate.
Opaque	An ink, pigment, or film that prevents transmission of light from a license plate's reflective material. The degree of opacity (100% opaque to 0% opaque) of an ink, pigment, or film may vary depending on the material used to make the ink, pigment, or film as well as the wavelength of the light source illuminating the license plate.
Retro-reflective	A surface that reflects light back to its source with a minimum scattering of light.
Security features	Holographic designs and other markings intended to identify authentic license plates and deter counterfeiting.
Specialty license plate	An official license plate designated to promote a specific cause or recognize a specific group.
Vanity license plate	An official license plate issued to a vehicle owner with specifically requested characters, numbers, or letters.
Vehicle registration database	An electronic repository of information identifying vehicles currently or previously registered in that jurisdiction.

Appendix B Temporary License Plate and Temporary Registration Exemplars: Rhode Island



State of Rhode Island
DIVISION OF MOTOR VEHICLES
Temporary Vehicle Registration

Temporary plate #013244
Issued: April 9, 2020 3:29 PM
Expires: April 29, 2020

Dealer

Test Dealership - RI DMV (9999)

Vehicle

2014 FORD FUSION
VIN: 3FA6P0SUXER216621

Owner information

JOHN DOE
12 MAIN STREET, APT. 2, PROVIDENCE, RI 02908

Insurance information

ACME AUTO 1234-000000 - Valid 03/06/2020 through 03/06/2022

The above described vehicle to which this temporary plate has been attached may be operated by the purchaser for a period not to exceed 20 consecutive days from the date of purchase.

AFFIDAVIT OF COMPLIANCE FOR INSURANCE OR OTHER FINANCIAL RESPONSIBILITY

The holder of the 20 Day Temporary Plate (hereinafter referred to as "applicant" swears that, in compliance with Title 31, Chapter 47 of the General Laws, Motor and Other Vehicles, known as the Motor Vehicle Repairs Act, he/she will not operate or allow to be operated the motor vehicle described in this registration nor any other motor vehicle unless all such motor vehicles are covered for financial security.

Because of a concern over the rising toll of motor vehicle accidents and the suffering and loss thereby inflicted, the legislature determined that it is a matter of grave concern that motorists shall be financially able to respond in damages for the negligent acts so that innocent victims of the motor vehicle accidents may be recompensed for the injury and financial loss inflicted upon them. The aforementioned act was passed to address such concern.

The Act requires every natural person, firm, partnership, association or corporation registering a vehicle or renewing the registration of a vehicle to aver that he/she will provide financial security on same.

The obligation will be met by maintaining a policy of liability insurance with bodily injury limits of \$25,000 to any one person and \$50,000 to two or more persons in any one accident along with a limit of \$25,000 for injury to or destruction of property of others in any one accident of a combined bodily injury and property damage liability limit of \$75,000; OR by filing with the assistant director for motor vehicles in the Department of Administration, a financial security bond in the amount of \$75,000; OR by qualifying as a self insurer.

Penalties for failure to comply with the provisions of the Act may result in fines and/or suspension of your license and registration.

The existence of this Act and its requirements does not prevent the possibility that the applicant may be involved in an accident with an owner or operator of a motor vehicle who is without financial responsibility.

Appendix C Sample Handout (for sponsors): Specialty License Plate Specifications (Synopsis of AAMVA License Plate Standard Information)

License plates quickly identify motor vehicles and vehicle registrant information and are most effective when they are designed to optimize legibility to the human eye as well as for automated license plate readers (LPRs). The ability for motor vehicle agency employees, police officers, and citizens to quickly and easily identify license plate numbers (consisting of alpha and/or numeric characters) is fundamental to accurate vehicle registration data creation, maintenance, and retrieval. The following specifications are provided to specialty license plate sponsors to assist with the initial design of a new license plate.

- License Plates are 12 inches by 6 inches.
- The license plate rim is $\frac{1}{4}$ inch wide.
- Bolt holes are $2\frac{1}{2}$ inches from the side of the license plate and $\frac{1}{2}$ inch from the top and bottom of the rim of the license plate.
- Graphics must not distort or interfere with the name of the jurisdiction, the license plate number, or any other identifying feature on the license plate.
- Graphics may be either to the left or right of the of the license plate number. Graphics can stretch from the edge of the license plate to within 0.25 inches from the closest character of the license plate number.
- Graphics must not be behind the license plate number.
- A single color may be used behind the license plate number, but there must be a contrast between the license plate number and background color.
- If symbols appear on the license plate that are *not* found on a standard keyboard, such as hearts, diamonds, or emojis, they are considered a graphic and are not considered part of the license plate number sequence nor is any representation of the symbol entered into the vehicle registration database.
- If text is included within the graphic, a translucent ink or other technique is used to prevent it from being read by LPR.
- The sponsor's slogan may be across the bottom of the license plate, must be in a single color, and at least 0.25 inches below the license plate number as not to interfere with the bottom of each character in the license plate number.
- The name of the jurisdiction must be on the top of the license plate, centered between the bolt holes, 1 inch down from the rim of the license plate and 1 inch wide.

Appendix D Example of a Specialty License Plate Agreement

This Agreement made effective this X day of X month, 20XX.

BETWEEN:

ORGANIZATION

(called “The ORGANIZATION”)

- and -

NAME OF JURISDICTION

(called “XXX”)

BACKGROUND

- (a) XXX is responsible for issuing License Plates in the Jurisdiction;
- (b) XXX administers the Specialty License Plate Program which allows for organizations to participate in the issuance of a License Plate series displaying organizations’ logos, graphics, slogans or other identifiable intellectual property;
- (c) THE ORGANIZATION is the owner and has the right to license for commercial purposes certain names, nicknames, slogans, symbols, logos, emblems, insignia, graphics, colors, marks or other indicia that may be imprinted as a graphic onto a License Plate, including the Intellectual Property as defined in this Agreement;
- (d) THE ORGANIZATION has had discussions with XXX and has agreed to participate in the Specialty License Plate Program;
- (e) With the assistance of THE ORGANIZATION, XXX will be responsible for implementing the Specialty License Plate Program whereby XXX will offer for sale a Specialty License Plate which incorporates the Intellectual Property into its design; and

- (f) THE ORGANIZATION wishes to grant a License to XXX, and XXX wishes to receive a license from THE ORGANIZATION, to use the Intellectual Property for the purposes of carrying out the above-mentioned program, on the terms and conditions as further set out below.

NOW THEREFORE, in consideration of the foregoing recitals, and the mutual promises, terms, conditions, and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the XXX and THE ORGANIZATION agree as follows:

DEFINITIONS

1. In this Agreement:
 - (a) “Agreement” means this document including Schedule “A”;
 - (b) “Business Day” means 8:15 am to 4:30 pm in Jurisdiction X from Monday through Friday excluding holidays observed by Jurisdiction X;
 - (c) “Logo” means the design as shown in Schedule “A” and its related designs, slogans, and expressions, including the “Respect for Animals” phrase;
 - (d) “Effective Date” means the date first above written;
 - (e) “Intellectual Property” means certain names, nicknames, slogans, symbols, logos, emblems, insignia, graphics, colors, marks, phrases, or other indicia that may be imprinted as a graphic onto a License Plate including the graphic designs which are set out in Schedule “A”;

- (f) “License Plate” means a number plate, which is the property of XXX and for which XXX has the right to manufacture, issue, authorize, provide and restrict the use thereof under *The Traffic Safety Act* S.S. 2004, c. T-18.1, as amended from time to time;
- (g) “Specialty License Plate” means a License Plate that incorporates into its design the Intellectual Property and that displays a series of letters or a combination of letters and numbers which have been selected by XXX and that may be issued to the public for use on a class or classes of motor vehicles as determined by XXX.

