



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

TxDMV Board Meeting

9:00 a.m.

Thursday, August 11, 2022

**AGENDA
BOARD MEETING
TEXAS DEPARTMENT OF MOTOR VEHICLES
WILLIAM B. TRAVIS BUILDING
1701 N. CONGRESS AVENUE, ROOM 1.111, AUSTIN, TEXAS 78701
THURSDAY, AUGUST 11, 2022
9:00 A.M.**

Link to August 11, 2022, TxDMV Board Meeting Documents:
<https://www.txdmv.gov/about-us/txdmv-board-meetings>

All agenda items are subject to possible discussion, questions, consideration, and action by the Board of the Texas Department of Motor Vehicles (Board). Agenda item numbers are assigned for ease of reference only and do not necessarily reflect the order of their consideration by the Board. Presentations may be made by the identified staff, Board member or other personnel as needed. The Board reserves the right to discuss any items in closed session where authorized by the Open Meetings Act.

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1. **Roll Call and Establishment of Quorum**
2. **Pledges of Allegiance - U.S. and Texas**
3. **Chair's Reports - Chairman Bacarisse**
4. **Executive Director's Reports - Daniel Avitia**
 - 6 A. [Awards, Recognition of Years of Service, and Announcements](#)
 - 7 B. [2022 Texas Independent Automobile Dealers Association \(TIADA\) Conference Update](#)

RULE ADOPTIONS

- 8 5. **Chapter 217. Vehicle Titles and Registration - Clint Thompson (ACTION ITEM)**
Amendments, §217.5
[\(Relating to Evidence of Ownership\)](#)
(Published 2/25/2022 - 47 TexReg 896)
- 35 6. **Chapter 217. Vehicle Titles and Registration - Clint Thompson (ACTION ITEM)**
Amendments, §217.9
[\(Relating to Bonded Titles\)](#)
(Published 2/25/2022 - 47 TexReg 900)

RULE PROPOSALS

- 56 7. **Chapter 217. Vehicle Titles and Registration - Jimmy Archer (ACTION ITEM)**
Amendments, §§217.54, 217.55, 217.184
[\(Relating to SB 1064, Extended Registration of Certain County Fleet Vehicles\)](#)

BRIEFING AND ACTION ITEMS

- 76 8. **Legislative and Public Affairs Committee Update - Committee Chair Paul Scott**
[Review of Draft Legislative Recommendations for the 88th Regular Legislative Session](#) (BRIEFING ONLY)
9. **Finance and Audit**
- 102 A. [Legislative Appropriations Request \(LAR\) Update](#) - Glenna Bowman (BRIEFING ONLY)
- 106 B. [FY 2022 Financial Statements \(3rd Quarter\)](#) - Glenna Bowman (BRIEFING ONLY)
- 120 C. [FY 2023 Recommended Operating Budget](#) - John Ralston (ACTION ITEM)
- 153 D. [Accounts Receivable Study](#) - Eric Horn (BRIEFING ONLY)
- 165 E. [Internal Audit Division Status Update: Internal and External Engagements](#) - Salem Chuah (BRIEFING ONLY)
- 168 F. [FY 2023 Internal Audit Plan \(First Six Months\)](#) - Salem Chuah (ACTION ITEM)
- 180 G. [Internal Audit Charter](#) - Salem Chuah (ACTION ITEM)
- 190 10. [Digital License Plate Demonstration](#) - Stefan Krisch (BRIEFING ONLY)

CLOSED SESSION

11. **The Board may enter into closed session under one or more of the following provisions of the Texas Open Meetings Act, Government Code Chapter 551, including briefing, discussion and deliberation regarding temporary tags, the temporary tag system, and system upgrades regarding fingerprints under 43 TAC §211.6:**

Section 551.071 - Consultation with and advice from legal counsel regarding:

- pending or contemplated litigation, or a settlement offer;
- a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Government Code Chapter 551;
- any item on this agenda; or
- Occupations Code Chapter 2301, including §2301.476; and Title 43 Texas Administrative Code Chapter 215.

Section 551.074 - Personnel matters.

- Discussion relating to the appointment, employment, evaluation, reassignment, duties, discipline, and dismissal of personnel.
- Discussion relating to TxDMV dispute resolution process and recent EEOC

complaints and internal Civil Rights Office complaints.

- FY 2024-2025 Legislative Appropriations Request Salary Cap for Executive Director.

Section 551.076 - Deliberation Regarding Security Devices or Security Audits.

- the deployment, or specific occasions for implementation, of security personnel or devices; or
- a security audit.

Section 551.089 - Deliberation Regarding Security Devices or Security Audits.

- security assessments or deployments relating to information resources technology;
- network security information as described by Government Code Section 2059.055(b); or
- the deployment, or specific occasions for implementation, of security personnel, critical infrastructure, or security devices.

12. Action Items from Closed Session

FY 2024-2025 Legislative Appropriations Request Salary Cap for Executive Director

13. Public Comment

14. Adjournment

The Board will allow an open comment period to receive public comment on any agenda item or other matter that is under the jurisdiction of the Board. No action will be taken on matters that are not part of the agenda for the meeting. For subjects that are not otherwise part of the agenda for the meeting, Board members may respond in accordance with Government Code Section 551.042 and consider the feasibility of placing the matter on the agenda for a future meeting.

If you would like to comment on any agenda item (including an open comment under the agenda item for Public Comment), you must complete a speaker's form at the registration table prior to the agenda item being taken up by the Board or send an email to GCO_General@txdmv.gov to register by providing the required information prior to the agenda item being taken up by the Board:

1. a completed [Public Comment Registration Form](#); or
2. the following information:
 - a. the agenda item you wish to comment on;
 - b. your name;
 - c. your address (optional), including your city, state, and zip code; and
 - d. who you are representing.

Public comment will only be accepted in person. Each speaker will be limited to three minutes, and time allotted to one speaker may not be reassigned to another speaker.

Any individual with a disability who plans to attend this meeting and requires auxiliary aids or services should notify the department as far in advance as possible, but no less than two days in advance, so that appropriate arrangements can be made. Contact David Richards by telephone at (512) 465-1423.

I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements.

CERTIFYING OFFICIAL: Elizabeth Brown Fore, General Counsel, (512) 465-5665.

Board Meeting Date: 8/11/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 4.A
Subject: Executive Director's Report – Awards, Recognition of Years of Service, and Announcements

RECOMMENDATION

Board Chair and members offer congratulations to employees receiving recognition for an award, reaching a state service milestone, or retirement.

PURPOSE AND EXECUTIVE SUMMARY

The Executive Director announces the name of individuals who retired from the agency and recognizes employees who have reached a state service milestone of 20 years and every five-year increment thereafter. Recognition at the August 11, 2022, Board Meeting for state service awards and retirements include:

- Jason Adams – Finance and Administrative Services reached 20 years of state service
- Nichol Alvarez – Enforcement Division reached 20 years of state service
- Leslie Lee – Vehicle Titles and Registration reached 20 years of state service

Finally, the following individuals recently retired from the agency:

- Rose Breneman – Vehicle Titles and Registration
- Martha Yancey – Human Resources
- Edward Sandoval – Office of Administrative Hearings
- Henry Luna – Consumer Relations Division

FINANCIAL IMPACT

No financial impact.

BACKGROUND AND DISCUSSION

No additional background and discussion.



Board Meeting Date: 8/11/2022
BRIEFING

To: Texas Department of Motor Vehicles Board
From: Daniel Avitia, Executive Director
Agenda Item: 4.B
Subject: Executive Director's Report – 2022 Texas Independent Automobile Dealers Association (TIADA) Conference Update

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

The annual Texas Independent Automobile Dealers Association (TIADA) conference was held in Round Rock, Texas, at the Kalahari Resort, July 24-26, 2022. The TIADA conference is an opportunity for dealers to improve their business and take part in dealer-driven presentations and discussions led by a variety of leaders in the industry. The conference drew over 300 dealers of all types from around the country.

TxDMV supported the conference in multiple ways with a contingent of staff attending the conference in person and several directors providing educational presentations. Enforcement Division Director Corrie Thompson presented on **Advertising Dos and Don'ts**. Motor Vehicle Division Director Monique Johnston and Vehicle Titles and Registration Division Deputy Director Clint Thompson presented on **What's New at TxDMV – Fingerprinting, 30-Day Permits and More**. TxDMV presenters were also available in the TIADA speaker's lounge after presentations to answer questions from dealers and other industry representatives.

TxDMV's participation at the 2022 TIADA conference was a success in continuing the department's relationship with the industry we serve. The department looks forward to continuing the support of this group in the future.

To: Texas Department of Motor Vehicles Board
From: Clint Thompson, Vehicle Titles & Registration Division Deputy Director
Agenda Item: 5
Subject: Chapter 217. Vehicle Titles and Registration
Amendments, §217.5
(Relating to Evidence of Ownership)
(Published 2/25/2022 - 47 TexReg 896)

RECOMMENDATION

Adopt the amendments and approve publication in the *Texas Register*.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of the amendments to §217.5 is to expand the definition of evidence of ownership to provide an alternative to filing lawsuits to satisfy evidence of ownership requirements under Transportation Code §501.033(b).

FINANCIAL IMPACT

The department has determined that for each year of the first five years the amendments are in effect, applicants for identification number assignment or reassignment who are unable to produce evidence of ownership will not need to file a lawsuit and pursue a court order to be used as evidence of ownership. There will be no additional costs for persons required to comply with these amendments, as the amendments are not mandatory, but provide an option for applicants seeking evidence of ownership through a method other than litigation. There will be costs for persons who choose this option, the cost to obtain a surety bond, but the choice to incur this cost is a business decision of the applicant.

BACKGROUND AND DISCUSSION

The amendments to §217.5 are necessary to remove unnecessary costs and burdens imposed by requiring a court order as evidence of ownership for identification number assignments and reassignments. The amendments provide for an alternative form of evidence of ownership for identification number assignments and reassignments in the form of a surety bond, while retaining the option of seeking a court order.

The department's experience has shown that requiring court orders to serve as evidence of ownership is impractical and imposes significant costs on applicants, the court system, and the department. To pursue a court order, applicants must pay filing fees and the cost of service of process and may also incur costs associated with legal representation. The legal system is designed to handle genuine disputes as to ownership between parties, not issues as to lost ownership evidence. In most identification number assignment cases, there is no genuine dispute as to ownership and pro se litigants, attorneys, and judges are uncertain as to who should be added as a party and how to structure a legitimate lawsuit declaring ownership.

The department has determined that a surety bond will eliminate these issues, while providing adequate evidence of ownership. An interested person damaged by the issuance of title on a motor vehicle will be protected under Transportation Code §501.053(c), which affords a right of action to recover on the bond. The department's proposed

process will allow applicants with vehicles needing an identification number to have a surety bond serve as evidence of ownership which will allow for the assignment or reassignment of an identification number and the issuance of title.

COMMENTS

The proposed amendments were published for comment in the February 25, 2022, issue of the *Texas Register*. The comment period closed on March 28, 2022.

The department received six written comments on the proposal, one in support of the proposed amendments, and five requesting changes or urging the board not to adopt the proposed amendments. The six comments are attached. The department does not recommend making any changes to the rule text.

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1 The department has determined that a surety bond will eliminate these issues, while providing
2 adequate evidence of ownership. An interested person damaged by the issuance of title on a motor
3 vehicle will be protected under Transportation Code §501.053(c), which affords a right of action to recover
4 on the bond. The department's proposed process will allow applicants with vehicles needing an
5 identification number to have a surety bond serve as evidence of ownership which will allow for the
6 assignment or reassignment of an identification number and the issuance of title.

7 SUMMARY OF COMMENTS.

8 The department received six written comments on the proposal from the Texas Association of
9 Vehicle Theft Investigators, the Panhandle Auto Burglary and Theft Unit, the National Insurance Crime
10 Bureau, the Lubbock County Tax Assessor-Collector, the Laredo Police Department Auto Theft Task Force,
11 and the Tax Assessor-Collectors Association of Texas.

12

13 Comment:

14 A commenter expressed concern that law enforcement was not consulted during the
15 development of the amendments because the amendments would have an impact on law enforcement
16 personnel qualified to perform identification number inspections.

