

- SUBJECT:** Requiring vehicle seller or transferor to keep license plates
- COMMITTEE:** Transportation — committee substitute recommended
- VOTE:** 6 ayes — Krusee, Harper-Brown, Harless, Hill, Macias, Murphy
0 nays
3 absent — Phillips, Deshotel, Haggerty
- WITNESSES:** For — Chris W. Jones, Combined Law Enforcement Associations of Texas; Karen Phillips, Texas Automobile Dealers Association; Glenn White, Dallas Police Association; (*Registered, but did not testify*: Larry Zacharias, Texas Police Chiefs Association)

Against — None

On — Steve Simmons, Texas Department of Transportation
- BACKGROUND:** Transportation Code, sec. 502.180 directs the Texas Department of Transportation (TxDOT) to create rules for issuing license plates and registration insignia. The license plate and registration insignia of a vehicle remain with the vehicle upon sale, trade, or transfer.

Transportation Code, sec. 520.021 bans a person – or an entity acting on that person’s behalf – from selling, trading or transferring a used vehicle not registered in Texas.
- DIGEST:** CSHB 310 would add subch. I, secs. 502.451 through 502.456, to the Transportation Code to require a vehicle’s license plate and registration to transfer with the person selling or trading in that vehicle. It would add sec. 201.620 to provide for an electronic registration and title system facilitating registration and serving as the official record of vehicle ownership. The bill also would repeal the ban on selling, trading or transferring vehicles not registered in Texas under sec. 520.021.

When a vehicle was sold or transferred, the seller or transferor would be required to remove the plate and the registration sticker and either dispose of them in a manner prescribed by TxDOT or transfer it to another vehicle

already titled in name of the seller or transferor. Transferring the plate and obtaining a new registration sticker for another vehicle would require a \$5 fee and TxDOT approval of the transfer. A person transferring the plates to a new vehicle purchased from a licensed dealer would be required to undertake the same actions.

The registration period of a sold or transferred vehicle would stay with the vehicle until its expiration, provided the new owner followed Transportation Code requirements to transfer its title and registration within 20 working days.

A person acquiring a vehicle from a private party would have to obtain from TxDOT a temporary permit, valid for five days, by filling out a form the agency would make available on its Web site. The form would specify the point of origin and destination of the vehicle, as well as any intermediate points where the vehicle would travel. The agency would issue only one permit per vehicle, and the permit receipt would have to stay in the vehicle while the permit was valid. The agency would reserve the right to deny a permit through this process if it determined the applicant had abused privileges granted in this section.

The following sales or transfers would be exempt from this policy:

- when a vehicle owned by multiple people was acquired by one of the owners on record with TxDOT;
- transactions in which one of the vehicles was not a passenger vehicle or light truck; and
- transactions between classes of vehicles.

The current requirement that the agency issue only one plate or set of plates per vehicle during a five-year period would be subject to the provisions of the bill.

The bill would take effect January 1, 2008, and would expire August 31, 2011.

**SUPPORTERS
SAY:**

CSHB 310 would provide a valuable tool to law enforcement by ensuring that a vehicle's license plate matched the owner of the vehicle in the state's database. The bill would protect motorists, especially those recently involved in vehicle transactions, from being erroneously cited for traffic citations – or worse, criminal activity – and the subsequent hassle and

burden of proving they no longer owned a vehicle involved in a violation of the law. The bill would push Texas forward into a more user-friendly, electronic system for registering and titling vehicles and would put the state in line with the majority of other states that mandate drivers take their license plates with them upon vehicle sale or transfer.

Under the current system, the onus is on the buyer of a vehicle or a car dealership to register and transfer ownership of a vehicle. The law mandates a change in ownership be filed with a county tax office within 20 working days, but a number of factors can contribute to even longer delays in which the vehicle ownership on record with the state can be incorrect and outdated. Drivers are entitled to extensions on their temporary tags due to delays in obtaining proper paperwork. Cars can be sold and resold in short order, and if all the proper documents are not filed, that can cause further bureaucratic delays in trying to reconcile proper ownership. Reasons for not filing in a timely manner can be as innocuous as forgetting to file and as conscious as trying to avoid being tracked down by various government agencies.

This bill would create a more efficient and accurate way for law enforcement to do its job. Under the current system, police officers can never be sure that the license plate on a vehicle will be connected with the correct owner in the state's database. This can create a number of complications for officers pulling over vehicles, such as determining whether a vehicle is stolen or has been involved in a criminal activity. That lack of accurate information is exacerbated in situations in which the driver has no identification. The amount of time officers must spend tracking down the proper ownership of a vehicle is time that could have been spent on other law enforcement duties. When a vehicle is involved in a serious crime, the current system adds another barrier for a successful investigation and gives criminals more time to hide their tracks.