LICENSE

2. THE ORGANIZATION hereby grants to XXX a non-exclusive, non-transferable License in perpetuity to use and incorporate the Intellectual Property into the design of a Specialty License Plate, and to manufacture, distribute, and promote such Specialty License Plates commencing on the Effective Date of this Agreement.
3. Schedule “A” sets out the design of the Specialty License Plate which may be sold by XXX after the Effective Date of this Agreement. THE ORGANIZATION hereby acknowledges that the Intellectual Property of THE ORGANIZATION is incorporated into the design of the Specialty License Plate.
4. Notwithstanding any amendment or change to the Schedules to this Agreement, or any change made to the design of the Specialty License Plates in the future, THE ORGANIZATION acknowledges and accepts that any person, company, partnership, organization agency or group who purchased and obtained Specialty License Plates, whether or not registered for use upon motor vehicles, may continue to use and display such

Specialty License Plates for as long as permitted by law and by XXX.

5. THE ORGANIZATION accepts and acknowledges that the Specialty License Plate may be sold and issued by XXX’s employees, agents and other representatives on behalf of XXX.

OWNERSHIP AND USE OF INTELLECTUAL PROPERTY

6. For greater certainty, nothing in this Agreement requires XXX to use the Intellectual Property or to sell and issue Specialty License Plates which incorporate the Intellectual Property. XXX, either directly or through its agents, may sell and issue the Specialty License Plates and collect the applicable sale proceeds.

LICENSE PLATES ARE PROPERTY OF XXX

7. Notwithstanding any other provisions in this Agreement, all License Plates, including Specialty License Plates, are the property of XXX. This Agreement is not a sale of any or all of XXX’s right, title or interest in License Plates of any kind whatsoever. While THE ORGANIZATION can encourage sales of the License Plates, THE ORGANIZATION cannot give, issue or provide the License Plates to any person, company, partnership, organization, agency or group without the express written consent of XXX.

XXX’S SOLE AUTHORITY TO APPROVE SPECIALTY LICENSE PLATES

8. THE ORGANIZATION acknowledges and agrees that the combination of letters and numbers appearing on Specialty License Plates are not subject to any approval of THE ORGANIZATION whatsoever at any time and that XXX has the sole unfettered subjective discretion to approve or reject any such combination of letters and numbers without incurring any liability to THE ORGANIZATION whatsoever.

NO OBLIGATION TO RECALL SPECIALTY LICENSE PLATES

9. THE ORGANIZATION acknowledges and agrees that XXX is under no obligation whatsoever to THE ORGANIZATION at any time to recall, revoke, or otherwise replace a Specialty License Plate that has been sold.

SPECIALTY LICENSE PLATE REVENUE AND ROYALTY AMOUNT

10. Upon XXX's approval of the sample plate, THE ORGANIZATION shall pay to XXX a non-refundable setup fee of X.
11. Before the sale of any Specialty License Plate, THE ORGANIZATION shall pay to XXX a refundable application fee of X. This refundable application fee represents THE ORGANIZATION's guarantee that a minimum of X of the Specialty License Plates will be purchased from XXX by XXX customers within the first twelve (12) months that the Specialty License Plate is offered for sale by XXX. If sales of the Specialty License Plates reach a minimum of five hundred X license plates sold in the first twelve (12) months the plate is offered by XXX, XXX will return the application fee to THE ORGANIZATION within thirty (30) days after the elapse of the first twelve (12) months. If sales of the Specialty License Plates do not reach a minimum of X License plates sold in the first twelve months the plate is offered by XXX, XXX reserves the right to retain the entirety of the refundable application fee paid by THE ORGANIZATION.
12. Notwithstanding any other provision in this Agreement, the Organization understands that if a minimum order quantity of one hundred (100) Specialty License Plates is not reached in the twelve (12) month period following the initial twelve (12) month period that the Specialty License Plate is offered for sale, and each year thereafter that XXX elects to offer the Specialty

License Plate for sale, then XXX may elect to no longer offer the Specialty License Plate for sale.

13. After remittance of the amount collected, XXX shall retain \$xx of the \$xx collected for each Specialty License Plate sold, and the remaining \$xx from the sale of each Specialty License Plate (hereinafter the "Royalty Amount") shall be forwarded to THE ORGANIZATION. The Royalty Amount paid to the THE ORGANIZATION is derived solely from the specialty plate fee paid by the customer for their initial acquisition of the Specialty License Plate. The Royalty Amount shall not include any other administration fees charged to customers by XXX related to this program or the licensing and registration of Jurisdiction X vehicle and drivers in general including, without limitation, fees associated with the cost for a duplicate or replacement License plate or the fees associated with a personalized License plate. Without limiting the foregoing, XXX shall have the right to set-off monies due to THE ORGANIZATION by XXX against any amounts due and owing XXX by THE ORGANIZATION.
14. XXX will pay the Royalty Amount referenced in clause 13, above, to THE ORGANIZATION periodically as the Specialty License Plates are sold. At minimum, payment will be made by XXX to THE ORGANIZATION every six months.

DESIGN CHANGES TO SPECIALTY LICENSE PLATE

15. THE ORGANIZATION may request design changes to amend Schedule "A" and thus change the design of the Specialty License Plate, provided THE ORGANIZATION shall be responsible for paying the costs incurred by XXX in processing the design change, and XXX consents to the requested change. Such consent is in the unfettered discretion of XXX. Notwithstanding the foregoing, XXX in its unfettered discretion will determine what combination of letters and

numbers will be used in relation to the amended Specialty License Plate.

PUBLICITY REGARDING THE SPECIALTY LICENSE PLATE OFFERING

16. THE ORGANIZATION agrees that any advertisement of the Specialty License Plate, including all printed advertising material, television, radio, or internet advertising, must receive prior written approval by XXX. Such permission will not be unreasonably withheld.
17. Any other promotion (e.g. website content, social media posts) must not portray XXX as endorsing this Specialty License Plate.

REVIEW OF PROGRAM

18. On an annual basis, on or before X of each calendar year, XXX shall conduct a review of the Specialty License Plate program contemplated under this Agreement to determine whether the volume of sales of the Specialty License Plates warrants the continuation of the Specialty License Plate program.
19. As part of the review contemplated in clause 18, above, XXX shall provide THE ORGANIZATION with a report as to how many Specialty License Plates have been sold to date, and the amount of any remaining inventory of Specialty License Plates, if applicable.

TERM AND TERMINATION

20. The term of this Agreement shall commence on the Effective Date and shall continue until X, unless terminated or extended in accordance with the terms and conditions of this Agreement.
21. THE ORGANIZATION may terminate this Agreement immediately upon written notice to XXX in the event of default by XXX in the performance of any term or condition of this Agreement, and failure by XXX to remedy such default within forty-five (45) days after its receipt

of written notice of such default from THE ORGANIZATION.

22. XXX may terminate this Agreement in accordance with the terms set out in a written notice delivered to THE ORGANIZATION in the event of default by THE ORGANIZATION in the performance of any term or condition of this Agreement, and failure by THE ORGANIZATION to remedy such default within forty-five (45) days after its receipt of written notice of such default from XXX.
23. Either party may terminate this Agreement by providing forty-five (45) Business Days written notice, if either party is of the opinion, in its sole discretion that continuing the Specialty License Plate program would be unfeasible or otherwise undesirable.
24. At the date of the expiration or of the termination of this Agreement by THE ORGANIZATION, XXX may destroy all remaining supply of Specialty License Plates manufactured prior to the expiration termination of this Agreement, in which case THE ORGANIZATION shall reimburse XXX for all reasonable costs incurred in the manufacture and destruction of such Specialty License Plates.
25. XXX shall cease the manufacture, sale or issuance of the Specialty License Plate which incorporate the Intellectual Property in their design after the date of the expiration or termination of this Agreement.

DEFAULT

26. In the event of default of any of the terms and conditions in this Agreement by THE ORGANIZATION, whether by omission or commission, or if an event of default under clause 27 occurs, XXX shall have the right, effective immediately without notice, to terminate this Agreement. Upon such termination, all rights

and privileges of THE ORGANIZATION under the Agreement shall terminate. In addition, XXX reserves the right to pursue any other legal remedy available to XXX.