17 Agency Response:

18 The department did not consult law enforcement personnel prior to drafting the amendments
19 because the amendments do not change how or when law enforcement personnel conduct
20 identification number inspections. Instead, the changes deal with evidence of ownership presented to
21 the department as part of an application for an identification number assignment or reassignment under
22 Transportation Code §501.033(b). However, after seeing the concerns expressed by law enforcement
23 personnel and tax assessor-collectors, the department reached out to each of the commenters to clarify

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1 the intent and purpose of the amendments and to address the concerns raised in their comments. These
2 discussions were fruitful and helped to clear up misunderstandings regarding the purpose and
3 implementation of the amendments.

4 No change has been made in response to this comment.

5

6 **Comment:**

7 The commenter also stated allowing a bond to serve as valid evidence of ownership would allow
8 criminals to apply for an identification number and receive a title to a stolen vehicle without a judicial
9 review of evidence of ownership.

10 **Agency Response:**

11 The department disagrees with this comment. Any application for an identification number
12 assignment or reassignment requires an identification number inspection under Transportation Code
13 §501.0321. If during an identification number inspection, a law enforcement inspector develops
14 probable cause that a vehicle or part is stolen, or has had the serial number removed, altered, or
15 obliterated, the law enforcement inspector may seize the vehicle or part and treat it as stolen property
16 for purposes of custody and disposition of the vehicle under the authority of Transportation Code
17 §501.158. The amendments do not remove the requirement to obtain an identification number
18 inspection nor the authority of law enforcement to seize stolen vehicles.

19 Therefore, any applicant for an identification number assignment or reassignment will have
20 already obtained an identification number inspection during which trained and qualified law
21 enforcement inspectors determined the vehicle was not stolen. Only then will an applicant have the
22 option of obtaining a bond or court order declaring that the applicant is the owner of the vehicle to
23 serve as evidence of ownership for purposes of Transportation Code §501.033(b). The department

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1 believes that well-trained, experienced law enforcement inspectors will continue to detect and seize
2 stolen vehicles they inspect, so the department may be confident that applicants for identification
3 number assignment or reassignment do not possess stolen vehicles.

4 The amendments do not eliminate the option of obtaining a court order declaring that the
5 applicant seeking an identification number assignment or reassignment for a vehicle is the owner of the
6 vehicle in question, but only creates a streamlined alternative in the form of a surety bond that will
7 serve to protect any party damaged by the assignment or reassignment of an identification number and
8 issuance of a title.

9 No change has been made in response to this comment.

10

11 Comment

12 A commenter expressed support for the amendments and stated that "it seems surety bonds
13 will help streamline the process for our customers."

14 Agency Response:

15 The department appreciates the support and agrees with the commenter that allowing surety
16 bonds as evidence of ownership for the purposes of Transportation Code §501.033(b) will streamline
17 the process for customers.

18

19 Comment:

20 The commenter stated that the proposal to eliminate inspections in order to streamline the
21 process of getting a number assigned while keeping courts out of the process will lead to stolen
22 property being assigned an identifying number.

23 Agency Response:

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1 The department disagrees with the comment that keeping courts out of the process will lead to
2 stolen property being assigned an identifying number. The department believes that well-trained,
3 experienced law enforcement inspectors will continue to detect and seize stolen vehicles they inspect,
4 so the department may be confident that applicants for identification number assignment or
5 reassignment do not possess stolen vehicles.

6 Courts are not in a strong position to assess whether a vehicle may be stolen based on the
7 pleadings in court cases related to identification number assignments or reassignments.

8 Unlike proceedings under Chapter 47 of the Code of Criminal Procedure, where law
9 enforcement officers are necessary parties, lawsuits brought to establish ownership of a vehicle to
10 obtain an identification number assignment or reassignment most often do not involve testimony by law
11 enforcement officers or parties disputing ownership. It is often unclear who should be named as a party
12 in these cases as most of these cases do not involve disputes over ownership, but rather deal with lost
13 ownership evidence. The Transportation Code, other statutes, and case law, provide little or no
14 guidance or standards for courts to determine who is the owner of a vehicle in the absence of a title or
15 vehicle identification number. Evidence presented is generally limited to a bill of sale, a completed
16 identification number inspection, and testimony by the applicant.

17 The legislature provided the option of obtaining a title by filing a bond in Transportation Code
18 §501.053 to address situations in which an applicant for title is not able to produce evidence of
19 ownership in the form of a title. The surety bond purchased under §501.053 is intended to provide a
20 recovery for any person damaged because of the issuance of a title to a vehicle or for a defect in or
21 undisclosed security interest on the right, title, or interest of the applicant to the vehicle.

22 Transportation Code §501.074 only addresses court orders, which require the department to
23 issue a new title for a motor vehicle registered in this state when ownership is transferred by operation

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1 of law or other involuntary divestiture of ownership. This section is intended mainly to cover transfers of
2 title through operation of law by death, divorce decrees, judicial sales, non-judicial foreclosures, and
3 foreclosures of constitutional or statutory liens. Section 501.074 does not squarely address situations
4 where there is no dispute as to a sale and ownership of a motor vehicle and offers no standards for a
5 court to use in evaluating cases in the absence of evidence of ownership in the form of a title.

6 No change has been made in response to this comment.

7 **Comment:**

8 The commenter requested that language be inserted into new proposed subsection (a)(3)
9 allowing an applicant for assignment or reassignment of an identification number under Transportation
10 Code §501.033 to use a tax assessor-collector hearing order under Transportation Code §501.052 as
11 evidence of ownership for the purposes of §501.033(b).

12 **Agency Response:**

13 The Transportation Code does not authorize tax assessor-collector hearings under §501.052 for
14 denials of applications for identification number assignments or reassignments. Transportation Code
15 §501.052(a) authorizes persons aggrieved by a refusal, rescission, or cancellation, of a title under
16 §501.051 to apply for a tax assessor-collector hearing. Section 501.051 applies to department action
17 related to titles, and does not apply to actions related to applications for identification number
18 assignments and reassignments under Transportation Code §501.033. If a tax assessor-collector hearing
19 identifies that an applicant meets requirements under Transportation Code, Chapter 501, then a hearing
20 would be acceptable for an applicant to obtain an identification number assignment or reassignment
21 using the ownership evidence the applicant provided. The department will not be incorporating the
22 proposed language allowing a tax assessor-collector hearing as evidence of ownership for an
23 identification number assignment or reassignment under Transportation Code §501.033.

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1 No change has been made in response to this comment.

2 **Comment:**

3 The commenter recommends that the department delay adoption of the amendments to
4 consult with law enforcement, the National Insurance Crime Bureau (NICB), and tax assessor-collectors
5 to allow law enforcement teams to determine what impact these amendments have on operations.

6 **Agency Response:**

7 The department will not delay the adoption of the amendments as all commenters have been
8 contacted since the publication of the proposed amendments and positive discussions were had
9 regarding the amendments. The department is also responding in detail to all written comments
10 received.

11 No change has been made in response to this comment.

12

13 **Comment:**

14 The commenter disagrees with the impact assessment and states that the amendments, as
15 posted, will result in using governmental processes to convert stolen property "into their own property."
16 The commenter opines this will create liability for the state and local agencies conducting identification
17 number inspections.

18 **Agency Response:**

19 The department disagrees that the amendments will create any liability for government actors.
20 Law enforcement inspectors and the department are protected by the doctrine of sovereign immunity
21 when acting under lawfully promulgated statutes and rules. The department does not agree that the
22 amendments as posted will be used to convert stolen property into personal property as the

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1 department is confident that well-trained law enforcement inspectors will continue to detect stolen
2 vehicles during the inspection process.

3

4 Comment:

5 The commenter expresses concern that the amendments remove qualified courts from making
6 determinations of evidence of ownership. The commenter stated that judicial review allows for a
7 controlled setting where all evidence of ownership can be presented.

8 Agency Response:

9 The department disagrees with this comment. As described in detail in responses above, courts
10 are not in a good position to determine ownership of a vehicle where there is no active dispute of
11 ownership between two parties. Further, the amendments do not eliminate the option of obtaining a
12 court order to serve as evidence of ownership for the purpose of an identification number assignment
13 or reassignment.

14

15 Comment:

16 The commenter states that proposed amendments to §217.5 would allow applicants to file a
17 bond without any other evidence in order to prove ownership, where no title exists.

18 Agency Response:

19 The department disagrees with this comment. Applicants must complete an identification
20 number inspection before they may apply for an identification number assignment or reassignment and
21 bond to serve as evidence of ownership. Additionally, in drafting Transportation Code §501.053, the
22 legislature understood that applicants applying for a bonded title will not have evidence of ownership in

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1 the form of a title, and the surety bond backing the title will provide a means of recovery for any person
2 damaged by the issuance of the title.

3

4 **STATUTORY AUTHORITY.** The department proposes amendments to §217.5 under Transportation Code
5 §501.0041 and §1002.001.

6 Transportation Code §501.0041 authorizes the department to adopt rules to administer Chapter
7 501.

8 Transportation Code §1002.001 authorizes the board to adopt rules that are necessary and
9 appropriate to implement the powers and the duties of the department.

10 **CROSS REFERENCE TO STATUTE.** Transportation Code §501.033 and §501.053.

11 **TEXT.**

12 **SUBCHAPTER A. MOTOR VEHICLE TITLES**

13 **43 TAC §217.5**

14 §217.5. Evidence of Motor Vehicle Ownership

15 (a) Evidence of motor vehicle ownership properly assigned to the applicant must accompany the title
16 application. Evidence must include, but is not limited to, the following documents.

17 (1) New motor vehicles. A manufacturer's certificate of origin assigned by the manufacturer or
18 the manufacturer's representative or distributor to the original purchaser is required for a new motor
19 vehicle that is sold or offered for sale.

20 (A) The manufacturer's certificate of origin must be in the form prescribed by the
21 department and must contain, at a minimum, the following information:

22 (i) motor vehicle description including, but not limited to, the motor vehicle year,
23 make, identification number, and body style;

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- 1 (ii) the empty or shipping weight;
- 2 (iii) the gross vehicle weight when the manufacturer's certificate of origin is
3 invoiced to a licensed Texas motor vehicle dealer and is issued for commercial motor vehicles as that term
4 is defined in Transportation Code, Chapter 502;
- 5 (iv) a statement identifying a motor vehicle designed by the manufacturer for off-
6 highway use only; and
- 7 (v) if the vehicle is a "neighborhood electric vehicle," a statement that the vehicle
8 meets Federal Motor Vehicle Safety Standard 500 (49 C.F.R. §571.500) for low-speed vehicles.
- 9 (B) When a motor vehicle manufactured in another country is sold directly to a person
10 other than a manufacturer's representative or distributor, the manufacturer's certificate of origin must
11 be assigned to the purchaser by the seller.
- 12 (2) Used motor vehicles. A title issued by the department, a title issued by another state if the
13 motor vehicle was last registered and titled in another state, or other evidence of ownership must be
14 relinquished in support of the title application for any used motor vehicle. A registration receipt is required
15 from a vehicle owner coming from a state that no longer titles vehicles after a certain period of time.
- 16 (3) Evidence of Ownership for Purpose of Identification Number Assignment or Reassignment. An
17 applicant for assignment or reassignment of an identification number under Transportation Code
18 §501.033 who is unable to produce evidence of ownership under this section, may file a bond with the
19 department in accordance with Transportation Code §501.053 and §217.9 of this title (relating to Bonded
20 Titles). The bond will serve as evidence of ownership for purposes of §501.033(b).
- 21 (4) [(3)] Motor vehicles brought into the United States. An application for title for a motor vehicle
22 last registered or titled in a foreign country must be supported by documents including, but not limited
23 to, the following:

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1 (A) the motor vehicle registration certificate or other verification issued by a foreign
2 country reflecting the name of the applicant as the motor vehicle owner, or reflecting that legal evidence
3 of ownership has been legally assigned to the applicant;

4 (B) the identification number inspection required under Transportation Code
5 §501.032(a)(2), except as provided in §501.032(b); and [unless the applicant is an active-duty member of
6 the U.S. Armed Forces or is from the immediate family of such a member returning to Texas with proof of
7 the active-duty status of the family member, verification of the vehicle identification number of the
8 vehicle, on a form prescribed by the department, executed by a member of:]

9 [(i) the National Insurance Crime Bureau;]

10 [(ii) the Federal Bureau of Investigation; or]

11 [(iii) a law enforcement auto theft unit; and]

12 (C) for motor vehicles that are less than 25 years old, proof of compliance with United
13 States Department of Transportation (USDOT) regulations including, but not limited to, the following
14 documents:

15 (i) the original bond release letter with all attachments advising that the motor
16 vehicle meets federal motor vehicle safety requirements or a letter issued by the USDOT, National
17 Highway Traffic Safety Administration, verifying the issuance of the original bond release letter;

18 (ii) a legible copy of the motor vehicle importation form validated with an original
19 United States Customs stamp, date, and signature as filed with the USDOT confirming the exemption from
20 the bond release letter required in clause (i) of this subparagraph, or a copy thereof certified by United
21 States Customs;

22 (iii) a verification of motor vehicle inspection by United States Customs certified
23 on its letterhead and signed by its agent verifying that the motor vehicle complies with USDOT regulations;

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1 (iv) a written confirmation that a physical inspection of the safety certification
2 label has been made by the department and that the motor vehicle meets United States motor vehicle
3 safety standards;

4 (v) the original bond release letter, verification thereof, or written confirmation
5 from the previous state verifying that a bond release letter issued by the USDOT was relinquished to that
6 jurisdiction, if the non United States standard motor vehicle was last titled or registered in another state
7 for one year or less; or

8 (vi) verification from the vehicle manufacturer on its letterhead stationery.

