

SUBJECT: Allowing passenger vehicles to be equipped with digital license plates

COMMITTEE: Transportation — committee substitute recommended

VOTE: 10 ayes — Canales, E. Thompson, Ashby, Bucy, Harris, Landgraf,
Lozano, Ortega, Rogers, Smithee

3 nays — Davis, Martinez, Perez

WITNESSES: For — (*Registered, but did not testify*: Carolyn Saegert, Stalwart
Strategies; Thomas Parkinson)

Against — Terri Hall, Texas TURF, Texans for Toll-Free Highways; Don
Dixon; (*Registered, but did not testify*: Matt Long, Fredericksburg Tea
Party of Texas)

On — Arturo Ballesteros, North Texas Tollway Authority; Shay Luedeke,
Tax Assessor-Collector Association of Texas; Roland Luna, Texas
Department of Motor Vehicles; (*Registered, but did not testify*: Clint
Thompson, Texas Department of Motor Vehicles)

BACKGROUND: Transportation Code sec. 504.154 requires the Texas Department of
Motor Vehicles to allow certain vehicles to be equipped with a digital
license plate on the rear of the vehicle in lieu of a physical license plate.
Eligible vehicles include a vehicle that is part of a commercial fleet,
owned or operated by a government entity, or not a passenger vehicle.

DIGEST: CSHB 1105 would allow any registered vehicle to be equipped with a
digital license plate.

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, 2021.

**SUPPORTERS
SAY:** CSHB 1105 would authorize all passenger vehicles in the state to be
equipped with a digital license plate. Last legislative session, a pilot

program was established that allowed commercial fleets and government vehicles to use digital plates, and the Texas Department of Motor Vehicles (TxDMV) successfully created administrative rules and a program for the issuance of digital plates. After working with a vendor to provide such plates for two years, Texas is ready to deploy digital license plates statewide. This would save state money on costs typically incurred by the state to process vehicle registration in-person and mail registration stickers, since the digital plates could display the insignia instead. The bill also would create a new revenue stream for specialty plates and provide law enforcement with additional tools to keep Texans safe.

Current law requires vehicles equipped with a digital license plate in the rear of the vehicle to also be equipped with a physical plate in the front of the vehicle. This ensures that law enforcement or digital plate readers still could capture the license plate. Any additional testing or collection of data on digital license plates could be initiated by TxDMV.

Concerns about the security aspects of digital plates are unfounded. Digital license plates use the same encrypted software as online banking systems, so there is little risk that the plates would be hacked. The plate's technology also would ensure that even if the power was cut or the plate was disconnected from the vehicle, its default display would be the license plate number. It would be easier for someone to steal or damage a physical plate than a digital plate.

**CRITICS
SAY:**

CSHB 1105 inappropriately would expand digital license plate eligibility to all passenger vehicles in the state before better information on the technology was available. After the pilot program was established last legislative session, TxDMV established rules to implement the program, including a requirement for a vendor providing digital plates to work with an independent third party to conduct a field test on the technology. This third party could only be a nonprofit, university, or government entity.

Because such a field test has not been conducted according to TxDMV rules, there is not sound data on digital license plates and this legislation is premature. If this bill were enacted, Texas would be the first state to

implement such a widespread digital license plate program. The Legislature needs to know how digital license plates will interact with toll readers and law enforcement license plate readers before authorizing passenger vehicles to be equipped with digital plates. This bill should not be rushed, considering the current system of issuing license plates is effective.

There are also cybersecurity concerns regarding digital license plates. Such technology could be hacked, creating safety and privacy concerns, or the owner of a digital plate could manipulate the display to evade law enforcement. The Department of Public Safety does not have any data on the security or viability of these plates.

OTHER
CRITICS
SAY:

CSHB 1105 should amend the current law to require the registration sticker to be placed on the windshield of the vehicle rather than on the digital plate. If the Legislature chooses to expand the use of digital license plates, it should ensure that vehicle owners with digital plates registered their vehicles with county tax offices in the same manner as others.

NOTES:

According to the Legislative Budget Board, the bill could increase revenue to the TxDMV Fund by \$19,285 per year beginning in fiscal 2022, due to the payment of administrative fees on issuance of a digital license plate. TxDMV anticipates a one-time technology cost of \$362,000 to the fund to implement the provisions of the bill.