EVENTS OF DEFAULT

27. Events of default include, but are not limited to the following:
- (a) THE ORGANIZATION becomes bankrupt or insolvent, goes into receivership, or takes the benefit of any statute from time to time in force relating to bankrupt or insolvent debtors;
 - (b) an order is made or resolution passed for the winding up of THE ORGANIZATION or THE ORGANIZATION is dissolved;
 - (c) THE ORGANIZATION ceases to operate or carry on business in the normal course;
 - (d) THE ORGANIZATION has submitted false or misleading information to XXX or makes a false representation in this Agreement;
 - (e) THE ORGANIZATION breaches or fails to comply with a term or condition of this Agreement, or
 - (f) XXX determines that contractual association with THE ORGANIZATION is inconsistent with the reputation of, or public confidence in XXX.

ONGOING USE OF SPECIALTY LICENSE PLATES AFTER TERMINATION

28. For greater certainty, nothing prohibits any person, company, partnership, organization, agency or group who purchased Specialty License Plates prior to any termination of this Agreement, from continuing to use and display these Specialty License Plates on their vehicles or elsewhere for as long as may be permitted by law and by XXX.

REPRESENTATIONS AND WARRANTIES

29. THE ORGANIZATION represents and warrants to XXX that:
- (a) it has the proper legal power and capacity to enter into this Agreement and to perform its obligations under this Agreement;
 - (b) it is and shall remain the administrator of the Intellectual Property for as long as this Agreement is in effect and as such has the legal power and capacity to license the Intellectual Property to XXX, and that, to its knowledge, the use of the Intellectual Property pursuant to this Agreement does not infringe upon the intellectual property rights of any other person, firm or corporation;
30. XXX represents and warrants to THE ORGANIZATION that it has the proper legal power and capacity to enter into this Agreement and to perform its obligations under this Agreement; and
31. Each party to this Agreement is responsible for maintaining liability insurance, in an amount sufficient to protect such party in the event of third party claims for bodily injury, personal injury or property damage (including loss of use thereof) arising in connection with the performance of this Agreement and all other business operations.

THIRD PARTY CLAIMS, INDEMNITY AND HOLD HARMLESS

32. Each party shall indemnify and hold harmless the other, its employees and agents against and from any and all third party claims, demands, actions, or costs (including legal costs on a solicitor-client basis) to the extent arising from:
- (a) that party's breach of this Agreement, or

- (b) the negligence, other tortious act or willful misconduct of that party, or its employees, in relation to the performance of its obligations under this Agreement.

The party claimed against or sued by a third party must notify the other in writing of a claim or suit promptly and provide reasonable cooperation, at the responsible party's expense. Neither party shall have any obligation under any settlement made without its written consent.

THIRD PARTY CLAIMS IN RELATION TO INTELLECTUAL PROPERTY

33. If a third party claims that the Logo delivered to XXX for use and incorporation into the Specialty License Plates by THE ORGANIZATION, THE ORGANIZATION's employees or agents under this Agreement infringes any copyright, patent, trade secret, industrial design, trade mark or any other proprietary right enforceable in Canada, THE ORGANIZATION will defend XXX against that claim at THE ORGANIZATION's expense.

In this regard, THE ORGANIZATION will pay all costs, damages and legal fees that a court finally awards or are included in a settlement agreed to by THE ORGANIZATION, provided that XXX:

- (a) promptly notifies THE ORGANIZATION in writing of the claim; and
 - (b) cooperates with THE ORGANIZATION, and allows THE ORGANIZATION to control, with XXX's participation, the defense and any related settlement negotiations.
34. If such a claim is made or appears likely to be made under clause 33, XXX agrees to permit THE ORGANIZATION to enable XXX, at THE ORGANIZATION's cost and with

XXX's agreement, to continue to use the Logo or to provide XXX with a non-infringing replacement or modification for use and incorporation into a Specialty License Plate. If THE ORGANIZATION determines that none of these alternatives is reasonably available, XXX shall halt issuing the Specialty License Plates that display the alleged infringing Logo on THE ORGANIZATION's written request and THE ORGANIZATION shall pay XXX, upon XXX providing THE ORGANIZATION an invoice identifying the number of issued and unissued Specialty License Plates, the reasonable costs associated with recalling all issued Specialty License and exchanging them with replacement License Plates and the costs of the unissued stock of Specialty License Plates.

The party claimed against or sued by a third party must notify the other in writing of a claim or suit promptly and provide reasonable cooperation, at the responsible party's expense. Neither party shall have any obligation under any settlement made without its written consent.

NON-ASSIGNABILITY

35. THE ORGANIZATION shall not assign or otherwise dispose of any of its rights, obligations or interests in this Agreement without the prior written consent of XXX, which shall not be unreasonably withheld.

RELATIONSHIP OF THE PARTIES

36. The relationship of THE ORGANIZATION to XXX under this Agreement is that of an independent licensor of the Intellectual Property, and nothing in this Agreement is to be construed as creating an agency, partnership, joint venture or employment relationship between THE ORGANIZATION and XXX.

NOTICES

37. Any notice to be made under this Agreement is to be made in writing, and is effective when delivered to the address or transmitted by fax to the fax number, as follows:

XXX: NAME, TITLE, ADDRESS &
CONTACT INFO HERE

THE ORGANIZATION: NAME, TITLE,
ADDRESS & CONTACT INFO

The parties respectively designate for the time being, the individuals identified in this clause as having the authority to give notice, and notice given by these individuals is binding on the party giving the notice.

38. Either party may change its information in clause 37 by giving notice to the other in the manner described in clause 37.

39. Any notice personally served or sent by fax shall be deemed received when actually delivered or received, if delivery or fax transmission is on a Business Day, or if not on a Business Day, on the following Business Day.

GENERAL

40. In the case of conflicts or discrepancies among this document and Schedule A, the documents shall take precedence and govern in the following order:

- (a) The body of this document; and
- (b) Schedule A.

41. This Agreement contains the entire agreement of the parties concerning the subject matter of this Agreement and except as expressed in this Agreement, there are no other understandings or agreements, verbal or otherwise, that exist between the parties.

42. This Agreement shall be for the benefit of and binds the successors and assigns of the parties.

43. Time is of the essence of this Agreement.

44. The Parties may amend this Agreement only by mutual written agreement signed by the parties.

45. The terms and conditions contained in this Agreement that by their sense and context are intended to survive the performance of this Agreement by the parties shall so survive the completion and performance, suspension or termination of this Agreement.

46. This Agreement shall be governed by and interpreted in accordance with the laws in force in Jurisdiction X and the laws of Canada applicable in Jurisdiction X, and the parties irrevocably attorn to the exclusive jurisdiction of courts in Jurisdiction X.

47. In this Agreement any reference to a statute shall mean the statute in force as at the Effective Date, together with all regulations promulgated thereunder, as the same may be amended, reenacted, consolidated or replaced, from time to time, and any successor statute thereto, unless expressly provided.

48. Any waiver by either party of the performance by the other of an obligation under this Agreement must be in writing, and such waiver does not constitute a continuing waiver of the performance of that obligation unless a contrary intention is expressed in writing.

49. The rights and remedies of XXX under this Agreement are cumulative and any one or more may be exercised.

50. The headings in this Agreement are inserted for convenience of reference only and shall not affect the meaning or construction of this Agreement.

51. In this Agreement words in the singular include the plural and words in the plural include the singular.

52. This Agreement may be executed in counterparts, in which case (i) the counterparts together shall constitute one agreement, and (ii) communication of execution by fax transmission or e-mailed in PDF shall constitute good delivery.

This Agreement has been executed on behalf of each party by their duly authorized representatives.