9 (b) Alterations to documentation. An alteration to a registration receipt, title, manufacturer's certificate,
10 or other evidence of ownership constitutes a valid reason for the rejection of any transaction to which
11 altered evidence is attached.

12 (1) Altered lien information on any surrendered evidence of ownership requires a release from
13 the original lienholder or a statement from the proper authority of the state in which the lien originated.
14 The statement must verify the correct lien information.

15 (2) A strikeover that leaves any doubt about the legibility of any digit in any document will not be
16 accepted.

17 (3) A corrected manufacturer's certificate of origin will be required if the manufacturer's
18 certificate of origin contains an:

19 (A) incomplete or altered vehicle identification number;

20 (B) alteration or strikeover of the vehicle's model year;

21 (C) alteration or strikeover to the body style, or omitted body style on the manufacturer's
22 certificate of origin; or

23 (D) alteration or strikeover to the weight.

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1 (4) A Statement of Fact may be requested to explain errors, corrections, or conditions from which
2 doubt does or could arise concerning the legality of any instrument. A Statement of Fact will be required
3 in all cases:

4 (A) in which the date of sale on an assignment has been erased or altered in any manner;
5 or

6 (B) of alteration or erasure on a Dealer's Reassignment of Title.

7 (c) Rights of survivorship. A signed "rights of survivorship" agreement may be executed by a natural person
8 acting in an individual capacity in accordance with Transportation Code, §501.031.

9 (d) Identification required.

10 (1) An application for title is not acceptable unless the applicant presents a current photo
11 identification of the owner containing a unique identification number and expiration date. The
12 identification document must be a:

13 (A) driver's license or state identification certificate issued by a state or territory of the
14 United States;

15 (B) United States or foreign passport;

16 (C) United States military identification card;

17 (D) North Atlantic Treaty Organization identification or identification issued under a
18 Status of Forces Agreement;

19 (E) United States Department of Homeland Security, United States Citizenship and
20 Immigration Services, or United States Department of State identification document; or

21 (F) concealed handgun license or license to carry a handgun issued by the Texas
22 Department of Public Safety under Government Code, Chapter 411, Subchapter H.

23 (2) If the motor vehicle is titled in:

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Chapter 217 – Vehicle Titles and Registration

- 1 (A) more than one name, then the identification of one owner must be presented;
- 2 (B) the name of a leasing company, then:
- 3 (i) proof of the Federal Employer Identification Number/Employee Identification
- 4 Number (FEIN/EIN) of the leasing company must be submitted, written on the application, and can be
- 5 entered into the department's titling system. The number must correspond to the name of the leasing
- 6 company in which the vehicle is being titled; and
- 7 (ii) the leasing company may submit:
- 8 (I) a government issued photo identification, required under paragraph
- 9 (1) of this subsection, of the lessee listed as the registrant; or
- 10 (II) a government issued photo identification, required under paragraph (1) of this
- 11 subsection, of the employee or authorized agent who signed the application for the leasing company, and
- 12 the employee's or authorized agent's employee identification, letter of authorization written on the
- 13 lessor's letterhead, or a printed business card. The printed business card, employee identification, or letter
- 14 of authorization written on the lessor's letterhead must contain the name of the lessor, and the
- 15 employee's or authorized agent's name must match the name on the government issued photo
- 16 identification;
- 17 (C) the name of a trust, then a government issued photo identification, required under
- 18 paragraph (1) of this subsection, of a trustee must be presented; or
- 19 (D) the name of a business, government entity, or organization, then:
- 20 (i) proof of the Federal Employer Identification Number/Employee Identification
- 21 Number (FEIN/EIN) of the business, government entity, or organization must be submitted, written on the
- 22 application, and can be entered into the department's titling system. The number must correspond to the
- 23 name of the business, government entity, or organization in which the vehicle is being titled;

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Chapter 217 – Vehicle Titles and Registration

1 (ii) the employee or authorized agent must present a government issued photo
2 identification, required under paragraph (1) of this subsection; and

3 (iii) the employee's or authorized agent's employee identification; letter of
4 authorization written on the business', government entity's, or organization's letterhead; or a printed
5 business card. The printed business card, employee identification, or letter of authorization written on
6 the business', government entity's, or organization's letterhead must contain the name of the business,
7 governmental entity, or organization, and the employee's or authorized agent's name must match the
8 name on the government issued photo identification.

9 (3) In addition to the requirements of paragraphs (1) and (2) of this subsection, if a power of
10 attorney is being used to apply for a title, then the applicant must show:

11 (A) identification, required under paragraph (1) of this subsection, matching the person
12 named as power of attorney; or

13 (B) identification, required under paragraph (1) of this subsection, and employee
14 identification or a printed business card or authorization written on the letterhead of the entity named as
15 power of attorney that matches the identification of the employee if the power of attorney names an
16 entity.

17 (4) Within this subchapter, "current" is defined as not to exceed 12 months after the expiration
18 date, except that a state-issued personal identification certificate issued to a qualifying person is
19 considered current if the identification states that it has no expiration.

20 (5) Within this subsection, an identification document such as a printed business card, letter of
21 authorization, or power of attorney, may be an original or a photocopy.

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1 (6) A person who holds a general distinguishing number issued under Transportation Code,
2 Chapter 503 or Occupations Code, Chapter 2301 is exempt from submitting to the county tax assessor-
3 collector, but must retain:

4 (A) the owner's identification, as required under paragraph (1) of this subsection; and

5 (B) authorization to sign, as required under paragraph (2) of this subsection.

6 (7) A person who holds a general distinguishing number issued under Transportation Code,
7 Chapter 503 or Occupations Code, Chapter 2301, is not required to submit photo identification or
8 authorization for an employee or agent signing a title assignment with a secure power of attorney.

9
10 **CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be
11 within the state agency's legal authority to adopt.

12 Issued at Austin, Texas, on MM DD, YYYY.

13

14

15

16

17

/s/ Elizabeth Brown Fore

Elizabeth Brown Fore

General Counsel



THE TAX ASSESSOR-COLLECTORS ASSOCIATION OF TEXAS

An Association to secure the benefits of organized ideas and discussion of mutual problems that will advance and maintain proper efficiency and dignity of the County Tax Office.

www.tacaofexas.org

ENHANCE YOUR VIEW

March 28, 2022

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Texas Department of Motor Vehicles
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rules@txdmv.gov

Re: Rule 43 TAC §217.5 and Rule 43 TAC §217.9

Dear TxDMV Board, Executive Director and V.T.R. Director,

The Tax Assessor Collectors Association of Texas appreciates the ability to review and respond to proposed rule changes.

In reviewing the proposals, we would like to submit the following comments:

Rule 43 TAC §217.5(a)(3)-We request that the language include “or a Tax Assessor Collector Hearing Order under Transportation Code §501.052” as indicated in red below:

(3) Evidence of Ownership for Purpose of Identification Number Assignment of Re-assignment. An applicant for assignment or reassignment of an identification number under Transportation Code §501.033 who is unable to produce evidence of ownership under this section, may file a bond *or a Tax Assessor Collector Hearing Order under Transportation Code §501.052*, with the department in accordance with Transportation Code §501.053 and §217.9 of this title (relating to Bonded Titles). The bond will serve as evidence of ownership for purposes of §501.033(b).

Rule 43 TAC §217.9(e)(7)

The proposed change removes the weight certificate requirement. We believe the weight certificate requirement should remain in place. Additionally in (c), the language indicating SPV can be determined using the department’s internet website has been stricken. We would like to have this option remain on the department’s website.

Sincerely,

Randy Riggs
President, TACA

Michelle French
TxDMV Liaison, TACA

I, Lt. Ruben Yañez, recommend that TxDMV [Not Adopt/ Delay Adoption] of TAC 43 §217.5 and §217.9 and repost after consultation with law enforcement, National Insurance Crime Bureau (NICB and their insurer members) and Tax Assessor Collectors (TACs). For the following reasons:

1) Law enforcement agencies and NICB were excluded from development of rules even though they performed over 23,000 confidential VIN inspections -

The Texas Department of Motor Vehicles (TxDMV) should have consulted with law enforcement before submitting a proposed rule to the TxDMV Board on processes that would have an impact on the limited number law enforcement criminal investigators and NICB agents qualified to perform Confidential Vehicle Identification Number (C-VIN) inspections under Transportation Code 501.32 to determine the identity of motor vehicles. MVPCA nor NICB were contacted. Law enforcement agencies qualified to perform these inspections were not consulted nor involved in the development of the proposed changes to sections TAC 43 §217.5 and §217.9.

The Motor Vehicle Crime Prevention Authority along with the National Insurance Crime Bureau provide investigators the training needed to qualify for the confidential VIN inspections. The investigators in the network performed over 23,000 confidential inspections. The MVCPA was not provided any advance notice for this set of rules.

The MVCPA network and the other officers trained by the MVCPA and NICB will be directly impacted by these rules but were not allowed in discussion. Currently, most MVCPA taskforces are scheduled for the remainder of the year or have unreasonable lines on each event. The MVCPA Director requested that the TxDMV Director of Vehicle Titles and Registration, the Acting TxDMV General Counsel and the TxDMV Deputy Executive Director delay posting these rules to allow law enforcement teams to determine what impact these rules have on operations. NICB agents are not available to increase their inspections.

2) Disagreement on the TAKINGS IMPACT ASSESSMENT sections –

While the government is not performing a taking under Government Code 2007.043, the rules as posted, will result in using governmental processes for illegal actors to convert stolen property into their own property. This will create liability not only for the State but for the local agencies conducting 68A inspections that confirm vehicle identification. In essence criminals will be using the government and law enforcement to legitimize their criminal acts.

3) These proposed rules remove qualified courts from making determinations of evidence ownership without alternative processes.

The possessor of the vehicle can simply remove the identification and file a bonded title. The bond serving as valid evidence of ownership instead of a court order allows criminals to utilize this proposed TxDMV bond to execute an assigned identification number and receive a title to a stolen vehicle. Trailers often do not have permanent numbers. When they do, the numbers could be removed then brought into the illegal ownership process allowed by TxDMV.

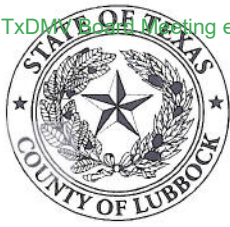
This is especially concerning regarding trailers and semi-trailers where identification numbers, unlike a motor vehicle where identification numbers are affixed to the motor or component parts that can be replaced with parts that have no numbers affixed, are attached to a metal placard or decal that can be easily removed or altered. This makes it easier for a criminal to obtain a bond in place of a Judicial review of evidence of ownership and review of evidence of prior ownership (provenance). The Judicial review allows for a controlled setting where all evidence of ownership can be presented and where a proper legal decision can be made to establish and identify a vehicle, new ownership, or prior ownership that may have a claim on said vehicle.