As cameras on roads, toll booths and buildings become more prevalent, so too does evidence linking a vehicle and a license plate to criminal activity. The state already issues penalties for running toll booths documented by cameras, and an increasing number of municipalities do the same for vehicles caught on camera running red lights. These citations go to the owner of the vehicle, as determined by matching the license plate with the owner through the state's database. In these instances, and with more serious criminal activities caught on surveillance cameras, a motorist has to prove through sale or transfer documentation that he did not in fact own

the vehicle at the time of the incident. Not only does this place the burden of proof on a citizen instead of on law enforcement, but it requires unnecessary hassle and headache for everyone in determining the true violator of the law.

Texas is one of a small number of states that does not mandate that the seller or transferor of a vehicle keep the license plates, and there is a common-sense reason the majority of states have decided to do this. It allows a more seamless way of prioritizing the need to identify the driver over the need to identify the vehicle. Although a driver's license is a good way to identify a person, a person cannot be located just by seeing that person's ID. The license plate is a means of identifying a person from afar, but that process is only as good as the information on record.

OPPONENTS
SAY:

This program would not be fully realized if implemented in 2008. The Legislature would be wise to delay the effective date of this bill until TxDOT can complete the restructuring of its computer data system to handle as many contingencies as possible instead of just the procedures it can implement between enactment of the bill and the effective date. The amount of time and money spent educating the public on a new system that would be in place for three and a half years would be better spent creating as flawless and seamless a system as possible.

TxDOT has estimated it would take between two and three years to fully implement all the facets of the program as intended. Because of the heavy costs associated with trying to implement a more comprehensive system, this bill would create an electronic system that covered between 60 and 80 percent of the goals of a comprehensive electronic titling and registration system. In the rush to put this program together, programming mistakes could occur and an untested system could be introduced before it was truly ready.

Sales and transfer between vehicles of different classes and involving vehicles other than light trucks or passenger vehicles would not be included in the program. A buyer swapping a motorcycle for a utility truck or a person selling a classic car for a modern vehicle would not be eligible under this program. The state needs to devise a plan to come as close to 100 percent inclusion of all vehicle sales and transfers if it wants to truly have an accurate and updated database. Also, since the unused registration period would stay with the vehicle sold or transferred rather than the

holder of the license plate, it would force the seller to pay for registration twice in the same year by paying a \$5.00 transfer fee for new registration.

Sellers concerned about illegal activities performed in a vehicle they have sold can avoid being wrongly accused of a crime. TxDOT provides a form for a seller or transferor to file flagging the license plate number to say the previous owner no longer operates that vehicle.

The bill would not eliminate confusion about title and registration transfer, one of the reasons people have difficulty complying with today's procedures. It would be especially burdensome on private sellers, who might have a harder time finding buyers if people were wary of driving a vehicle without a license plate and printing out a temporary tag from the Internet.

OTHER
OPPONENTS
SAY:

CSHB 310 should specify procedures for TxDOT to follow in creating an electronic title and registration system. The bill would authorize TxDOT to create a system by rule, which could lead to problems if implemented improperly. Transferring titles is the lifeblood of the car sales industry, and the bill would give too much discretion to the agency to create a system that might not provide procedures for all types of car sales and transfers.

NOTES:

The author plans to accept an amendment that would delete the provision that would allow TxDOT to implement an electronic registration and title system by rule. It would authorize TxDOT to enter into a system design contract to determine the feasibility and benefits of an electronic registration and title system applicable only to the program created under the bill and specifically would not authorize its use for issuing temporary license tags.

The original version of the bill would have charged \$9.75 for a person transferring a vehicle, plus \$2 in the first two years of the program, which would have taken effect on September 1, 2007. The committee substitute also differs from the original by allowing a license plate to be moved from a sold or transferred vehicle to another vehicle owned by the seller or transferor, creating a temporary permit and application process for a vehicle involved in a private sale, creating an electronic vehicle title and registration system, and limiting the program to light trucks and passenger vehicles. The substitute also would require that the registration transfer

with the vehicle to the owner and not expire as it would have in the original version.

The Legislative Budget Board anticipates no cost to implement the bill but anticipates annual revenue to the State Highway Fund (Fund 6) between \$14 million and \$16 million between fiscal 2008 and fiscal 2012 due to money generated through transfer fees, with an annual growth rate of nearly 2 percent.

A related bill, SB 1786 by Corona, which would create a real-time electronic database for temporary tags, specify procedures for dealerships to use it and create penalties for violating the section, has been referred to the Senate Transportation and Homeland Security Committee.

HB 2086 by Hill, which would eliminate temporary cardboard tags and allow TxDOT to create a new system for producing and issuing temporary tags, has been referred to the House Transportation Committee. The identical companion, SB 926 by Brimer, has been referred to the Senate Transportation and Homeland Security Committee.