XXX

_____ signed on _____ 2018

Name Printed: Title:

ORGANIZATION

_____ signed on _____ 2018

Name Printed: Title:

Appendix E AAMVA Improving ALPR Effectiveness through Uniform License Plate Design and Manufacture Best Practices Guide

The following link will navigate readers to the AAMVA Best Practices and Model Legislation website page where the complete “Best Practices for Improving Automated License Plate Reader Effectiveness through Uniform License Plate Design and Manufacture Best Practices Guide” can be found.

NOTE: AAMVA anticipates this document will be updated and republished in 2021.

<http://www.aamva.org/best-practices-and-model-legislation>

Appendix F AAMVA 2020 License Plate Standard Working Group Roster

CO-CHAIRS

Chris Childs*Assistant Chief*

California Highway Patrol

Charles Hollis*Assistant Administrator*

Rhode Island Division of Motor Vehicles

MEMBERS

Nikki Bachelder*Clerk IV, Registration Section Office Supervisor*

Maine Bureau of Motor Vehicles

Brandy Bray*Manager, Issuer & Customer Support Services*

Saskatchewan Government Insurance

Tom Foster*Captain*

Washington State Patrol

Lisa Green*Bureau Director*

Mississippi Department of Revenue

Jessica McEwen*Director of Registration*

Indiana Bureau of Motor Vehicles

Hermenia Perkins-Brown*License Plate Officer*

South Carolina Department of Motor Vehicles

LeeAnn Phelps*Public Service Executive I*

Kansas Division of Vehicles

Craig Phillips*Captain*

Kansas Highway Patrol

Cindy Zuerblis*Division Manager*

Connecticut Department of Motor Vehicles

PARTNER

Ryan Daugirda*Manager*

International Association of Chiefs of Police

TECHNICAL ADVISORS

Neville Boston*Chief Strategy Officer*

Reviver

Lynn Conaway*Vice President, Sales & Marketing*

John R. Wald Company, Inc.

Jeff Hielsberg*Regional Sales Director*

Intellectual Technology, Inc.

Nate Maloney*Vice President, Marketing & Communications*

Selex ES Inc., a Leonardo Company

TECHNICAL ADVISORS *(continued)***David Pointon**

Government & Industry Manager
3M Company

Dan Pullium

Senior Government Affairs Manager
Dealertrack

Lauren Dolan

Marketing Manager
Waldale Irwin Hodson Group

AAMVA STAFF**Brian Ursino**

Director, Law Enforcement

Cathie Curtis

Director, Vehicle Programs

Kristen Shea

Senior Programs Analyst

Paul Steier

Law Enforcement Program Manager

OUR VISION

Safe drivers

Safe vehicles

Secure identities

Saving lives!



American Association of Motor Vehicle Administrators

4401 Wilson Blvd, Suite 700
Arlington, Virginia 22203
703.522.4200 | aamva.org



Board Meeting Date: 2/10/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Glenna Bowman, Chief Financial Officer
Agenda Item: 12
Subject: Modify Contract Approval Procedures Adopted on May 2, 2019

RECOMMENDATION

TxDMV staff recommends that the board approve proposed updates to the Contract Approval Procedures adopted by the board on May 2, 2019.

PURPOSE AND EXECUTIVE SUMMARY

As the Texas Department of Transportation (TxDOT) begins to formally transition certain facilities maintenance responsibilities (including utilities) to TxDMV for TxDOT facilities occupied by TxDMV at TxDMV headquarters, the department recommends changes to the board's contract approval procedures to include additional exemptions from board approval authority for the following routine operations:

- Recycling Services
- Elevator-Related Services and Needs (to include repairs and maintenance)
- Heating and Cooling System-Related Services and Needs (to include Johnson Controls, HVAC, heating, ventilation, and air conditioning), boiler and chiller services, maintenance and other needs)
- Utility-Related Services and Needs (to include electrical, water and wastewater services, maintenance and repairs)
- Fire and Safety Services and Needs (to include fire suppression systems, permits, emergency alert system and other supporting needs)

Department staff also recommends excluding real estate leases for the same location from the board's contract approval procedures. This exclusion only applies to renewals and amendments to existing leases, as well as new leases for the same real estate that TxDMV occupied under a prior lease. These lease agreements are typically included in the TxDMV Operating Budget, which the board approves each fiscal year. This exclusion does not apply to a new lease for a different property, such as when TxDMV is moving to a new location or adding another location.

Department staff further recommends deleting footnote 2, which excepts the interagency contract between TxDMV and TxDOT (pursuant to House Bill 3097, 81st Regular Legislative Session, and Senate Bill 1420, 82nd Regular Legislative Session) from the general exception for interagency contracts in the contract procedures. While the TxDOT contract will remain in effect after the transition of the facilities maintenance responsibilities from TxDOT to TxDMV, TxDMV's costs under the contract will be dramatically reduced. TxDMV will pay our vendors for providing the maintenance services for the TxDMV headquarters facilities, rather than reimbursing TxDOT for the services provided by TxDOT's vendors. However, the contract will continue to require TxDMV to pay TxDOT for maintenance services provided for TxDMV at other TxDOT facilities, such as certain TxDMV Regional Service Centers. The contract will continue to govern other matters between TxDMV and TxDOT, such as the sharing of data and systems by the two agencies.



The department further recommends authorizing the Finance and Audit Committee Chairman (in addition to the Board Chairman) to approve the execution of a contract on an emergency basis. It is preferable to have two board members who are authorized to approve the execution of a contract on an emergency basis in case one of the board members is not available.

FINANCIAL IMPACT

No financial impact is expected from this request.

BACKGROUND AND DISCUSSION

Contract approval procedures were initially approved by the TxDMV Board on March 10, 2011. The procedures delegated authority for the Executive Director to approve and sign contracts on behalf of the department for procurements mandated by statute or use by other state agencies. They also specified that the Executive Director could execute contracts valued at or below \$200,000 within budget guidelines according to established procurement and contract laws, rules, regulations and policies of oversight agencies. The Board authorized the Executive Director to adopt separate internal procedures and/or administrative rules to assist with the implementation of the resolution.

These procedures have subsequently been modified to clarify Board approvals for contract renewals and/or change orders that exceed \$200,000; increase the original contract by 25 percent or more with a value of \$50,000 or more; or increase the original contract by \$100,000 or more. The modifications also reflected specific exemptions and a provision for the department's annual budget document to include all agency contracts which are expected to exceed \$200,000 in the following fiscal year. (Previous modifications were adopted on September 12, 2013; November 14, 2013; November 3, 2016; and May 5, 2019.)

BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES

CONTRACT APPROVAL PROCEDURES

Revised ~~May 2, 2019~~ February 10, 2022

The Board of the Texas Department of Motor Vehicles (Board) finds it necessary to adopt procedures relating to contracts executed on behalf of the Texas Department of Motor Vehicles (department). The Executive Director (or designee) has the authority to sign and/or approve contracts on behalf of the department without Board approval, to the extent the contract approval procedures do not require prior Board approval and Board approval is not required by law. The Board authorizes the Executive Director to adopt separate internal procedures to assist with the implementation of ~~this~~ these contract approval procedures.

Procurement Process:

The department may enter into the procurement process to acquire goods and/or services without consultation or prior Board approval provided that the department complies with the General Contract Approval procedures below.

General Contract Approval:

Department contracts must be submitted to the Board by the Executive Director (or designee) for review and approval prior to execution and/or award if:

- the contract or contract renewal exceeds \$200,000.
- a change order, individually or in combination with other change orders (other than the exercise of available renewal options), increases the original contract by twenty-five percent or more, as long as the dollar amount of the change order is \$50,000 or more.
- any change order, individually or in combination with any other change order~~(s)~~ (other than the exercise of available renewal options), increases the original contract by \$100,000 or more.

At the discretion of the Executive Director (or designee), the department may request the Board consider any contract of any amount.