4) The bonds are insufficient to cover a reasonable cost of trailers in the event of fraud in 2022.

Specialty trailers, dump trailers and others greatly exceed the value of the bond proposed. Many of these trailers cost in the 10s of thousands of dollars. With the recent boom in the economy, they are in great demand and limited supply causing prices to rise.

217.9 Bonded titles continues to require the confidential VIN inspection, but the proposed rules strike the requirement to present the inspection to be submitted as part of the bonded title process.

This requirement must be reworded or reconciled. This proposed change creates a greater opportunity for title fraud as the requirement for a confidential VIN inspection will not be required of the person seeking to register the vehicle under a bonded title. Many companies have resorted to purchasing trailers from Canada and Mexico for import and operation in the USA. These need to be properly inspected to verify the legitimacy of ownership before titling. If identifiers are missing, the proposed rules eliminate the need to present proof of inspection and allow the purchaser to secure a bonded title for a vehicle that may be stolen.



Ronnie Keister
Lubbock County Tax Assessor-Collector
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806.775.1344
taxoffice@lubbockcounty.gov

March 23, 2022

Office of General Counsel
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, TX 78731

Via Email to: rules@txdmv.gov

SUBJECT: Response to TxDMV
43 TAC § 217.5 – Motor Vehicle Titles and Registration
43 TAC § 217.9 – Motor Vehicle Titles and Registration

TxDMV Board Members and Agency Leadership:

Staff support the updates proposed in these rules. It seems that surety bonds will help streamline the process for our customers. Regarding 43 TAC § 217.9 is a weight certificate no longer required to apply for the bond?

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Part 10. Texas Department of Motor Vehicles
Chapter 217 – Vehicle Titles and Registration
Proposed Sections

- 1 ~~(4)~~ ~~[(5)]~~ the documentation determining the value of the vehicle;
- 2 ~~(5)~~ ~~[(6)]~~ proof of the vehicle identification number inspection, as described in subsection (d) of
- 3 this section, if the department has no motor vehicle record for the vehicle;
- 4 ~~[(7) a weight certificate if there is no title or the vehicle is an out-of-state commercial vehicle;]~~
- 5 ~~(6)~~ ~~[(8)]~~ a certification of lien satisfaction by the surety bonding company, or a release of lien, if
- 6 the notice of determination ~~[rejection]~~ letter states that there may be a lien less than ten years old; and
- 7 ~~(7)~~ ~~[(9)]~~ any other required documentation and fees.

Respectfully,

Ronnie Keister
Tax Assessor-Collector

March 28, 2022

Chair Charles Bacarisse and Members of the Board
Department of Motor Vehicles
State of Texas

RE: Comments on Proposed Rules Changes - TAC 43 §217.5 and §217.9

Dear Chair Bacarisse and Members of the Board:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in Texas. Working hand-in-hand with our member-companies and Texas state and local law enforcement, we help to detect, prevent, and deter insurance crimes, including vehicle theft. While NICB provides value to our member-companies, we also serve a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance crime causes to individual policy holders across the country every year.

The Texas Department of Motor Vehicles (TxDMV) is proposing amendments to two sections of Title 43 of the Texas Administrative Code relating to evidence required retitling purposes. The proposed amendments to Section 217.5 would allow applicants to simply file a bond with the Department – ***without any other evidence*** – in order to prove ownership, even where no title exists. The recommendation to Section 217.9 would allow persons to use an appraisal to determine value for vehicles 25 years or older; and, for trailers or semi-trailers, use set values in lieu of appraisals.

The bonding measure would provide a veritable roadmap for criminals to launder stolen vehicles by obtaining verified vehicle titles without any proof of ownership whatsoever. As the Department of Motor Vehicles well knows, the United States is experiencing an explosion in vehicle thefts and carjackings in jurisdictions around the country. Texas is not immune to this troubling trend, ranking second in the nation in total vehicle thefts. In Austin alone, the Texas capital has seen vehicle thefts increase by 35% between 2019 and 2021. It hardly seems an appropriate time to even further incentivize car thieves by providing a less onerous route to titling vehicles absent proof of ownership. The current system helps deter criminals by requiring judicial process and evidence of ownership. Additionally, the proposed bond amounts are insufficient to cover vehicle values, particularly in the case of trailers.

Moreover, NICB, along with the Texas Motor Vehicle Crime Prevention Authority (MVCPA), provide law enforcement investigators the training needed to qualify to perform confidential Vehicle Identification Number (VIN) inspections under Transportation Code 501.032. The investigators in the network – including NICB agents – have performed over 23,000 inspections during fiscal year 2021. Despite the expertise of NICB and the MVCPA, as well as our intimate involvement with VIN inspections under this area of the law, neither the MVCPA nor NICB were provided notice of

the proposed rule changes. At a minimum, we respectfully request that the TxDMV Board not adopt the proposed rules at least until the Board can engage in substantive consultation with Texas law enforcement, NICB, property-casualty insurers, and Texas tax assessor-collectors.

Thank you for your consideration of our views. As always, NICB values our strong working relationship and we look forward to continuing to partner on this and other matters of mutual concern.

If you have any questions or need additional information, please contact me at hhandler@nicb.org or 847-544-7083.

Sincerely,



Howard Handler, MPPA
Senior Director, Government Affairs

To whom it may concern,

The proposal to eliminate inspections in order to stream line the process of getting a number assigned and to keep the courts out of the process will lead to stolen property easily being assigned an identifying number. My Unit conducts these inspections and have recovered countless stolen vehicles and trailers. These vehicles would not have been recovered without an inspection taking place. If someone could simply get a bond for a trailer as proof of ownership would cause the theft rate of these vehicle to increase. Law Enforcement has a hard-enough time combating these types of crimes. Do not make it easier for them to validate the crimes. It is more important to get stolen items back to citizens than to burden applicants for buying something without a title. 501.022 TC states a person must obtain a title before selling a vehicle. Changing the rules will not fix the problem. Educating the public, and the courts or simple enforcing the existing laws is a better route.

Respectfully,



Commander Patrick McBroom
Panhandle Auto Burglary and Theft Unit
900 S Polk # 206
Amarillo TX 79101
806-379-2872





Texas Association of Vehicle Theft Investigators
South Central Regional Chapter / IAATI
 4251 FM 2181, Ste 230-521
 Corinth, TX. 76210



March 15, 2022

The Texas Association of Vehicle Theft Investigators (TAVTI) recommends that: Not Adopt/ Delay Adoption and repost after consultation with law enforcement, National Insurance Crime Bureau (NICB and their insurer members) and Tax Assessor Collectors (TACs) for the following reasons:

- No law enforcement collaboration during development of rules -

The Texas Department of Motor Vehicles (TxDMV) should have consulted with law enforcement before submitting a proposed rule to the TxDMV Board on processes that would have an impact on the limited number law enforcement criminal investigators qualified to perform Alternative Identification Number Inspections under Transportation Code 501.032 to determine the identity of motor vehicles. We cannot find evidence that any law enforcement agency qualified to perform these inspections were consulted or allowed to participate in discussions concerning proposed changes to sections 217.5 and 217.9 of the Texas Administrative Code.

Members of the Texas Association of Vehicle Theft Investigators (TAVTI) share an expertise in the field of motor vehicle criminal investigations and many of its members have decades of experience and have received hundreds of hours of training to combat vehicle crimes. These highly trained investigators can offer guidance and share impact to propose rules based on the experiences gained during investigations and the knowledge of the actions that offenders will take when presented with opportunities to commit crimes.

- Increased opportunity for criminals to make full use of and derive a benefit from proposed rules if adopted

- **Chapter 217.5 Vehicle Titles and Registration**

Allowing a bond to serve as valid evidence of ownership instead of a court order could allow criminals to utilize a piece of paper (bond) to apply for an assigned identification number and receive a title to a stolen vehicle. This is especially concerning regarding trailers and semi-trailers where identification numbers are often an affixed label and there are no other identification numbers permanently affixed that would provide evidence that a number had been removed, changed, or obliterated. It is also concerning regarding older motor vehicles where identification numbers are being affixed to the motor or component parts that can be replaced with parts that have no numbers affixed. The proposed rules would allow the criminal to obtain a bond in place



**Texas Association of Vehicle Theft Investigators
South Central Regional Chapter / IAATI
4251 FM 2181, Ste 230-521
Corinth, TX. 76210**



of a judicial review of evidence of ownership and review of evidence prior to a determination of ownership.

- **Chapter 217.9 Bonded titles Verification of the vehicle identification number on a form specified by the department**

Removing this section and substituting with "proof of the vehicle identification number inspection" is vague and misleading on what proof is required

- **A weight certificate if there is no title or the vehicle is an out of state commercial vehicle**

TxDMV title manual requires trailers and semitrailers having a gross weight in excess of 4,000 pounds to be titled. This would allow a loophole for a criminal to obtain registration as a non-titled vehicle to a trailer that requires a title.

- **Uniform value amounts of \$4,000 for trailers less than 20 feet and \$7,000 for trailers more than 20 feet for interested parties damaged by the issuance of a title to recover damages through an action against the bond.**

In the case of specialty trailers such as dump, livestock, custom barbecue pit, etc., which can have values in excess of tens of thousands of dollars, the proposed uniform value amounts will not be sufficient for victims to recover damages through an action against a bond.

The Texas Association of Vehicle Theft Investigators and members have a professional vested interest in the prevention and reduction of vehicle crimes. As president, I urge you to Not Adopt/ Delay Adoption and repost after consultation with law enforcement, NICB (insurer members) and TACs to develop an alternative language acceptable to all and that is not a burden to victims of motor vehicle theft, applicants, insurers and local law enforcement.

Sincerely,

Larry W. Swinford

President of the Texas Association of Vehicle Theft Investigators

East Texas Auto Theft Task Force

Smith County Sheriff Office

To: Texas Department of Motor Vehicles Board
From: Clint Thompson, Vehicle Titles and Registration Division Deputy Director
Agenda Item: 6
Subject: Chapter 217. Vehicle Titles and Registration
Amendments, §217.9
(Relating to Bonded Titles)
(Published 2/25/2022 - 47 TexReg 900)

RECOMMENDATION

Adopt the amendments and approve publication in the *Texas Register*.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of the amendments to §217.9 is to clarify portions of §217.9, remove duplicative information, and provide a lower-cost alternative to an appraisal for owners of trailers and semitrailers.

FINANCIAL IMPACT

The department has determined that for each year of the first five years the amended section is in effect, persons may utilize additional resources to determine the value of a motor vehicle more accurately for purposes of applying for a bond. There will be no costs to comply with these amendments.

BACKGROUND AND DISCUSSION

The department proposes the adoption of substantive and nonsubstantive amendments to §217.9. The substantive changes to amended §217.9(c) clarify that the existing resource used by the department to determine the value of a motor vehicle is the standard presumptive value (SPV) under existing Tax Code §152.0412. Amendments to §217.9(c) also provide an additional option for a person to determine the value of a motor vehicle that is 25 years or older for purposes of applying for a bond. Amendments to §217.9(c) are necessary to ensure a person may use a valuation method that accurately reflects the value of their motor vehicle in its current condition. The option to use an appraisal instead of a national reference guide is at the person's discretion at the time of application for bond.

Amendments to §217.9(c)(4) provide a standard value for certain trailers whose value cannot be determined by SPV or a national reference guide. This amendment is necessary to provide a person with an alternative to determining the value of trailers and semitrailers from an appraisal by establishing a uniform value amount for trailers under 20 feet in length and another value for trailers 20 feet in length or greater. Subsection (e) is amended to clarify that a weight certificate is required only if the department is unable to determine the weight using standard department resources. -
Nonsubstantive amendments to subsection (e)(1) delete existing duplicative requirements found in renumbered subsection (e)(5).

COMMENTS

The proposed amendments were published for comment in the February 25, 2022, issue of the *Texas Register*. The comment period closed on March 28, 2022.

The department received six comments requesting changes to the rule. The six comments are attached. In response to the comments, the department recommends making the non-substantive changes to renumbered subsection (e)(6) regarding a weight certificate.

