

- SUBJECT:** Revising provisions governing the Texas Department of Motor Vehicles
- COMMITTEE:** Transportation — committee substitute recommended
- VOTE:** 7 ayes — Phillips, Darby, Fletcher, Lavender, McClendon, Pickett, Rodriguez
- 0 nays
- 4 absent — Bonnen, Y. Davis, Harper-Brown, Martinez
- WITNESSES:** For — Steve Bresnen, Insurance Auto Auctions, Inc; (*Registered, but did not testify*: Gary Barber, Smith County Tax Office, Tax Assessor-Collectors Association of Texas; Luanne Caraway, Tax Assessor-Collector Association of Texas; Jeff Martin, Texas Independent Automobile Dealers Association; Dan Mays, Texas Recreational Vehicle Association, Texas Truck Dealers Coalition; Dick Murphy, Kaufman County Tax Office; Tavie Murphy, Guadalupe County Tax Office; Sheryl R. Swift, Galveston County Tax Office)
- Against — None
- On — Robert Braziel, Texas Automobile Dealers Association; Randy Elliston and Cheryl Johnson, Texas Department of Motor Vehicles
- BACKGROUND:** The 81st Legislature in 2009 enacted HB 3097 by McClendon, which created the Texas Department of Motor Vehicles (TxDMV) as a separate state agency and transferred to it certain functions previously performed by the Texas Department of Transportation. The bill charged TxDMV with administering and enforcing laws governing:
- certificates of title and motor vehicle registration;
 - motor carrier registration, including federal motor carrier registration;
 - the sale and lease of motor vehicles;
 - salvage vehicle dealers;
 - markings on commercial motor vehicles;

- motor transportation brokers; and
- foreign commercial motor transportation.

TxDMV became operational on November 1, 2009.

The 74th Legislature in 1995 enacted SB 971 by Cain, a non-substantive recodification of statutes relating to transportation. The statutes have not since been recodified.

DIGEST:

CSHB 2357 would revise and reorganize chapters in the Transportation Code — chs. 501 (Certificate of Title Act), 502 (Registration of Motor Vehicles), 504 (Specialty License Plates), and 520 (miscellaneous provisions regarding titles and registration) — that govern TxDMV and its functions. The bill would allow TxDMV to implement an electronic vehicle titling system and collect service fees for electronic payments and credit and debit card transactions. It also would allow the department to adopt rules for a number of processes, modify other provisions regarding titling, and revise other statutory provisions.

Electronic titling system. CSHB 2357 would allow the TxDMV board to adopt rules to implement an electronic titling system, which would contain the official record of vehicle ownership and applicable liens, unless an owner requested a printed title. TxDMV could receive, archive, and transmit electronic documents, provide for access and for search functions, and convert paper documents and other information into an electronic format. An electronic signature would suffice in place of current requirements for written consent.

In addition, TxDMV could accept payments via electronic funds transfer and credit or debit cards for title and registration fees. The department could collect a processing fee for these transactions not to exceed 5 percent of the fee being paid. It could collect an additional transaction fee for a vendor who provided services in connection with electronic payments. An additional service charge could be assessed for a rejected payment. All fees collected for electronic payment would be deposited into the State Highway Fund.

TxDMV powers and duties. The bill would require the TxDMV board to adopt rules governing a number of processes, including:

- requirement that an applicant for a title present identification and provide current personal information, which could be entered into the electronic title system;
- the administration of provisions on vehicle titles and registration under Transportation Code, ch. 520, including waiving fees for a title applicant who could prove that he or she paid fees to a dealer that went out of business;
- the period before which a person could not receive a replacement set of personalized license plates without an additional fee;
- notifying a salvage vehicle dealer if a vehicle was not issued a printed title but had a record in the department's system;
- designating items of evidence sufficient to establish good reason for the delinquent registration of a motor vehicle; and
- the placement of license plates for a motor vehicle, road tractor, motorcycle, trailer, and semitrailer.

The bill would broaden current statutes on specialty license plates to refer to all license plates. It would affirm TxDMV's responsibility to prepare the designs and specifications of license plates — including specialty plates — and to issue personalized plates. If a private license plate vendor operating under contract went out of business, the department could temporarily operate the program and the vendor's share of revenue would go to the General Revenue Fund.

TxDmv would have to post a complete schedule of registration fees and departmental forms on the Internet. TxDMV could conduct public service education campaigns related to its functions. The bill would allow TxDMV to rescind, cancel, or revoke a vehicle title application upon presentation of a signed affidavit from the dealer, title applicant, and any lien holder.

Other provisions. The bill would add, revise, and recodify definitions in Transportation Code, chs. 501, 502, and 504. It would allow an applicant for a title to retain plates that were being transferred to another vehicle. A person could apply for a title in an adjoining county if his or her county of residence was declared a disaster area for an extended duration.

The bill would require an insurance company that paid a claim on a nonrepairable or salvage vehicle to apply for an appropriate title or notify the owner of applicable restrictions. TxDMV could establish a fee to

administer bonds it held to secure a vehicle's title under certain circumstances.

The bill would reduce to one year from five years the period in which an owner could apply for a refund for any overpaid registration fees. It would allow county assessor-collectors to license motor vehicle dealers to title and register vehicles in accord with existing requirements. County assessor-collectors could pay a fee to the dealer as a proportion of the fees the county normally collected.

TxDMV, in consultation with the Texas Department of Public Safety, would have to conduct a study on consolidating data collected by each agency. The study would have to be completed by September 1, 2012, and would have to include recommendations on protecting the privacy and security of information collected.

The bill would take effect January 1, 2012. Changes made to offenses would apply to an offense on or after its effective date.

NOTES:

The Legislative Budget Board (LBB) estimates the bill would have an indeterminate impact on state revenue depending on the assessment and collection of fees by electronic fund transfers and other service charges.

The companion bill, SB 1402 by Williams, was reported favorably as substituted by the Senate Transportation and Homeland Security Committee on May 9.