Exclusion:

The department is not required to obtain approval for any grants awarded to the department or awarded by the department or any contracts which do not obligate the department to pay, such as the contract for the TexasSure program.

The following department contracts are for routine operations and are excluded from the contract approval procedures listed above:

Statewide Procurement Division (SPD) Contracts	Lawn Services
Department of Information Resources (DIR) Contracts	Janitorial Services
Council on Competitive Government (CCG) Contracts	Vehicles

Hardware/Software Maintenance	Leased Copiers
Vehicle Registration Renewal Notices	Copier Maintenance
Vehicle Titles	Trash Disposal <u>and Recycling</u>
TxMAS Contracts ¹	Interagency/Interlocal Agreements ²
Registration Stickers	Software – Off-the-Shelf
Equipment Maintenance	Set-Aside Contracts ^{3,2}
Temporary Staff Services	Postage
Security Services	<u>Elevator Services and Needs</u>
<u>Fire and Safety Services and Needs</u>	<u>Utility-Related Services and Needs</u>
<u>Heating and Cooling System Services and Needs</u>	<u>Real Estate Leases for Same Location³</u>

Emergency Procurements:

In the event a contract is needed on an emergency basis, the Executive Director (or designee) will contact the Board Chairman or the Finance and Audit Committee Chairman for approval to execute such a contract and will brief the full Board at the next regularly scheduled Board meeting.

An emergency procurement is an unforeseeable situation requiring a procurement and the possible execution and/or award of a contract to:

- prevent a hazard to life, health, safety, welfare or property;
- avoid undue additional costs to the state; or
- avoid undue delay to any department operations.

Budgeting and Reporting:

Even though the routine contracts listed above are excluded from Board review, the Executive Director (or designee) must still ensure that all contracts are within budget guidelines and adhere to all established procurement and contract laws, rules, regulations, and policies of oversight agencies.

No later than August 31st of each fiscal year, the Chief Financial Officer (or designee) shall submit to the Board an annual report which identifies all agency contracts which are expected to exceed \$200,000 in the next fiscal year. This report shall include, but not be limited to, vendor name, contract purpose, contract amount, and contract duration. Additionally, the Chief Financial Officer (or designee) shall state whether sufficient funds are available in the agency's proposed operating budget for such contracts.

¹ Texas Multiple Award Schedule (TXMAS) contracts are contracts that have been developed from contracts awarded by the federal government or any other governmental entity of any state.

~~² However, the interagency contract between TxDMV and the Texas Department of Transportation pursuant to House Bill 3097 from the 81st Regular Legislative Session and/or Senate Bill 1420 from the 82nd Regular Legislative Session is excluded from this exclusion. So the department must obtain Board approval for this contract prior to execution of such contract, to the extent the dollar amount triggers the requirement for Board approval.~~

² Set-aside contracts are a specific set of contracts for which a competitive procurement is not required, such as contracts for commodities or services that are available from Texas Correctional Industries and the Central Nonprofit Agency under contract with the Texas Workforce Commission (TWC). Currently, ~~TIBH Industries, Inc. WorkQuest~~ is the Central Nonprofit Agency under contract with TWC.

³ This exclusion only applies to renewals and amendments to existing leases, as well as new leases for the same real estate that the department occupied under a prior lease.

Contract Approval Procedures:

Funds for the department's contracts are first considered when the Board reviews and approves the department's operating budget. The Board's approval of the operating budget constitutes approval of any contracts listed in the operating budget. After the Board approves the operating budget, the department's Executive Director (or designee) is authorized to execute such contracts according to established procurement and contract laws, rules, regulations and policies of oversight agencies.

IT IS THEREFORE ORDERED by the Board that these contract approval procedures are adopted. The contract approval procedures dated ~~November 03, 2016~~May 2, 2019, and titled *Board of the Texas Department of Motor Vehicles, Contract Approval Procedures* ~~are~~is rescinded, effective ~~May 2, 2019~~February 10, 2022.

The ~~D~~department is directed to take the necessary steps to implement the actions authorized in ~~the~~ese contract approval procedures.

February 10, 2022~~May 2, 2019~~

~~Guillermo "Memo" Trevino~~Charles Bacarisse, Chair
Board of the Texas Department of Motor Vehicles



Board Meeting Date: 2/10/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Jimmy Archer, Motor Carrier Division Director
Agenda Item: 13
Subject: Delegation of Authority to the Executive Director to Approve the Contract to Modify the TxIRP System to Implement Senate Bill 1064

RECOMMENDATION

Delegate authority to the Executive Director to approve the contract to modify the Texas International Registration Plan System (TxIRP) to implement Senate Bill 1064.

PURPOSE AND EXECUTIVE SUMMARY

A contract is needed with the vendor to modify the TxIRP system for the implementation of Senate Bill 1064.

FINANCIAL IMPACT

The estimate to update the TxIRP system for the implementation of this bill is up to \$250,000, and these funds were allocated by the Legislature in the 87th Regular Session.

BACKGROUND AND DISCUSSION

The bill allows a county with a population of at least 3.3 million to register the vehicles it owns and exclusively uses (now known as an "exempt county fleet") for up to eight years at a time. At this time, the provisions would apply only to Harris County.

Implementation of this bill requires programming to department computer systems (primarily handled by a vendor). Finance and Administrative Services and Information Technology Services divisions are assisting the Motor Carrier Division to procure a contract to program TxIRP to create a new Multi-Year Fleet Registration for exempt county vehicles to comply with Senate Bill 1064. The proprietary procurement is in progress.



Board Meeting Date: 2/10/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Jimmy Archer, Motor Carrier Division Director
Agenda Item: 14
Subject: Renewal of the Contract for Software Maintenance and Support for the Texas International Registration Plan System (TxIRP)

RECOMMENDATION

The department recommends that the board approve the renewal of the software maintenance and support contract with Explore Information Services, LLC (Explore) for TxIRP and its components.

PURPOSE AND EXECUTIVE SUMMARY

The renewal should be exercised so the vendor, Explore, can continue to offer software maintenance and support for TxIRP. This renewal will be the second of three, two-year renewals.

FINANCIAL IMPACT

The contract supports the online TxIRP system and related components. The monthly cost is \$28,025 per month (\$336,300 annually).

BACKGROUND AND DISCUSSION

In 2005, the Texas Department of Transportation (TxDOT) entered into a turnkey contract with Explore to provide a proprietary base Custom-Off-the-Shelf (COTS) system with custom-developed modules specific to Texas (a Texas IRP system) and to implement and maintain this system as a replacement for an existing mainframe-based IRP system.

Since system implementation, Explore has provided maintenance services for the software, updates and enhancements, and system support services on an ongoing basis per the direction of TxDMV staff.

TxIRP provides the framework for registration-related Performance and Registration Information Systems Management (PRISM) program requirements. PRISM is a Federal Motor Carrier Safety Administration Program that complements Texas Department of Public Safety enforcement activities by establishing a system of accountability that ensures that

- no vehicle registration or license plates are issued without identifying the carrier responsible for the safety of the vehicle during the registration year.
- Texas Registration and Enforcement officials understand that the use of registration sanctions, in support of vigilant enforcements activities, provide powerful incentives for unsafe carriers to improve their safety performance.

If this contract is not renewed, TxDMV could not internally support the online TxIRP system in the short term, disrupting PRISM and commercial registration for motor carrier customers.

This contract is proprietary to Explore because Explore owns the intellectual property rights to a portion of the underlying code for TxIRP.