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1 a uniform value for trailers under 20 feet in length and another value for trailers 20 feet in length or
2 greater. Subsection (e) is amended to clarify the language, including the language in renumbered
3 subsection (e)(6) that says a weight certificate is required only if the department is unable to determine
4 the weight using standard department resources. Nonsubstantive amendments to subsection (e)(1)
5 delete existing duplicative requirements found in renumbered subsection (e)(5).

6

7 SUMMARY OF COMMENTS.

8 The department received six written comments on the proposal from the Texas Association of
9 Vehicle Theft Investigators, the Panhandle Auto Burglary and Theft Unit, the National Insurance Crime
10 Bureau, the Lubbock County Tax Assessor-Collector, the Laredo Police Department Auto Theft Task Force,
11 and the Tax Assessor-Collector's Association of Texas.

12

13 Comment:

14 A commenter expressed concern that law enforcement was not consulted during the
15 development of the amendments because the amendments would have an impact on law enforcement
16 personnel qualified to perform identification number inspections.

17 Agency Response:

18 The department did not consult law enforcement personnel prior to drafting the proposed
19 amendments because the amendments do not change how or when law enforcement personnel
20 conduct identification number inspections. Instead, the changes deal with evidence of ownership
21 presented to the department as part of an application for an identification number assignment or
22 reassignment under Transportation Code §501.033(b). However, after seeing the concerns expressed by
23 law enforcement personnel and tax assessor-collectors, the department reached out to each of the

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1 commenters to clarify the intent and purpose of the proposed amendments and to address the concerns
2 raised in their comments. These discussions were fruitful and helped to clear up misunderstandings
3 regarding the purpose and implementation of the proposed amendments.

4 No change has been made in response to this comment.

5

6 **Comment:**

7 Two commenters opposed deleting the requirement to produce a weight certificate and another
8 commenter asked whether a weight certificate would still be required.

9 **Agency Response:**

10 The department appreciates the comments and will not delete renumbered subsection (e)(6) in
11 its entirety as originally proposed. The department changed the language to make it clear that a weight
12 certificate will be required only if the weight of the vehicle cannot be determined by the department
13 through standard department resources. Most motor vehicles have a standard weight associated with
14 them that the department can determine through various national reference guides if a weight is not
15 already established on the department's motor vehicle record. However, in the case of trailers, trucks
16 with added modifications, and some commercial vehicles, the department will not be able to determine
17 the weight using a national reference guide. In these cases, the department will require a weight
18 certificate.

19 The changes to the rule will eliminate the cost and expense of obtaining a weight certificate for
20 customers with standard vehicles whose weights can easily be determined, while making certain that
21 owners of trailers weighing over 4,000 pounds register and title their trailers as required.

22 The rule text has been changed in response to the comments as described above.

23

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1 Comment:

2 The commenter states that the proposed new language in subsection (c), will not be sufficient
3 for victims to recover damages through an action against a bond. Subsection (c) allows a bond amount
4 to be based on the length of the trailers and semitrailers, as an alternative to an appraisal.

5 Agency Response:

6 The department disagrees with this comment. Proposed new subsection (c)(4) is intended to
7 address assembled trailers under Chapter 217, Subchapter L. The value of most motor vehicles,
8 including manufactured trailers, will be determined by the department's SPV resources or national
9 reference guides, without issue, even if a motor vehicle lacks an identification number. This would not
10 be the case for assembled trailers that would otherwise need an appraisal. Subsection (c)(4) eliminates
11 the cost and expense of seeking an appraisal when a customer is pursuing a bonded title. The owner of a
12 high value trailer or semitrailer, such as a dump trailer, livestock trailer, or custom barbecue pit trailer,
13 who is applying for a bonded title continues to retain the option of using an appraisal to determine the
14 value of the vehicle in place of the standard amounts in subsection (c)(4).

15 No change has been made in response to this comment.

17 Comment:

18 The commenter is not in favor of the proposed deletion of language stating that SPV can be
19 determined using the department's internet website, and prefers that this language be retained.

20 Agency Response:

21 The deletion of language regarding the determination of SPV through the department's internet
22 website and substitution of the language "under Tax Code §152.0412," does not eliminate the authority

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1 to determine SPV using the department's internet website, and instead includes SPV resources available
2 on desktop applications currently utilized by the department.

3 No change has been made in response to this comment.

4

5 **Comment:**

6 The commenter recommends that the department delay adoption of the amendments to
7 consult with law enforcement, the National Insurance Crime Bureau (NICB) and tax assessor-collectors
8 to allow law enforcement teams to determine what impact these amendments have on operations.

9 **Agency Response:**

10 The department will not delay the adoption of the amendments as all commenters have been
11 contacted since the publication of the proposed amendments, and positive discussions were had
12 regarding the amendments. The department is also responding in detail to all written comments
13 received.

14 No change has been made in response to this comment.

15

16 **Comment:**

17 The commenter disagrees with the impact assessment and states that the amendments, as
18 posted, will result in using governmental processes to convert stolen property "into their own property."
19 The commenter opines this will create liability for the state and local agencies conducting identification
20 number inspections.

21 **Agency Response:**

22 The department disagrees with the comment that the amendments will create any liability for
23 government actors. As government actors, law enforcement inspectors and department staff are

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1 protected by the doctrine of sovereign immunity when acting under lawfully promulgated statutes and
2 rules such as Transportation Code §501.053 and §217.9. The department does not agree that the
3 amendments will be used to convert stolen property into personal property as the department is
4 confident that well-trained law enforcement inspectors will continue to detect stolen vehicles during the
5 inspection process. No change has been made in response to this comment.

6

7 Comment:

8 The commenter also states that the proposed amendments to §217.9 would allow persons to
9 use an appraisal to determine the value for vehicles 25 years or older, and for trailer or semitrailers, use
10 set values in lieu of appraisals. The commenter proposes that the department not adopt the proposed
11 amendment until the department can engage in substantive consultation with Texas law enforcement,
12 NICB, property-casualty insurers, and Texas tax assessor-collectors.

13 Agency Response:

14 The department agrees that the proposed amendments would allow persons to use an appraisal
15 in lieu of using a national reference guide for a vehicle 25 years or older, which will result in a more
16 accurate evaluation of a vehicle's value, particularly when a vehicle is not in pristine or even operable
17 condition and not worth the value identified by the national reference guide. The department also
18 agrees the amendments provide for the use of predetermined values for trailers or semitrailers, based
19 on the length of the trailer, but only in situations where the value of the trailer or semitrailer may not be
20 determined using SPV or national reference guides. In those situations, a person is still allowed to use an
21 appraisal if they believed an appraisal would provide a more accurate determination of the value of the
22 trailer.

23 No change has been made in response to this comment.

TITLE 43. TRANSPORTATION

Adopted Section

Part 10. Texas Department of Motor Vehicles

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Chapter 217 – Vehicle Titles and Registration

1

2 **Comment:**

3 The commenter states that the proposed amendments strike the requirement "to present the
4 inspection to be submitted as part of the bonded title process."

5 **Agency Response:**

6 The department proposes to delete subsection(e)(1), which requires verification of the vehicle
7 identification number on a form specified by the department and replaces the verification requirement
8 with language in subsection (d) which states, "the vehicle identification number must be verified by an
9 inspection under Transportation Code §501.0321." Transportation Code §501.0321 describes all the
10 requirements of an identification number inspection, including the requirement that the department
11 prescribe a form on which the inspection is to be recorded. The rule still requires proof of a completed
12 identification number inspection as part of the bonded title process, as indicated in subsection (e)(5),
13 and the deleted language is being eliminated as duplicative.

14 No change has been made in response to this comment.

15

16 **STATUTORY AUTHORITY.** The department adopts amendments to §217.9 under Transportation Code
17 §501.0041 and §1002.001.

18 Transportation Code §501.0041 authorizes the department to adopt rules to administer Chapter
19 501.

20 Transportation Code §1002.001 authorizes the board to adopt rules that are necessary and
21 appropriate to implement the powers and the duties of the department.

22 **CROSS REFERENCE TO STATUTE.** Transportation Code §501.053.

23

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Chapter 217 – Vehicle Titles and Registration

1 **TEXT.**

2 **SUBCHAPTER A. MOTOR VEHICLE TITLES**

3 **43 TAC §217.9**

4 §217.9. Bonded Titles

5 (a) Who may file. A person who has an interest in a motor vehicle to which the department has refused
6 to issue a title or has suspended or revoked a title may request issuance of a title from the department
7 on a prescribed form if the vehicle is in the possession of the applicant; and

8 (1) there is a record that indicates a lien that is less than ten years old and the surety bonding
9 company ensures lien satisfaction or release of lien;

10 (2) there is a record that indicates there is not a lien or the lien is ten or more years old; or

11 (3) the department has no previous motor vehicle record.

12 (b) Administrative fee. The applicant must pay the department a \$15 administrative fee in addition to any
13 other required fees.

14 (c) Value. The amount of the bond must be equal to one and one-half times the value of the vehicle as
15 determined under Tax Code §152.0412 regarding [using the] Standard Presumptive Value (SPV) [from the
16 department's Internet website]. If the SPV is not available, then a national reference guide will be used. If
17 the value cannot be determined by the department through either source, then the person may obtain
18 an appraisal. If a motor vehicle is 25 years or older, a person may obtain an appraisal to determine the
19 value instead of using a national reference guide.

20 (1) The appraisal must be on a form specified by the department from a Texas licensed motor
21 vehicle dealer for the categories of motor vehicles that the dealer is licensed to sell or a Texas licensed
22 insurance adjuster who may appraise any type of motor vehicle.

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Chapter 217 – Vehicle Titles and Registration

1 (2) The appraisal must be dated and be submitted to the department within 30 days of the
2 appraisal.

3 (3) If the motor vehicle 25 years or older and the appraised value of the vehicle is less than \$4,000,
4 the bond amount will be established from a value of \$4,000.

5 (4) If the motor vehicle is a trailer or semitrailer, the person may, as an alternative to an appraisal,
6 have the bond amount established from a value of:

7 (A) \$4,000, if under 20 feet in length, or

8 (B) \$7,000, if 20 or more feet in length.

9 (d) Vehicle identification number inspection. If the department has no motor vehicle record for the
10 vehicle, the vehicle identification number must be verified by an inspection under Transportation Code
11 §501.0321 [~~a Texas licensed Safety Inspection Station or a law enforcement officer who holds an auto~~
12 ~~theft certification~~].

13 (e) Required documentation. An applicant may apply for a bonded title if the applicant submits:

14 ~~[(1) verification of the vehicle identification number on a form specified by the department;]~~

15 (1) ~~[(2)]~~ any evidence of ownership;

16 (2) ~~[(3)]~~ the original bond within 30 days of issuance;

17 (3) ~~[(4)]~~ the notice of determination [~~rejection letter~~] within one year of issuance and the receipt
18 for \$15 paid to the department;

19 (4) ~~[(5)]~~ the documentation determining the value of the vehicle;

20 (5) ~~[(6)]~~ proof of the vehicle identification number inspection, as described in subsection (d) of
21 this section, if the department has no motor vehicle record for the vehicle;

22 (6) ~~[(7)]~~ a weight certificate if the weight cannot otherwise be determined; [~~there is no title or the~~
23 ~~vehicle is an out-of-state commercial vehicle;~~]

TITLE 43. TRANSPORTATION

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Chapter 217 – Vehicle Titles and Registration

1 ~~(7)~~ [(8)] a certification of lien satisfaction by the surety bonding company, or a release of lien, if
2 the notice of determination [~~rejection~~] letter states that there may be a lien less than ten years old; and
3 (8) [(9)] any other required documentation and fees.

4 (f) Report of Judgment. The bond must require that the surety report payment of any judgment to the
5 department within 30 days.

6 **CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be
7 within the state agency’s legal authority to adopt.

8 Issued at Austin, Texas, on M DD, YYYY.

9

10

11

12

13

/s/ Elizabeth Brown Fore

Elizabeth Brown Fore

General Counsel



THE TAX ASSESSOR-COLLECTORS ASSOCIATION OF TEXAS

An Association to secure the benefits of organized ideas and discussion of mutual problems that will advance and maintain proper efficiency and dignity of the County Tax Office.

www.tacaofexas.org

ENHANCE YOUR VIEW

March 28, 2022

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Re: Rule 43 TAC §217.5 and Rule 43 TAC §217.9

Dear TxDMV Board, Executive Director and V.T.R. Director,

The Tax Assessor Collectors Association of Texas appreciates the ability to review and respond to proposed rule changes.

