

## **BILL ANALYSIS**

Senate Research Center  
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C.S.H.B. 2894  
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Transportation & Homeland Security  
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Committee Report (Substituted)

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Enacted by the 78th Legislature, Regular Session, 2003, H.B. 2971 authorized the Texas Department of Transportation (TxDOT) to contract with a private vendor for the marketing and sale of personalized vehicle license plates, other specialized license plates specifically authorized by statute, and new specialized license plates created by the vendor and approved by TxDOT. The purpose of the new subchapter created by this legislation was to satisfy the interest and demands of the motoring public for personalized and specialized vehicle license plates and to increase the revenues generated by their marketing and sale for the financial benefit of the State of Texas. However, the program has yet to be implemented.

C.S.H.B. 2894 clarifies and streamlines the 2003 legislation with regard to the responsibilities of the vendor and TxDOT under the statute and the contract. This bill addresses issues that have arisen during the development of the rules and request for information procedures.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the Texas Transportation Commission is modified in SECTION 1 (Section 504.851, Transportation Code) of this bill .

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 504.851, Transportation Code, by amending Subsections (a), (b), (c), (e), (f), (g), and (h) and adding Subsections (g-1) and (k) -(m), as follows:

- (a) Requires the Texas Department of Transportation (TxDOT), rather than authorizes the Texas Transportation Commission (commission), to enter into a contract with the private vendor whose proposal is most advantageous to the state, as determined from competitive sealed proposals that satisfy the requirements of this section, for the marketing and sale of personalized, rather than prestige, license plates and if the private vendor agrees, other specialty license plates authorized by this subchapter.
- (b) Requires the commission by rule to establish fees for the issuance or renewal of personalized license plates that are marketed and sold by the private vendor. Deletes existing text relating to the authorization by the commission of TxDOT to contract with a private vendor under Subsection (a)(1) for the marketing and sale of personalized prestige license plates.
- (c) Requires the commission by rule to establish the fees for the issuance or renewal of souvenir license plates, specialty, rather than specialized, license plates, or souvenir or specialty license plates that are personalized that are marketed and sold by the private vendor. Deletes existing text relating to the marketing and sale of specialized license plates. Makes conforming changes.
- (e) Provides that the portion of the contract with the private vendor regarding the marketing and sale of personalized license plates, rather than under Subsection (a)(1), is payable only from amounts derived from the collection of the fee established under Subsection (b). Provides that the portion of a contract with a private vendor regarding the marketing and sale of souvenir license plates, specialty license plates, or souvenir or specialty license plates that are personalized under Section 504.102 (Personalization of

Other Specialty License Plates), rather than under Subsection (a)(2), is payable only from amounts derived from the collection of the fee established under Subsection (c).

(f) Authorizes TxDOT to approve, rather than create, new design and color combinations for personalized license plates that are marketed and sold by a private vendor under a contract entered into with the private vendor. Makes conforming changes.

(g) Authorizes TxDOT to approve new design and color combinations for specialty license plates authorized by this chapter, including specialty license plates that may be personalized, that are marketed and sold by the private vendor under the contract entered into with the private vendor, rather than under Subsection (a)(2). Provides that this subsection, except as otherwise provided by this chapter, does not authorize TxDOT to take certain actions under this chapter relating to specialized license plates. Makes conforming changes.

(g-1) Prohibits TxDOT from publishing or restricting certain designs or color combinations proposed for specialty license plates, with exceptions.

(h) Authorizes TxDOT, subject to the limitations provided by Subsections (g) and (g-1), to cancel a license plate or require the discontinuation of a license plate design or color combination that is marketed and sold by a private vendor under contract at any time if the department determines that the cancellation or discontinuation is in the best interest of this state or the motoring public. Makes a conforming change.

(k) Requires TxDOT to certify to the comptroller of public accounts the estimate, with a detailed explanation of the basis on which the estimate is calculated, of all reasonable costs to TxDOT associated with the evaluation of competitive sealed proposals received by the department under this section and associated with the implementation and enforcement of the contract entered into under this section, including direct, indirect, and administrative costs for the issuance or renewal of personalized license plates or specialized license plates.

(l) Requires the contract entered into with the private vendor to provide for TxDOT to recover all costs incurred by TxDOT in implementing this section. Authorizes TxDOT, under the contract, to require the private vendor to reimburse TxDOT in advance for certain anticipated costs.

(m) Requires any excess amount of revenue, to the extent that specialty license plate fees collected under this section are in excess of the minimum amount required under Subsection (b) or (c), to be deposited to the credit of the general revenue fund.

SECTION 2. Amends Subchapter J, Chapter 504, Transportation Code, by adding Section 504.852, as follows:

Sec. 504.852. CONTRACT LIMITATIONS. (a) Prohibits TxDOT, in a contract under Section 504.851, from making certain requirements and assessments.

(b) Requires the initial term of the contract, if a private vendor contracts to market and sell souvenir license plates, specialty license plates, or souvenir or specialty license plates personalized under Section 504.102, to be for at least five years from the effective date of the contract. Authorizes the contract to provide, with the agreement of TxDOT and the private vendor, a second term at least equal in length to the initial term of the contract.

(c) Prohibits a private vendor from marketing and selling souvenir license plates, specialty license plates, or souvenir or specialty license plates personalized under Section 504.102 that compete directly for sales with another specialty license plate issued under this chapter unless TxDOT and the sponsoring agency or organization of the other license plate approve, notwithstanding Subsection (b).

SECTION 3. Provides that a contract awarded by TxDOT to a private vendor under Section 504.851, Transportation Code, is not valid to the extent that the contract does not comply with the changes in law made by this Act.

SECTION 4. Effective date: upon passage or September 1, 2005. .