

BILL ANALYSIS

C.S.H.B. 4276
By: Thompson, Ed
Transportation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas Department of Motor Vehicles (TxDMV) currently has very limited options to curtail egregious abuses of the electronic temporary tag (eTAG) system, as TxDMV is prohibited from denying a motor vehicle dealer access to the eTAG system. Recent reports indicate that dealerships have issued thousands of fraudulent tags without proof of actual vehicle sales. Despite TxDMV efforts to prevent abuse of the eTAG system, no mechanism exists for TxDMV to detect such fraud. TxDMV has called for rulemaking authority to develop criteria outlining the number of temporary tags a vehicle dealership may lawfully obtain based on quantifiable metrics, including a dealership's time in operation, sales data, expected growth, and potential changes in the market. C.S.H.B. 4276 seeks to provide that authority so TxDMV can set the maximum number of temporary tags that a motor vehicle dealer may lawfully obtain.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Department of Motor Vehicles in SECTION 3 of this bill.

ANALYSIS

C.S.H.B. 4276 amends the Transportation Code to authorize the Texas Department of Motor Vehicles (TxDMV) to establish by rule the maximum number of temporary tags that a dealer or converter may obtain under applicable state law. The bill requires the maximum number of temporary tags to be based on the dealer's or converter's anticipated need for temporary tags, taking into consideration information relating to the dealer's or converter's business operations and the market, including temporary conditions that may affect sales. The bill authorizes TxDMV, at the request of a dealer or converter, to authorize additional temporary tags of any type for the dealer or converter on demonstrating a need resulting from business operations, including anticipated need. TxDMV's denial of a request may be overturned if a dealer or converter shows by a preponderance of the evidence the need for additional temporary tags.

C.S.H.B. 4276 provides for the management of the dealer's and converter's temporary tag database and the buyer's temporary tag database by TxDMV by removing references to their management by the vehicle titles and registration division of TxDMV.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 4276 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes provisions not included in the original providing for the management of the dealer's and converter's temporary tag database and the buyer's temporary tag database by TxDMV.

The substitute changes the entity authorized in the original to authorize additional temporary tags from the director of TxDMV, or the director's designee, to TxDMV. The bill does not include a prohibition in the original against overturning a denial of a request for additional temporary tags in the absence of an abuse of discretion but includes an authorization for the denial to be overturned if a dealer or converter shows by a preponderance of the evidence the need for additional temporary tags.