TxIRP collected \$209,015,088 in apportioned registration revenue in Fiscal Year 2021 through the TxIRP system. The annual cost to maintain the TxIRP online system is \$336,300. TxDMV collects \$621.51 for every dollar spent on the contract with Explore. The system supports the following:

- Fleet registration
- Apportioned registration
- Token trailer
- Forestry
- Rental trailers
- PRISM
- Records Reviews and Audits



Board Meeting Date: 2/10/2022
ACTION ITEM

To: Texas Department of Motor Vehicles Board
From: Wendy Barron, Information Technology Services Division Director
Agenda Item: 15
Subject: Delegation of Authority to the Executive Director for the Approval and Execution of the End-User Information Technology Outsourcing Contract(s)

RECOMMENDATION

TxDMV recommends that the board delegate authority to the department's executive director to approve and sign the End-User Information Technology (IT) Outsourcing contract(s), including any renewals, after consulting with the board chairman.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of the End-User IT Outsourcing contract(s) is to support 500+ tax assessor-collector (TAC) offices, sixteen TxDMV regional service centers (RSCs), and TxDMV's Austin headquarters (HQ) locations.

FINANCIAL IMPACT

Because the solicitation for the contract(s) is pending, TxDMV does not want to publicly disclose the estimated cost. However, it is highly likely that the cost will exceed \$1M, so the department is complying with Government Code Section 2261.254(c) and (d).

BACKGROUND AND DISCUSSION

TxDMV's IT Services Division (ITSD) does not have adequate FTE (Full-Time Equivalents) staff to support the TAC, RSC, and HQ offices. The goal of the End-User IT Outsourcing contract(s) is to engage one or more vendors that can provide the applicable and necessary labor, supervision, maintenance, consultation, and/or materials to provide the deliverables described in the Statement of Work, including hardware lifecycle refresh, computer break/fix, and peripheral and printer support. This level of support is necessary so the department can adequately maintain and secure its technology infrastructure and continue to provide excellent customer service.

Due to the dollar amount of the potential contract(s), the board is required to do one of the following under Government Code Section 2261.254(c) and (d) before the department can enter into the contract(s): 1) approve the contract(s), which must be signed by the board chairman; or 2) delegate to the department's executive director or deputy executive director the authority to approve and sign the contract(s). The department is requesting the board to delegate signature authority to the executive director to sign the awarded contract(s), which is consistent with how the department and the board have handled prior contracts under Section 2261.254. Due to the need for these services and the fact that the board typically meets once every two months, the department is also requesting the board to delegate the authority to our executive director to approve the contract(s) after consulting with the board chairman. The department would like to have the authority to sign the contract(s) as soon as the department is ready to award the contract(s).

Board Policy Documents

Governance Process (10/13/11)

Strategic Planning (10/13/11)

Board Vision (4/7/16)

Agency Boundaries (9/13/12)

Texas Department of Motor Vehicles TxDMV Board Governance Policy

1. PURPOSE

The directives presented in this policy address board governance of the Texas Department of Motor Vehicles (TxDMV).

2. SCOPE

The directives presented in this policy apply to the TxDMV Board and TxDMV agency personnel who interact with the Board. The TxDMV Board Governance Policy shall be one that is comprehensive and pioneering in its scope.

3. POLICY

3.1. TxDMV Board Governing Style

The Board shall govern according to the following general principles: (a) a vision for the agency, (b) diversity in points of view, (c) strategic leadership, providing day-to-day detail as necessary to achieve the agency vision, (d) clear distinction of Board and Executive Director roles, (e) collective decision making, (f) react proactively rather than reactively and with a strategic approach. Accordingly:

- 3.1.1. The Board shall provide strategic leadership to TxDMV. In order to do this, the Board shall:
 - 3.1.1.1. Be proactive and visionary in its thinking.
 - 3.1.1.2. Encourage thoughtful deliberation, incorporating a diversity of viewpoints.
 - 3.1.1.3. Work together as colleagues, encouraging mutual support and good humor.
 - 3.1.1.4. Have the courage to lead and make difficult decisions.
 - 3.1.1.5. Listen to the customers and stakeholders needs and objectives.
 - 3.1.1.6. Anticipate the future, keeping informed of issues and trends that may affect the mission and organizational health of the TxDMV.
 - 3.1.1.7. Make decisions based on an understanding that is developed by appropriate and complete stakeholder participation in the process of identifying the needs of the motoring public, motor vehicle industries,

and best practices in accordance with the mission and vision of the agency.

- 3.1.1.8. Commit to excellence in governance, including periodic monitoring, assessing and improving its own performance.
- 3.1.2. The Board shall create the linkage between the Board and the operations of the agency, via the Executive Director when policy or a directive is in order.
- 3.1.3. The Board shall cultivate a sense of group responsibility, accepting responsibility for excellence in governance. The Board shall be the initiator of policy, not merely respond to staff initiatives. The Board shall not use the expertise of individual members to substitute for the judgment of the board, although the expertise of individual members may be used to enhance the understanding of the Board as a body.
- 3.1.4. The Board shall govern the agency through the careful establishment of policies reflecting the board's values and perspectives, always focusing on the goals to be achieved and not the day-to-day administrative functions.
- 3.1.5. Continual Board development shall include orientation of new Board members in the board's governance process and periodic board discussion of how to improve its governance process.
- 3.1.6. The Board members shall fulfill group obligations, encouraging member involvement.
- 3.1.7. The Board shall evaluate its processes and performances periodically and make improvements as necessary to achieve premier governance standards.
- 3.1.8. Members shall respect confidentiality as is appropriate to issues of a sensitive nature.

3.2. TxDMV Board Primary Functions/Characteristics

TxDMV Board Governance can be seen as evolving over time. The system must be flexible and evolutionary. The functions and characteristics of the TxDMV governance system are:

- 3.2.1. Outreach
 - 3.2.1.1. Monitoring emerging trends, needs, expectations, and problems from the motoring public and the motor vehicle industries.
 - 3.2.1.2. Soliciting input from a broad base of stakeholders.

3.2.2. Stewardship

3.2.2.1. Challenging the framework and vision of the agency.

3.2.2.2. Maintaining a forward looking perspective.

3.2.2.3. Ensuring the evolution, capacity and robustness of the agency so it remains flexible and nimble.

3.2.3. Oversight of Operational Structure and Operations

3.2.3.1. Accountability functions.

3.2.3.2. Fiduciary responsibility.

3.2.3.3. Checks and balances on operations from a policy perspective.

3.2.3.4. Protecting the integrity of the agency.

3.2.4. Ambassadorial and Legitimizing

3.2.4.1. Promotion of the organization to the external stakeholders, including the Texas Legislature, based on the vision of the agency.

3.2.4.2. Ensuring the interests of a broad network of stakeholders are represented.

3.2.4.3. Board members lend their positional, professional and personal credibility to the organization through their position on the board.

3.2.5. Self-reflection and Assessment

3.2.5.1. Regular reviews of the functions and effectiveness of the Board itself.

3.2.5.2. Assessing the level of trust within the Board and the effectiveness of the group processes.

3.3. Board Governance Investment

Because poor governance costs more than learning to govern well, the Board shall invest in its governance capacity. Accordingly:

3.3.1. Board skills, methods, and supports shall be sufficient to ensure governing with excellence.

- 3.3.1.1. Training and retraining shall be used liberally to orient new members, as well as maintain and increase existing member skills and understanding.
 - 3.3.1.2. Outside monitoring assistance shall be arranged so that the board can exercise confident control over agency performance. This includes, but is not limited to, financial audits.
 - 3.3.1.3. Outreach mechanisms shall be used as needed to ensure the Board's ability to listen to stakeholder viewpoints and values.
 - 3.3.1.4. Other activities as needed to ensure the Board's ability to fulfill its ethical and legal obligations and to represent and link to the motoring public and the various motor vehicle industries.
- 3.3.2. The Board shall establish its cost of governance and it will be integrated into strategic planning and the agency's annual budgeting process.