In reviewing the proposals, we would like to submit the following comments:

Rule 43 TAC §217.5(a)(3)-We request that the language include “or a Tax Assessor Collector Hearing Order under Transportation Code §501.052” as indicated in red below:

(3) Evidence of Ownership for Purpose of Identification Number Assignment of Re-assignment. An applicant for assignment or reassignment of an identification number under Transportation Code §501.033 who is unable to produce evidence of ownership under this section, may file a bond *or a Tax Assessor Collector Hearing Order under Transportation Code §501.052*, with the department in accordance with Transportation Code §501.053 and §217.9 of this title (relating to Bonded Titles). The bond will serve as evidence of ownership for purposes of §501.033(b).

Rule 43 TAC §217.9(e)(7)

The proposed change removes the weight certificate requirement. We believe the weight certificate requirement should remain in place. Additionally in (c), the language indicating SPV can be determined using the department’s internet website has been stricken. We would like to have this option remain on the department’s website.

Sincerely,

Randy Riggs
President, TACA

Michelle French
TxDMV Liaison, TACA

I, Lt. Ruben Yañez, recommend that TxDMV [Not Adopt/ Delay Adoption] of TAC 43 §217.5 and §217.9 and repost after consultation with law enforcement, National Insurance Crime Bureau (NICB and their insurer members) and Tax Assessor Collectors (TACs). For the following reasons:

1) Law enforcement agencies and NICB were excluded from development of rules even though they performed over 23,000 confidential VIN inspections -

The Texas Department of Motor Vehicles (TxDMV) should have consulted with law enforcement before submitting a proposed rule to the TxDMV Board on processes that would have an impact on the limited number law enforcement criminal investigators and NICB agents qualified to perform Confidential Vehicle Identification Number (C-VIN) inspections under Transportation Code 501.32 to determine the identity of motor vehicles. MVPCA nor NICB were contacted. Law enforcement agencies qualified to perform these inspections were not consulted nor involved in the development of the proposed changes to sections TAC 43 §217.5 and §217.9.

The Motor Vehicle Crime Prevention Authority along with the National Insurance Crime Bureau provide investigators the training needed to qualify for the confidential VIN inspections. The investigators in the network performed over 23,000 confidential inspections. The MVCPA was not provided any advance notice for this set of rules.

The MVCPA network and the other officers trained by the MVCPA and NICB will be directly impacted by these rules but were not allowed in discussion. Currently, most MVCPA taskforces are scheduled for the remainder of the year or have unreasonable lines on each event. The MVCPA Director requested that the TxDMV Director of Vehicle Titles and Registration, the Acting TxDMV General Counsel and the TxDMV Deputy Executive Director delay posting these rules to allow law enforcement teams to determine what impact these rules have on operations. NICB agents are not available to increase their inspections.

2) Disagreement on the TAKINGS IMPACT ASSESSMENT sections –

While the government is not performing a taking under Government Code 2007.043, the rules as posted, will result in using governmental processes for illegal actors to convert stolen property into their own property. This will create liability not only for the State but for the local agencies conducting 68A inspections that confirm vehicle identification. In essence criminals will be using the government and law enforcement to legitimize their criminal acts.

3) These proposed rules remove qualified courts from making determinations of evidence ownership without alternative processes.

The possessor of the vehicle can simply remove the identification and file a bonded title. The bond serving as valid evidence of ownership instead of a court order allows criminals to utilize this proposed TxDMV bond to execute an assigned identification number and receive a title to a stolen vehicle. Trailers often do not have permanent numbers. When they do, the numbers could be removed then brought into the illegal ownership process allowed by TxDMV.

This is especially concerning regarding trailers and semi-trailers where identification numbers, unlike a motor vehicle where identification numbers are affixed to the motor or component parts that can be replaced with parts that have no numbers affixed, are attached to a metal placard or decal that can be easily removed or altered. This makes it easier for a criminal to obtain a bond in place of a Judicial review of evidence of ownership and review of evidence of prior ownership (provenance). The Judicial review allows for a controlled setting where all evidence of ownership can be presented and where a proper legal decision can be made to establish and identify a vehicle, new ownership, or prior ownership that may have a claim on said vehicle.

4) The bonds are insufficient to cover a reasonable cost of trailers in the event of fraud in 2022.

Specialty trailers, dump trailers and others greatly exceed the value of the bond proposed. Many of these trailers cost in the 10s of thousands of dollars. With the recent boom in the economy, they are in great demand and limited supply causing prices to rise.

217.9 Bonded titles continues to require the confidential VIN inspection, but the proposed rules strike the requirement to present the inspection to be submitted as part of the bonded title process.

This requirement must be reworded or reconciled. This proposed change creates a greater opportunity for title fraud as the requirement for a confidential VIN inspection will not be required of the person seeking to register the vehicle under a bonded title. Many companies have resorted to purchasing trailers from Canada and Mexico for import and operation in the USA. These need to be properly inspected to verify the legitimacy of ownership before titling. If identifiers are missing, the proposed rules eliminate the need to present proof of inspection and allow the purchaser to secure a bonded title for a vehicle that may be stolen.



Ronnie Keister
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March 23, 2022

Office of General Counsel
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, TX 78731

Via Email to: rules@txdmv.gov

SUBJECT: Response to TxDMV
43 TAC § 217.5 – Motor Vehicle Titles and Registration
43 TAC § 217.9 – Motor Vehicle Titles and Registration

TxDMV Board Members and Agency Leadership:

Staff support the updates proposed in these rules. It seems that surety bonds will help streamline the process for our customers. Regarding 43 TAC § 217.9 is a weight certificate no longer required to apply for the bond?

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- 1 ~~(4)~~ ~~[(5)]~~ the documentation determining the value of the vehicle;
- 2 ~~(5)~~ ~~[(6)]~~ proof of the vehicle identification number inspection, as described in subsection (d) of
- 3 this section, if the department has no motor vehicle record for the vehicle;
- 4 ~~[(7) a weight certificate if there is no title or the vehicle is an out-of-state commercial vehicle;]~~
- 5 ~~(6)~~ ~~[(8)]~~ a certification of lien satisfaction by the surety bonding company, or a release of lien, if
- 6 the notice of determination ~~[rejection]~~ letter states that there may be a lien less than ten years old; and
- 7 ~~(7)~~ ~~[(9)]~~ any other required documentation and fees.

Respectfully,

Ronnie Keister
Tax Assessor-Collector

March 28, 2022

Chair Charles Bacarisse and Members of the Board
Department of Motor Vehicles
State of Texas

RE: Comments on Proposed Rules Changes - TAC 43 §217.5 and §217.9

Dear Chair Bacarisse and Members of the Board:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in Texas. Working hand-in-hand with our member-companies and Texas state and local law enforcement, we help to detect, prevent, and deter insurance crimes, including vehicle theft. While NICB provides value to our member-companies, we also serve a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance crime causes to individual policy holders across the country every year.

The Texas Department of Motor Vehicles (TxDMV) is proposing amendments to two sections of Title 43 of the Texas Administrative Code relating to evidence required retitling purposes. The proposed amendments to Section 217.5 would allow applicants to simply file a bond with the Department – ***without any other evidence*** – in order to prove ownership, even where no title exists. The recommendation to Section 217.9 would allow persons to use an appraisal to determine value for vehicles 25 years or older; and, for trailers or semi-trailers, use set values in lieu of appraisals.

The bonding measure would provide a veritable roadmap for criminals to launder stolen vehicles by obtaining verified vehicle titles without any proof of ownership whatsoever. As the Department of Motor Vehicles well knows, the United States is experiencing an explosion in vehicle thefts and carjackings in jurisdictions around the country. Texas is not immune to this troubling trend, ranking second in the nation in total vehicle thefts. In Austin alone, the Texas capital has seen vehicle thefts increase by 35% between 2019 and 2021. It hardly seems an appropriate time to even further incentivize car thieves by providing a less onerous route to titling vehicles absent proof of ownership. The current system helps deter criminals by requiring judicial process and evidence of ownership. Additionally, the proposed bond amounts are insufficient to cover vehicle values, particularly in the case of trailers.

Moreover, NICB, along with the Texas Motor Vehicle Crime Prevention Authority (MVCPA), provide law enforcement investigators the training needed to qualify to perform confidential Vehicle Identification Number (VIN) inspections under Transportation Code 501.032. The investigators in the network – including NICB agents – have performed over 23,000 inspections during fiscal year 2021. Despite the expertise of NICB and the MVCPA, as well as our intimate involvement with VIN inspections under this area of the law, neither the MVCPA nor NICB were provided notice of

the proposed rule changes. At a minimum, we respectfully request that the TxDMV Board not adopt the proposed rules at least until the Board can engage in substantive consultation with Texas law enforcement, NICB, property-casualty insurers, and Texas tax assessor-collectors.

Thank you for your consideration of our views. As always, NICB values our strong working relationship and we look forward to continuing to partner on this and other matters of mutual concern.

If you have any questions or need additional information, please contact me at hhandler@nicb.org or 847-544-7083.

Sincerely,



Howard Handler, MPPA
Senior Director, Government Affairs

To whom it may concern,

The proposal to eliminate inspections in order to stream line the process of getting a number assigned and to keep the courts out of the process will lead to stolen property easily being assigned an identifying number. My Unit conducts these inspections and have recovered countless stolen vehicles and trailers. These vehicles would not have been recovered without an inspection taking place. If someone could simply get a bond for a trailer as proof of ownership would cause the theft rate of these vehicle to increase. Law Enforcement has a hard-enough time combating these types of crimes. Do not make it easier for them to validate the crimes. It is more important to get stolen items back to citizens than to burden applicants for buying something without a title. 501.022 TC states a person must obtain a title before selling a vehicle. Changing the rules will not fix the problem. Educating the public, and the courts or simple enforcing the existing laws is a better route.

Respectfully,



Commander Patrick McBroom
Panhandle Auto Burglary and Theft Unit
900 S Polk # 206
Amarillo TX 79101
806-379-2872





Texas Association of Vehicle Theft Investigators
South Central Regional Chapter / IAATI
 4251 FM 2181, Ste 230-521
 Corinth, TX. 76210



March 15, 2022

The Texas Association of Vehicle Theft Investigators (TAVTI) recommends that: Not Adopt/ Delay Adoption and repost after consultation with law enforcement, National Insurance Crime Bureau (NICB and their insurer members) and Tax Assessor Collectors (TACs) for the following reasons:

- No law enforcement collaboration during development of rules -

The Texas Department of Motor Vehicles (TxDMV) should have consulted with law enforcement before submitting a proposed rule to the TxDMV Board on processes that would have an impact on the limited number law enforcement criminal investigators qualified to perform Alternative Identification Number Inspections under Transportation Code 501.032 to determine the identity of motor vehicles. We cannot find evidence that any law enforcement agency qualified to perform these inspections were consulted or allowed to participate in discussions concerning proposed changes to sections 217.5 and 217.9 of the Texas Administrative Code.

Members of the Texas Association of Vehicle Theft Investigators (TAVTI) share an expertise in the field of motor vehicle criminal investigations and many of its members have decades of experience and have received hundreds of hours of training to combat vehicle crimes. These highly trained investigators can offer guidance and share impact to propose rules based on the experiences gained during investigations and the knowledge of the actions that offenders will take when presented with opportunities to commit crimes.

- Increased opportunity for criminals to make full use of and derive a benefit from proposed rules if adopted

- **Chapter 217.5 Vehicle Titles and Registration**

Allowing a bond to serve as valid evidence of ownership instead of a court order could allow criminals to utilize a piece of paper (bond) to apply for an assigned identification number and receive a title to a stolen vehicle. This is especially concerning regarding trailers and semi-trailers where identification numbers are often an affixed label and there are no other identification numbers permanently affixed that would provide evidence that a number had been removed, changed, or obliterated. It is also concerning regarding older motor vehicles where identification numbers are being affixed to the motor or component parts that can be replaced with parts that have no numbers affixed. The proposed rules would allow the criminal to obtain a bond in place



**Texas Association of Vehicle Theft Investigators
South Central Regional Chapter / IAATI
4251 FM 2181, Ste 230-521
Corinth, TX. 76210**



of a judicial review of evidence of ownership and review of evidence prior to a determination of ownership.

