

- SUBJECT:** Authorizing and regulating digital license plates
- COMMITTEE:** Transportation — committee substitute recommended
- VOTE:** 9 ayes — Canales, Landgraf, Bernal, Hefner, Krause, Leman, Martinez, Ortega, E. Thompson
- 1 nay — Y. Davis
- 3 absent — Goldman, Raney, Thierry
- WITNESSES:** For — Neville Boston, Reviver; (*Registered, but did not testify:* Lauren Fairbanks, Texas Association of Manufacturers)
- Against — (*Registered, but did not testify:* Tammy Embrey, City of Corpus Christi; Aimee Bertrand, Harris County Commissioners Court; Ray Hunt, Houston Police Officers' Union)
- On — Linda G. Bridge, Tax Assessor-Collectors Association; Jeremiah Kuntz, Texas Department of Motor Vehicles
- BACKGROUND:** Transportation Code ch. 504 governs the issuance of license plates. The Texas Department of Motor Vehicles (TxDMV) has sole control over the design, typeface, color, and alphanumeric pattern for all license plates, which must be made with a reflectorized material. The fee for the issuance of license plates is deposited to the credit of the Texas Department of Motor Vehicles Fund.
- Sec. 504.008 requires TxDMV to prepare the designs and specifications of specialty license plates. TxDMV must credit 50 cents from its administrative fee revenues to a county for each specialty license plate issued by a county tax assessor-collector.
- DIGEST:** CSHB 1711 would require the board of the Texas Department of Motor Vehicles (TxDMV) by rule to allow a registered vehicle to be equipped with a digital license plate.

General regulations. The TxDMV board by rule could:

- authorize a vehicle to display registration insignia on a digital license plate instead of the inside of the windshield;
- establish a fee to cover or exceed administrative costs related to the issuance of digital license plates; and
- prohibit a digital license plate provider from contracting with TxDMV.

TxDmv could contract with individuals who provided digital license plate hardware and services for the issuance of plates.

Display. A digital plate would be subject to the laws applicable to a physical license plate and would have to display the same information required for a physical license plate. Digital plates would be placed on the rear of the vehicle instead of a physical license plate. TxDMV would have to require the owner of a vehicle issued a digital license plate to obtain a physical license plate to be placed on the front of the vehicle, unless the vehicle was exempt from displaying two license plates.

A digital license plate would have to meet the specifications and requirements of board rules, display license plate information at all times and in all light conditions, and have wireless connectivity capability. A digital license plate could display information in a smaller typeface when the vehicle was parked.

Design. The board of TxDMV by rule would have to set specifications and requirements for the placement of digital license plates. The bill would require the design of and information displayed on a digital license plate to be approved by TxDMV. The bill would require TxDMV to consult with law enforcement agencies when considering whether to approve the design of a digital license plate.

Provider powers and duties. CSHB 1711 would require a digital license plate provider with whom TxDMV contracted to maintain an inventory of plates issued in the state. A provider would have to make available a

digital version of each specialty license plate, other than certain personalized license plates. Each issuance of a specialty license plate with restricted distribution, such as specialty plates for persons with disabilities or in the military, would have to be approved by TxDMV.

A digital license plate provider would have to remit to TxDMV all money payable to the department or otherwise required to be deposited under state law.

The bill would allow a provider to contract with a private vendor to make available a digital version of a personalized license plate. The contract would have to conform with any applicable requirements under current law and the private vendor's contract with TxDMV.

A provider would have to promptly update the display of a registration insignia to reflect the current registration period, on request of TxDMV, and suspend or indicate the registration was expired when applicable.

CSHB 1711 would authorize a provider to give any service related to the issuance of a digital license plate, including the sale, lease, and installation of and customer service for a digital license plate. A provider could charge a fee, payable in installments, for the issuance of a digital license plate or additional services.

Tolls and parking. The TxDMV board by rule could authorize the use of a digital license plate for electronic toll collection or to display a parking permit.

Public safety alerts. The board also could set rules to establish procedures to display an emergency or public safety alert issued by a governmental entity, vehicle manufacturer safety recall notice, static logo display, or TxDMV-approved advertisement.

Defense to prosecution. The bill would make it a defense to prosecution of an offense involving the operation of a motor vehicle and relating to the placement of a license plate or display of a registration insignia that the

vehicle was operated in compliance with rules governing the placement of a digital license plate.

Rulemaking. The board of TxDMV would be required to adopt rules for digital license plates by December 31, 2019.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2019.

SUPPORTERS
SAY:

CSHB 1711 would bring to Texas digital license plates, a beneficial new technology that has been deployed in other states. Digital plates are durable electronic plates with digital screens that mount on vehicles like a traditional license plate and are able to withstand vehicle collisions, support tracking and digital monitoring, and use other wireless features. The bill would allow consumers to choose technologies that provide more transportation options and functionality than traditional license plates, reduce the cost of administering vehicle registrations, increase state revenue, and enhance law enforcement and toll collection capabilities.