3.4. Practice Discipline and Assess Performance

The Board shall ensure the integrity of the board's process by practicing discipline in Board behavior and continuously working to improve its performance. Accordingly:

- 3.4.1. The assigned result is that the Board operates consistently with its own rules and those legitimately imposed on it from outside the organization.
 - 3.4.1.1. Meeting discussion content shall consist solely of issues that clearly belong to the Board to decide or to monitor according to policy, rule and law. Meeting discussion shall be focused on performance targets, performance boundaries, action on items of Board authority such as conduct of administrative hearings, proposal, discussion and approval of administrative rule-making and discussion and approval of all strategic planning and fiscal matters of the agency.
 - 3.4.1.2. Board discussion during meetings shall be limited to topics posted on the agenda.
 - 3.4.1.3. Adequate time shall be given for deliberation which shall be respectful, brief, and to the point.
- 3.4.2. The Board shall strengthen its governing capacity by periodically assessing its own performance with respect to its governance model. Possible areas of assessment include, but are not limited to, the following:
 - 3.4.2.1. Are we clear and in agreement about mission and purpose?

- 3.4.2.2. Are values shared?
 - 3.4.2.3. Do we have a strong orientation for our new members?
 - 3.4.2.4. What goals have we set and how well are we accomplishing them?
 - 3.4.2.5. What can we do as a board to improve our performance in these areas?
 - 3.4.2.6. Are we providing clear and relevant direction to the Executive Director, stakeholders and partners of the TxDMV?
- 3.4.3. The Board Chair shall periodically promote regular evaluation and feedback to the whole Board on the level of its effectiveness.

Texas Department of Motor Vehicles Strategic Planning Policy

1. PURPOSE

The directives presented in this policy address the annual Strategic Planning process at the Texas Department of Motor Vehicles (TxDMV).

2. SCOPE

The directives presented in this policy apply to the TxDMV Board and TxDMV agency personnel who interact with the Board. TxDMV Strategic Planning Policy attempts to develop, document and expand its policy that is comprehensive in its scope in regards to the strategic planning process of the Board and the Department beyond that of the state strategic planning process.

3. POLICY

3.1. TxDMV Board Strategic Planning

This policy describes the context for strategic planning at TxDMV and the way in which the strategic plan shall be developed and communicated.

- 3.1.1. The Board is responsible for the strategic direction of the organization, which includes the vision, mission, values, strategic goals, and strategic objectives.
- 3.1.2. TxDMV shall use a 5-year strategic planning cycle, which shall be reviewed and updated annually, or as needed.
- 3.1.3. The 5-year strategic plan shall be informed by but not confined by requirements and directions of state and other funding bodies.
- 3.1.4. In developing strategic directions, the Board shall seek input from stakeholders, the industries served, and the public.
- 3.1.5. The Board shall:
 - 3.1.5.1. Ensure that it reviews the identification of and communication with its stakeholders at least annually.
 - 3.1.5.2. Discuss with agency staff, representatives of the industries served, and the public before determining or substantially changing strategic directions.

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- 3.1.5.3. Ensure it receives continuous input about strategic directions and agency performance through periodic reporting processes.
 - 3.1.6. The Board is responsible for a 5-year strategic plan that shall identify the key priorities and objectives of the organization, including but not limited to:
 - 3.1.6.1. The creation of meaningful vision, mission, and values statements.
 - 3.1.6.2. The establishment of a Customer Value Proposition that clearly articulates essential customer expectations.
 - 3.1.6.3. A Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis, to be updated annually.
 - 3.1.6.4. An assessment of external factors or trends (i.e., customer needs, political factors, economic factors, industry trends, technology factors, uncertainties, etc.)
 - 3.1.6.5. Development of the specific goals and objectives the Department must achieve and a timeline for action.
 - 3.1.6.6. Identification of the key performance indicators to measure success and the initiatives that shall drive results.
 - 3.1.6.7. Engage staff at all levels of the organization, through the executive director, in the development of the strategic plan through surveys, interviews, focus groups, and regular communication.
 - 3.1.6.8. Ensure the strategic planning process produces the data necessary for LBB/GOBPP state required compliance while expanding and enhancing the strategic plan to support the needs of the TxDMV. The overall strategic plan shall be used as a tool for strategic management.
 - 3.1.7. The Board delegates to the Executive Director the responsibility for **implementing** the agency's strategic direction through the development of agency wide and divisional operational plans.
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Texas Department of Motor Vehicles TxDMV Goals and Objectives

1. PURPOSE

The information presented in this policy addresses the goals and key objectives of the Board of the Texas Department of Motor Vehicles (TxDMV) as they relate to the mission, vision, and values of the TxDMV.

2. SCOPE

The scope of this policy is to define the desired state the TxDMV Board is working to achieve. This policy is designed to be inspirational in outlining the desired state of the agency that supports the TxDMV Board vision and meeting agency goals.

3. TxDMV MISSION

To serve, protect and advance the citizens and industries in the state with quality motor vehicle related services.

4. TxDMV VISION

The Texas Department of Motor Vehicles sets the standard as the premier provider of customer service in the nation.

5. TxDMV VALUES

To earn the trust and faith of all citizens of Texas with transparency, efficiency, excellence, accountability, and putting stakeholders first.

- 5.1. **Transparency** – Being open and inclusive in all we do.
- 5.2. **Efficiency** – Being good stewards of state resources by providing products and services in the most cost-effective manner possible.
- 5.3. **Excellence** – Working diligently to achieve the highest standards.
- 5.4. **Accountability** – Accepting responsibility for all we do, collectively and as individuals.
- 5.5. **Stakeholders** – Putting customers and stakeholders first, always.

6. TxDMV GOALS

6.1. GOAL 1 – Performance Driven

The TxDMV shall be a performance driven agency in its operations whether it is in customer service, licensing, permitting, enforcement or rule-making. At all times the TxDMV shall mirror in its performance the expectations of its customers and stakeholder by effective, efficient, customer-focused, on-time, fair, predictable and thorough service or decisions.

6.1.1. Key Objective 1

The TxDMV shall be an agency that is retail-oriented in its approach. To accomplish this orientation TxDMV shall concentrate the focus of the agency on:

- 6.1.1.1. Delivering its products and services to all of its customers and stakeholders in a manner that recognizes that their needs come first. These needs must be positively and proactively met. TxDMV works for and with its customers and stakeholders, not the other way around.
- 6.1.1.2. Operating the agency's licensing and registration functions in a manner akin to how a private, for-profit business. As a private, for-profit business, TxDMV would have to listen to its customers and stakeholders and implement best practices to meet their needs or its services would no longer be profitable or necessary. Act and react in a manner that understands how to perform without a government safety net and going out of business.
- 6.1.1.3. Simplify the production and distribution processes and ease of doing business with the TxDMV. Adapting and maintaining a business value of continuous improvement is central to TxDMV operations and processes.
- 6.1.1.4. All operations of the TxDMV shall stand on their own merits operationally and financially. If a current process does not make sense then TxDMV shall work within legislative and legal constraints to redesign or discard it. If a current process does not make or save money for the state and/or its customers or stakeholders then TxDMV shall work within legislative and legal constraints to redesign or discard it. TxDMV shall operate as efficiently and effective as possible in terms of financial and personnel needs. Divisions should focus on cost savings without sacrificing performance. Division directors are accountable for meeting these needs and applicable measures. All division directors are collectively responsible for the performance of TxDMV as a whole.
- 6.1.1.5. Focus on revenue generation for transportation needs as well as the needs of its customers.
- 6.1.1.6. Decisions regarding the TxDMV divisions should be based on the overriding business need of each division to meet or provide a specific service demand, with the understanding and coordination of overarching agency-wide needs.

- 6.1.1.7. Developing and regularly updating a long-range Statewide Plan describing total system needs, establishing overarching statewide goals, and ensuring progress toward those goals.
- 6.1.1.8. The TxDMV shall establish a transparent, well-defined, and understandable system of project management within the TxDMV that integrates project milestones, forecasts, and priorities.
- 6.1.1.9. The TxDMV shall develop detailed work programs driven by milestones for major projects and other statewide goals for all TxDMV divisions.
- 6.1.1.10. The TxDMV, with input from stakeholders and policymakers, shall measure and report on progress in meeting goals and milestones for major projects and other statewide goals.