- **Chapter 217.9 Bonded titles Verification of the vehicle identification number on a form specified by the department**

Removing this section and substituting with "proof of the vehicle identification number inspection" is vague and misleading on what proof is required

- **A weight certificate if there is no title or the vehicle is an out of state commercial vehicle**

TxDMV title manual requires trailers and semitrailers having a gross weight in excess of 4,000 pounds to be titled. This would allow a loophole for a criminal to obtain registration as a non-titled vehicle to a trailer that requires a title.

- **Uniform value amounts of \$4,000 for trailers less than 20 feet and \$7,000 for trailers more than 20 feet for interested parties damaged by the issuance of a title to recover damages through an action against the bond.**

In the case of specialty trailers such as dump, livestock, custom barbecue pit, etc., which can have values in excess of tens of thousands of dollars, the proposed uniform value amounts will not be sufficient for victims to recover damages through an action against a bond.

The Texas Association of Vehicle Theft Investigators and members have a professional vested interest in the prevention and reduction of vehicle crimes. As president, I urge you to Not Adopt/ Delay Adoption and repost after consultation with law enforcement, NICB (insurer members) and TACs to develop an alternative language acceptable to all and that is not a burden to victims of motor vehicle theft, applicants, insurers and local law enforcement.

Sincerely,

Larry W. Swinford

President of the Texas Association of Vehicle Theft Investigators

East Texas Auto Theft Task Force

Smith County Sheriff Office

To: Texas Department of Motor Vehicles Board
From: Jimmy Archer, Motor Carrier Division Director
Agenda Item: 7
Subject: **Chapter 217, Vehicles Titles and Registration Amendments, §§217.54, 217.55, & 217.184**
(Relating to SB 1064, extended registration of certain county vehicles; clean-up)

RECOMMENDATION

Approval to publish the proposed amended sections in the *Texas Register*.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of the proposed amendments to §§217.54, 217.55, and 217.184 is to implement Senate Bill 1064, 87th Legislature, Regular Session (2021), concerning the extended registration of an exempt county fleet and to update the rules to reflect current practices.

FINANCIAL IMPACT

The department has determined that in the first five years the proposal will be in effect, there will be a one-time cost of \$250,000 to program the department's automated systems. This amount was appropriated to the department. There will be no significant fiscal impact to the state or local governments as a result of the enforcement or administration of the proposal. There will be no additional costs to the department, and the proposed amendments will have no impact on revenue collections.

BACKGROUND AND DISCUSSION

Senate Bill 1064 added Transportation Code §502.0025, allowing an exempt county fleet to be registered for an extended period of not less than one year or more than eight years. An "exempt county fleet" is a group of two or more nonapportioned motor vehicles, semitrailers, or trailers that is owned by and used exclusively in the service of a county with a population of 3.3 million or more. Proposed amendments to §217.55 and §217.184 address exempt county fleets to ensure rules provide the policies and procedures to implement the new program. Proposed §217.55(e) establishes the requirements regarding exempt county fleets, including the penalty associated with failing to maintain compliance with Transportation Code §502.0025, the rules adopted under that section, and vehicle inspection requirements. Proposed amendments to §217.54 and §217.55 make updates and conforming changes to the current commercial fleet registration rule and exempt registration rule.

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1 penalty associated with failing to maintain compliance with Transportation Code §502.0025, the rules
2 adopted under that section, and inspection requirements.

3 The proposed amendments to §217.54 include changes that provide increased clarity and
4 readability regarding the department's existing practices.

5 The following paragraphs address the amendments in this proposal.

6 The amendments to §217.54(e), (f), and (i)(6)(B) replace the term "insignia" with "metal fleet
7 license plate" and "registration receipt" to conform with current department operations. Fleet license
8 plates and registration receipts are issued to commercial fleet registrants rather than registration insignia,
9 under Transportation Code §502.0023. The amendments remove §217.54(e)(2) and (e)(3) as those
10 requirements apply only to insignia, making them unnecessary when insignia are not used. The
11 amendments also renumber existing §217.54(e)(4) and (e)(5) accordingly.

12 The amendments to §217.54(f)(2) and (3) and (i)(6)(B) add the option of providing the department
13 with acceptable proof that the metal fleet license plates have been destroyed when the registered vehicle
14 has been removed from the fleet or when the registration has been canceled.

15 The amendments to §217.55(a)(2)(A)(iii) change the manner in which an application for exempt
16 registration provides the required statement "that the vehicle is owned or under the control of and will
17 be operated by the exempt agency." The amendment requires the statement to be a certification instead
18 of the currently required affidavit. The change conforms the rule to the department's current practices.

19 The amendments to §217.55(a)(3)(D) remove the reference to an exempt plate being marked
20 with a replacement date because license plates no longer have an assigned replacement interval.

21 New §217.55(e) establishes rules necessary to implement the extended registration allowed
22 under Transportation Code §502.0025, including (i) rules regarding the suspension of an exempt county
23 fleet's registration for failure to comply with the law or adopted rules and (ii) establishing a method to

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1 enforce the inspection requirements under Chapter 548 for motor vehicles, semitrailers, and trailers
2 registered under the section. Because the exempt county fleet statute (Transportation Code §502.0025)
3 largely mirrors the commercial fleet statute (Transportation Code §502.0023), new §217.55(e) also largely
4 mirrors the existing commercial fleet rule (§217.54).

5 New §217.55(e) allows an exempt county fleet to be registered for annual increments of up to
6 eight years; and requires that a registered vehicle be titled, unless exempt by statute from titling. New
7 §217.55(e)(1) – (e)(4) establish application requirements and requirements related to registration receipts
8 and exempt fleet license plates. New §217.55(e)(5) establishes requirements related to adding or
9 removing a vehicle from an exempt county fleet. New §217.55(e)(6) establishes procedures for paying the
10 state's portion of the vehicle inspection fee. New §217.55(e)(7) allows for the cancellation of a registration
11 for noncompliance with the exempt fleet statutes and rules or with inspection requirements under
12 Transportation Code Chapter 548 and prohibits a vehicle with canceled registration from operating on a
13 public highway. New §217.55(e)(8) and §217.55(e)(9) establish procedures for reinstating a canceled
14 registration and for requesting a replacement license plate.

15 The amendment to §217.184(3) specifies that exempt county fleets are excluded from the
16 processing and handling fee requirements under §217.183. The amendment to §217.184(3) is necessary
17 to implement SB 1064's amendments to Transportation Code §502.453.

18 **FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Glenna Bowman, Chief Financial Officer,
19 has determined that in the first five years the proposed amendments will be in effect, there will be a one-
20 time technology implementation cost of \$250,000 in the first year to implement programming for the
21 department's automated systems. This amount is appropriated to the department in Section 48 of House
22 Bill 2, 87th Legislature, Regular Session (2021). Vehicles in an exempt county fleet will be registered
23 directly through a department system which could result in minor reductions in workloads for county tax

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1 assessor-collector offices but any effect from this is expected to be negligible. Therefore, there is no fiscal
2 impact to the state or local governments as a result of the enforcement or administration of the proposal.

3 Jimmy Archer, Director of the Motor Carrier Division, and Roland D. Luna, Sr., Deputy Executive
4 Director, have determined that there will be no measurable effect on local employment or the local
5 economy as a result of the proposal, because the overall number of registrations will not be affected.

6 **PUBLIC BENEFIT AND COST NOTE.** Mr. Archer and Mr. Luna have also determined that for each year of
7 the first five years the proposed amendments are in effect, the public benefits include establishing rules
8 to implement SB 1064 and the option it creates for owners of an exempt county fleet to register vehicles
9 for an extended period. Other amendments remove obsolete text that may be confusing to readers and
10 conform the rules to current practices.

11 Mr. Archer and Mr. Luna anticipate that there will be no additional costs on a regulated person to
12 comply with these amendments because the amendments do not establish any additional requirements
13 on a regulated person beyond the requirements under statute. There will be a small reduction in costs on
14 a regulated person because the amendments will no longer require the application to include a notarized
15 affidavit regarding the control and operation of the vehicle, and instead will require only a certification.

16 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by Government
17 Code §2006.002, the department has determined that the proposed amendments will not have an
18 adverse economic or financial effect on small businesses, micro-businesses, or rural communities because
19 the amendments to implement SB 1064 apply only to a local government with a population of more than
20 3.3 million. Therefore, the department is not required to prepare a regulatory flexibility analysis under
21 Government Code §2006.002.

22 **TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property interests
23 are affected by this proposal and that this proposal does not restrict or limit an owner's right to property

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1 that would otherwise exist in the absence of government action and, therefore, does not constitute a
2 taking or require a takings impact assessment under Government Code §2007.043.

3 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the
4 first five years the proposed amendments are in effect, the proposed amendments:

5 -- will not create or eliminate a government program;

6 -- will not require the creation of new employee positions or the elimination of existing employee
7 positions;

8 -- will not require an increase or decrease in future legislative appropriations to the department;

9 -- will not require an increase or decrease in fees paid to the department;

10 -- will create new regulation;

11 -- will not expand existing regulations;

12 -- will not increase or decrease the number of individuals subject to the rule's applicability; and

13 -- will not positively or adversely affect the Texas economy.

14 **REQUEST FOR PUBLIC COMMENT.** If you want to comment on the proposal, submit your written
15 comments by 5:00 p.m. CST on XXX XX, 2022. A request for a public hearing must be sent separately from
16 your written comments. Send written comments or hearing requests by email to rules@txdmv.gov or by
17 mail to Office of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin,
18 Texas 78731. If a hearing is held, the department will consider written comments and public testimony
19 presented at the hearing.

20 **STATUTORY AUTHORITY.** The department proposes amendments to §§217.54, 217.55, and 217.184
21 under Transportation Code §§502.0021, 502.0023, 502.0025, and 1002.001.

22 -- Transportation Code §502.0021 authorizes the department to adopt rules to administer
23 Transportation Code Chapter 502.

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1 -- Transportation Code §502.0023 requires the department to adopt rules to implement extended
2 registration of commercial fleet vehicles.

3 -- Transportation Code §502.0025 requires the department to adopt rules to implement extended
4 registration of certain county fleet vehicles.

5 -- Transportation Code §1002.001 authorizes the board to adopt rules that are necessary and
6 appropriate to implement the powers and the duties of the department.

7 **CROSS REFERENCE TO STATUTE.** Transportation Code §§502.0023, 502.0025, and 502.453.

8

9 **TEXT.**

10

Subchapter B. Motor Vehicle Registration

11

43 TAC §217.54 and §217.55

12 §217.54. Registration of Fleet Vehicles.

13 (a) Scope. A registrant may consolidate the registration of multiple motor vehicles [~~including~~
14 ~~trailers and semitrailers,~~] in a fleet instead of registering each vehicle separately. A fleet may include
15 trailers and semitrailers. Except as provided by §217.55 of this title (relating to Exempt and Alias Vehicle
16 Registration), to consolidate registration, a registration must meet the requirements of this section. [This
17 section prescribes the policies and procedures for fleet registration.]

18 (b) Eligibility. A fleet must meet the following requirements to be eligible for fleet registration.

19 (1) No fewer than 25 vehicles will be registered as a fleet;

20 (2) Vehicles may be registered in annual increments for up to eight years;

21 (3) All vehicles in a fleet must be owned by or leased to the same business entity;

22 (4) All vehicles must be vehicles that are not registered under the International

23 Registration Plan; and

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1 (5) Each vehicle must currently be titled in Texas or be issued a registration receipt, or the
2 registrant must submit an application for a title or registration for each vehicle.

3 (c) Application.

4 (1) Application for fleet registration must be in a form prescribed by the department. At
5 a minimum the form will require:

6 (A) the full name and complete address of the registrant;

7 (B) a description of each vehicle in the fleet, which may include the vehicle's
8 model year, make, model, vehicle identification number, document number, body style, gross weight,
9 empty weight, and for a commercial vehicle, manufacturer's rated carrying capacity in tons;

10 (C) the existing license plate number, if any, assigned to each vehicle; and

11 (D) any other information that the department may require.