Administrative fees. By allowing digital license plates to display a digital registration sticker, this bill would lessen the administrative burden on the Texas Department of Motor Vehicles (TxDMV). CSHB 1711 would shorten lines at the department and reduce costs related to printing and mailing renewal notices and registration stickers. The bill would allow the sale of additional specialty license plates and require digital license plate providers to remit funds to TxDMV, increasing revenue to the state. The administrative fee would be set at the discretion of TxDMV and would be onerous only if the department made it so.

Public safety. The technological updates allowed by the bill would provide more benefits to law enforcement than traditional plates. Digital license plates are equipped with GPS so that if the vehicle was stolen, an image could be displayed on the plate to alert law enforcement. Digital license plates also are equipped with radio-frequency identification (RFID) technology, allowing law enforcement to quickly access

information about a vehicle without having to manually input the plate number. A digital plate also could display Amber Alerts, Silver Alerts, flash flood warnings, or other public safety notices.

While license plate readers may not always be able to read digital license plates, they also cannot always read metal plates. As the technology improves, the combination of the two types of plates will be more beneficial to law enforcement.

Tolls and parking. The RFID technology used by digital plates also would help tolling authorities scan vehicles to collect tolls. This would allow individuals to use their digital license plates for multiple transportation services, allowing them to more easily pay for tolls, parking meters, and vehicle registration. Concerns that a toll could not read a digital plate are unfounded, since drivers still would have to place physical license plates on the front of their cars.

Data security. Concerns about individuals hacking or otherwise breaching the information in a digital license plate are unfounded. There is no evidence that digital plates can be hacked, and digital plates use the same encryption technology used by banks. Individuals would be able to use a digital plate as safely as they do their online banking accounts.

State law. The bill would give TxDMV authority to make rules at its discretion to regulate the issuance of digital license plates and would require digital plates to be subject to the same laws and display the same information as required for metal plates. The department has studied digital license plates for two years and could best determine how digital license plates would fit in the current system of license plate issuance.

OPPONENTS
SAY:

CSHB 1711 prematurely would authorize the issuance of digital license plates before a pilot program could be run to test how the new technology would work Texas. The bill could create a burdensome new fee and negatively impact law enforcement and tolling procedures. The bill provides no insight into data security and could conflict with certain state laws governing license plates. Digital plates also may be more fragile than

metal plates, leaving vehicles that were rear-ended with no license plate.

Administrative fees. The fiscal note of CSHB 1711 anticipates a \$1.5 million cost to TxDMV to issue digital license plates. The fee that TxDMV would have to impose to recover those costs likely would be high, since it is not likely that many individuals would be interested in or could afford digital license plates. For example, if 500 people were issued a digital license plate, TxDMV could set a \$3,000 fee to recover initial administrative costs. CSHB 1711 also does not mention how a county tax assessor-collector could collect fees for issuing license plates.

Public safety. By allowing individuals to use digital license plates instead of the standard metal plates, the bill could conflict with current law enforcement procedures. License plate readers may not be able to read digital plates in the same way as metal plates. There also is potential for digital plates to display fraudulent information. Currently, law enforcement uses certain reflective or holographic symbols to discern legitimate plates from fraudulent ones, but it is unclear how this could be done with digital plates.

Tolls and parking. Tolling authorities might not be able to capture and collect tolls from a vehicle with a digital license plate. Since digital plates may have screens similar to that of a smartphone or tablet, light may reflect in a way that would obscure a camera's image. If a toll authority's camera cannot read the plate, tolls would not be collected from certain vehicles, which would reduce toll authority revenues and be unfair to drivers who do pay the tolls.

Data security. CSHB 1711 does not go far enough to provide for certain data security protections. Other states that currently have pilot projects related to digital license plates have not yet set up any framework for security measures, so there are no known best practices for the prevention of or response to a data breach in these kinds of systems.

State law. CSHB 1711 would allow the issuance of license plates in a manner that could conflict with several state laws governing license

plates. For example, there are laws requiring license plates to be manufactured only by the Texas Department of Criminal Justice, giving TxDMV sole control over the design of all plates, and requiring plates to be made with reflective materials. It is unclear if this bill would be exempt from these provisions or would conflict with them.

OTHER
OPPONENTS
SAY:

The bill should be amended to require the Department of Public Safety to have certain authority over digital license plate regulation to ensure that current law enforcement and safety standards were met.

NOTES:

According to the Legislative Budget Board, the bill would cost about \$1.5 million to the Texas Department of Motor Vehicles Fund in fiscal 2020-21.

The author intends to offer a floor amendment that would require the board of TxDMV to consult with the Department of Public Safety (DPS) when adopting rules. An adopted rule would take effect 31 days after the rule was filed in the office of the secretary of state, but would not take effect if the public safety director of DPS submitted written notification invalidating the rule.