6.2. GOAL 2 – Optimized Services and Innovation

The TxDMV shall be an innovative, forward thinking agency that looks for ways to promote the economic well-being and development of the industries it serves as well as the State of Texas within the legislative boundaries that have been established for the agency.

6.2.1. Key Objective 1

The TxDMV shall achieve operational, cultural, structural and financial independence from other state agencies.

- 6.2.1.1. Build the TxDMV identity. This means that TxDMV shall make customers aware of what services we offer and how they can take advantage of those services.
- 6.2.1.2. Build the TxDMV brand. This means that TxDMV shall reach out to the stakeholders, industries we serve and the public, being proactive in addressing and anticipating their needs.
- 6.2.1.3. Determine immediate, future, and long term facility and capital needs. TxDMV needs its own stand-alone facility and IT system as soon as possible. In connection with these needs, TxDMV shall identify efficient and effective ways to pay for them without unduly burdening either the state, its customers or stakeholders.
- 6.2.1.4. All regulations, enforcement actions and decision at TxDMV shall be made in a timely, fair and predictable manner.

6.2.2. Key Objective 2

Provide continuous education training on business trends in the industry with a particular emphasis on activities in Texas.

6.2.3. Key Objective 3

Provide continuous outreach services to all customers and stakeholders to access their respective needs and wants. This includes helping frame legislative or regulatory issues for consideration by other bodies including the legislature.

6.2.4. Key Objective 4

Examine all fees to determine their individual worth and reasonableness of amount. No fee shall be charged that cannot be defended financially and operationally.

6.3. GOAL 3 – Customer-centric

The TxDMV shall be a customer-centric agency that delivers today’s services and decisions in a positive, solution-seeking manner while ensuring continuous, consistent and meaningful public and stakeholder involvement in shaping the TxDMV of tomorrow.

6.3.1. Key Objective 1

The TxDMV shall seek to serve its customer base through a creative and retail oriented approach to support the needs of its industries and customers.

6.3.2. Key Objective 2

The TxDMV shall develop and implement a public involvement policy that guides and encourages meaningful public involvement efforts agency-wide.

6.3.3. Key Objective 3

The TxDMV shall develop standard procedures for documenting, tracking, and analyzing customer complaint data. Successful problem resolution metrics should be monitored to support continuous improvement activities that shall permanently improve customer facing processes.

6.3.4. Key Objective 4

The TxDMV shall provide a formal process for staff with similar responsibilities to share best practices information.

6.3.5. Key Objective 5

The TxDMV shall provide central coordination of the Department's outreach campaigns.

6.3.6. Key Objective 6

The TxDMV shall develop and expand user friendly, convenient, and efficient website applications.

6.3.7. Key Objective 7

TxDMV shall timely meet all legislative requests and mandates.

Agency Operational Boundaries as Defined by Department Policies of the TxDMV Board (Board)

The Board is responsible for the policy direction of the agency. The Board's official connection to the day-to-day operation of the Texas Department of Motor Vehicles (TxDMV) and the conduct of its business is through the Executive Director of the TxDMV (ED) who is appointed by the Board and serves at its pleasure. The authority and accountability for the day-to-day operations of the agency and all members of the staff, except those members who report directly to the Board, is the sole responsibility of the ED.

In accordance with its policy-making authority the Board has established the following policy boundaries for the agency. The intent of the boundaries is not to limit the ability of the ED and agency staff to manage the day-to-day operations of the agency. To the contrary, the intent of the boundaries is to more clearly define the roles and responsibilities of the Board and the ED so as to liberate the staff from any uncertainty as to limitations on their authority to act in the best interest of the agency. The ED and staff should have certainty that they can operate on a daily basis as they see fit without having to worry about prior Board consultation or subsequent Board reversal of their acts.

The ED and all agency employees shall act at all times in an exemplary manner consistent with the responsibilities and expectations vested in their positions. The ED and all agency employees shall act in a manner consistent with Board policies as well as with those practices, activities, decisions, and organizational circumstances that are legal, prudent, and ethical. It is the responsibility of the ED to ensure that all agency employees adhere to these boundaries.

Accordingly, the TxDMV boundaries are as follows:

1. The day-to-day operations of the agency should be conducted in a manner consistent with the vision, mission, values, strategic framework, and performance metrics as established by the Board. These elements must not be disregarded or jeopardized in any way.
2. A team-oriented approach must be followed on all enterprise-wide decisions to ensure openness and transparency both internally and externally.
3. The agency must guard against allowing any financial conditions and decision which risk adverse fiscal consequences, compromise Board financial priorities, or fail to

show an acceptable level of foresight as related to the needs and benefits of agency initiatives.

4. The agency must provide timely, accurate, and honest information that will afford the Board, public, stakeholders, executive branch and the legislature the best ability to evaluate all sides of an issue or opportunity before forming an opinion or taking action on it. Any information provided that is intentionally untimely, inaccurate, misleading or one-sided will not be tolerated.
5. The agency must take all reasonable care to avoid or identify in a timely manner all conflicts of interest or even the appearance of impropriety in awarding purchases, negotiating contracts or in hiring employees.
6. The agency must maintain adequate administrative policies and procedures that are understandable and aid in staff recruitment, development and retention.
7. The agency must maintain an organizational structure that develops and promotes the program areas from an enterprise-wide perspective. No organizational silos or sub-agencies will be allowed. We are the TxDMV.
8. The agency must empower its entire staff to deliver a positive customer experience to every TxDMV customer, stakeholder or vendor to reduce their effort and make it easier for them to do business with the TxDMV.
9. The agency must at all times look to flattening its organizational structure to reduce cost as technology advances allow.
10. Agency staff shall anticipate and resolve all issues timely.
11. The agency must maximize the deployment and utilization of all of its assets – people, processes and capital equipment – in order to fully succeed.
12. The agency must not waste the goodwill and respect of our customers, stakeholders, executive branch and legislature. All communication shall be proper, honest, and transparent with timely follow-up when appropriate.
13. The agency should focus its work efforts to create value, make sure that processes, programs, or projects are properly designed, budgeted and vetted as appropriate with outside stakeholders to ensure our assumptions are correct so positive value continues to be created by the actions of the TxDMV.
14. The ED through his or her staff is responsible for the ongoing monitoring of all program and fiscal authorities and providing information to the Board to keep it apprised of all program progress and fiscal activities. This self-assessment must result in a product that adequately describes the accomplishment of all program

goals, objectives and outcomes as well as proposals to correct any identified problems.

15. In advance of all policy decisions that the Board is expected to make, the ED will provide pertinent information and ensure board members understand issues/matters related to the pending policy decision. Additionally, the ED or designee will develop a process for planning activities to be performed leading up to that particular policy decision and the timeframe for conducting these planning activities. It is imperative that the planning process describes not only when Board consideration will be expected but also when prior Board consultation and involvement in each planning activity will occur.
16. In seeking clarification on informational items Board members may directly approach the ED or his or her designee to obtain information to supplement, upgrade or enhance their knowledge and improve the Board's decision-making. Any Board member requests that require substantive work should come to the Board or Committee Chairs for direction.
17. The agency must seek stakeholder input as appropriate on matters that might affect them prior to public presentation of same to the Board.
18. The agency must measure results, track progress, and report out timely and consistently.
19. The ED and staff shall have the courage to admit a mistake or failure.
20. The ED and staff shall celebrate successes!

The Board expects the ED to work with agency staff to develop their written interpretation of each of the boundaries. The ED will then present this written interpretation to the Board prior to discussion between the Board and ED on the interpretation. The Board reserves the right to accept, reject or modify any interpretation. The intent is that the Board and the ED will come to a mutually agreeable interpretation of agency boundaries that will then form the basis of additional written thought on the part of the ED and staff as to how these boundaries will influence the actions of the agency.