12 (2) The application must be accompanied by the following items:

13 (A) in the case of a leased vehicle, a certification that the vehicle is currently
14 leased to the person to whom the fleet registration will be issued;

15 (B) registration fees prescribed by law for the entire registration period selected
16 by the registrant;

17 (C) local fees or other fees prescribed by law and collected in conjunction with
18 registering a vehicle for the entire registration period selected by the registrant;

19 (D) evidence of financial responsibility for each vehicle as required by
20 Transportation Code, §502.046, unless otherwise exempted by law;

21 (E) annual proof of payment of Heavy Vehicle Use Tax;

22 (F) the state's portion of the vehicle inspection fee; and

23 (G) any other documents or fees required by law.

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1 (d) Registration period.

2 (1) The fleet owner will designate a single registration period for a fleet so the registration
3 period for each vehicle will expire on the same date.

4 (2) The fleet registration period will begin on the first day of a calendar month and end
5 on the last day of a calendar month.

6 (e) Registration receipt and fleet license plates [~~Insignia~~].

7 (1) As evidence of registration, the department will issue a registration receipt and one or
8 two metal fleet license plates [~~distinguishing insignia~~] for each vehicle in a fleet.

9 (2) [~~The insignia shall be included on the license plate and affixed to the vehicle.~~]

10 [~~(3) The insignia shall be attached to the rear license plate if the vehicle has no~~
11 ~~windshield.~~]

12 [(4)] The registration receipt for each vehicle shall at all times be carried in that vehicle
13 and be available to law enforcement personnel upon request.

14 (3)[(5)] A registration receipt or fleet license plate [~~Insignia~~] may not be transferred
15 between vehicles, owners, or registrants.

16 (f) Fleet composition.

17 (1) A registrant may add a vehicle to a fleet at any time during the registration period. An
18 added vehicle will be given the same registration period as the fleet and will be issued one or two metal
19 fleet license plates and a registration receipt [~~insignia~~].

20 (2) A registrant may remove a vehicle from a fleet at any time during the registration
21 period. After a vehicle is removed from the fleet, the [~~The~~] fleet registrant shall either return the metal
22 fleet license plates [~~registration insignia~~] for that vehicle to the department or provide the department
23 with acceptable proof that the metal fleet license plates for that vehicle have been destroyed. [~~at the time~~]

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1 ~~the vehicle is removed from the fleet.]~~ Credit for any vehicle removed from the fleet for the remaining full
2 year increments can be applied to any vehicle added to the fleet or at the time of renewal. No refunds
3 will be given if credit is not used or the account is closed.

4 (3) If the number of vehicles in an account falls below 25 during the registration period,
5 fleet registration will remain in effect. If the number of vehicles in an account is below 25 at the end of
6 the registration period, fleet registration will be canceled. In the event of cancellation, each vehicle shall
7 be registered separately. The registrant shall immediately either return all metal fleet license plates to the
8 department or provide the department with acceptable proof that the metal fleet license plates have
9 been destroyed. ~~[registration insignia to the department.]~~

10 (g) Fees.

11 (1) When a fleet is first established, the department will charge a registration fee for each vehicle
12 for the entire registration period selected. A currently registered vehicle, however, will be given credit for
13 any remaining time on its separate registration.

14 (2) When a vehicle is added to an existing fleet, the department will charge a registration fee
15 that is prorated based on the number of months of fleet registration remaining. If the vehicle is currently
16 registered, this fee will be adjusted to provide credit for the number of months of separate registration
17 remaining.

18 (3) When a vehicle is removed from fleet registration, it will be considered to be registered
19 separately. The vehicle's separate registration will expire on the date that the fleet registration would
20 have expired. The registrant must pay the statutory replacement fee to obtain regular registration insignia
21 before the vehicle may be operated on a public highway.

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1 (4) In addition to the registration fees prescribed by Transportation Code, Chapter 502, an owner
2 registering a fleet under this section must pay a one-time fee of \$10 per motor vehicle, semitrailer, or
3 trailer in the fleet. This fee is also due as follows:

4 (A) for each vehicle added to the owner's existing fleet; and

5 (B) for each vehicle that a buyer registers as a fleet, even though the seller previously registered
6 some or all of the vehicles as a fleet under this section.

7 (h) Payment. Payment will be made in the manner prescribed by the department.

8 (i) Cancellation.

9 (1) The department will cancel registration for non-payment and lack of proof of annual
10 payment of the Heavy Vehicle Use Tax.

11 (2) The department may cancel registration on any fleet vehicle on the anniversary date
12 of the registration if the fleet vehicle ~~that~~ is not in compliance with the inspection requirements under
13 Transportation Code, Chapter 548 or the inspection requirements in the rules of ~~and~~ the Texas
14 Department of Public Safety rules regarding inspection requirements on the anniversary date(s) of the
15 registration.

16 (3) A vehicle with a canceled ~~cancelled~~ registration may not be operated on a public
17 highway.

18 (4) If the department cancels the registration of a vehicle under this subsection, the
19 registrant can request the department to reinstate the registration by doing the following:

20 (A) complying with the requirements for which the department canceled
21 ~~cancelled~~ the registration;

22 (B) providing the department with notice of compliance on a form prescribed by
23 the department; and

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1 (C) for a registration canceled [~~cancelled~~] under paragraph (2) of this subsection,
2 paying an administrative fee in the amount of \$10.

3 (5) A registrant is [~~only~~] eligible for reinstatement of the registration only within 90
4 calendar days of the department's notice of cancellation.

5 (6) If a registrant fails to timely reinstate the registration of a canceled [~~cancelled~~] vehicle
6 registration under this section, the registrant:

7 (A) is not entitled to a credit or refund of any registration fees for the vehicle; and

8 (B) must immediately either return the metal fleet license plates to the
9 department or provide the department with acceptable proof that the metal fleet license plates have
10 been destroyed. [~~registration insignia to the department.~~]

11 (j) Inspection fee. The registrant must pay the department by the deadline listed in the
12 department's invoice for the state's portion of the vehicle inspection fee.

13
14 §217.55. Exempt and Alias Vehicle Registration.

15 (a) Exempt plate registration.

16 (1) Issuance. Pursuant to Transportation Code, §502.453 or §502.456, certain vehicles
17 owned by and used exclusively in the service of a governmental agency, owned by a commercial
18 transportation company and used exclusively for public school transportation services, designed and used
19 for fire-fighting or owned by a volunteer fire department and used in the conduct of department business,
20 privately owned and used in volunteer county marine law enforcement activities, used by law
21 enforcement under an alias for covert criminal investigations, owned by units of the United States Coast
22 Guard Auxiliary headquartered in Texas and used exclusively for conduct of United States Coast Guard or

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1 Coast Guard Auxiliary business and operations, or owned or leased by a non-profit emergency medical
2 service provider are [~~is~~] exempt from payment of a registration fee and are [~~is~~] eligible for exempt plates.

3 (2) Application for exempt registration.

4 (A) Application. An application for exempt plates shall be made to the county tax
5 assessor-collector, shall be made on a form prescribed by the department, and shall contain the following
6 information:

7 (i) vehicle description;

8 (ii) name of the exempt agency;

9 (iii) a certification [~~an affidavit executed~~] by an authorized person stating
10 that the vehicle is owned or under the control of and will be operated by the exempt agency; and

11 (iv) a certification that each vehicle listed on the application has the name
12 of the exempt agency printed on each side of the vehicle in letters that are at least two inches high or in
13 an emblem that is at least 100 square inches in size and of a color sufficiently different from the body of
14 the vehicle as to be clearly legible from a distance of 100 feet, unless the applicant complies with the
15 requirements under this section for each vehicle that is exempt by law from the inscription requirements.

16 (B) Emergency medical service vehicle.

17 (i) The application for exempt registration must contain the vehicle
18 description, the name of the emergency medical service provider, and a statement signed by an officer of
19 the emergency medical service provider stating that the vehicle is used exclusively as an emergency
20 response vehicle and qualifies for registration under Transportation Code, §502.456.

21 (ii) A copy of an emergency medical service provider license issued by the
22 Department of State Health Services must accompany the application.

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1 (C) Fire-fighting vehicle. The application for exempt registration of a fire-fighting
2 vehicle or vehicle owned privately by a volunteer fire department and used exclusively in the conduct of
3 department business must contain the vehicle description, including a description of any fire-fighting
4 equipment mounted on the vehicle if the vehicle is a fire-fighting vehicle. The certification [affidavit] must
5 be executed by the person who has the proper authority and shall state either:

6 (i) the vehicle is designed and used exclusively for fire-fighting; or

7 (ii) the vehicle is owned by a volunteer fire department and is used
8 exclusively in the conduct of its business.

9 (D) County marine law enforcement vehicle. The application for exempt
10 registration of a privately-owned vehicle used by a volunteer exclusively in county marine law
11 enforcement activities, including rescue operations, under the direction of the sheriff's department must
12 include a statement signed by a person having the authority to act for a sheriff's department verifying
13 that fact.

14 (E) United States Coast Guard Auxiliary vehicle. The application for exempt
15 registration of a vehicle owned by units of the United States Coast Guard Auxiliary headquartered in Texas
16 and used exclusively for conduct of United States Coast Guard or Coast Guard Auxiliary business and
17 operation, including search and rescue, emergency communications, and disaster operations, must
18 include a statement by a person having authority to act for the United States Coast Guard Auxiliary that
19 the vehicle or trailer is used exclusively in fulfillment of an authorized mission of the United States Coast
20 Guard or Coast Guard Auxiliary, including search and rescue, emergency communications, or disaster
21 operations.

22 (F) Motor vehicles owned and used by state-supported institutions. If the
23 applicant is exempt from the inscription requirements under Education Code §51.932, the applicant must

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1 present a certification that each vehicle listed on the application is exempt from the inscription
2 requirements under Education Code §51.932.

3 (3) Exception. A vehicle may be exempt from payment of a registration fee, but display
4 license plates other than exempt plates if the vehicle is not registered under subsection (b) of this section.

5 (A) If the applicant is a law enforcement office, the applicant must present a
6 certification that each vehicle listed on the application will be dedicated to law enforcement activities.

7 (B) If the applicant is exempt from the inscription requirements under
8 Transportation Code, §721.003, the applicant must present a certification that each vehicle listed on the
9 application is exempt from inscription requirements under Transportation Code, §721.003. The applicant
10 must also provide a citation to the section that exempts the vehicle.

11 (C) If the applicant is exempt from the inscription requirements under
12 Transportation Code, §721.005 the applicant must present a certification that each vehicle listed on the
13 application is exempt from inscription requirements under Transportation Code, §721.005. The applicant
14 must also provide a copy of the order or ordinance that exempts the vehicle.

15 ~~[(D) If the applicant is exempt from the inscription requirements under Education~~
16 ~~Code, §51.932, the applicant must present a certification that each vehicle listed on the application is~~
17 ~~exempt from the inscription requirements under Education Code, §51.932. Exempt plates will be marked~~
18 ~~with the replacement year.]~~

19 (b) Affidavit for issuance of exempt registration under an alias.

20 (1) On receipt of an affidavit for alias exempt registration, approved by the executive
21 administrator of an exempt law enforcement agency, the department will issue alias exempt license plates
22 for a vehicle and register the vehicle under an alias for the law enforcement agency's use in covert criminal
23 investigations.

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1 (2) The affidavit for alias exempt registration must be in a form prescribed by the director
2 and must include the vehicle description, a sworn statement that the vehicle will be used in covert criminal
3 investigations, and the signature of the executive administrator or the executive administrator's designee
4 as provided in paragraph (3) of this subsection. The vehicle registration insignia of any vehicles no longer
5 used in covert criminal investigations shall be surrendered immediately to the department.

6 (3) The executive administrator, by annually filing an authorization with the director, may
7 appoint a staff designee to execute the affidavit. A new authorization must be filed when a new executive
8 administrator takes office.

9 (4) The letter of authorization must contain a sworn statement delegating the authority
10 to sign the affidavit to a designee, the name of the designee, and the name and the signature of the
11 executive administrator.

12 (5) The affidavit for alias exempt registration must be accompanied by a title application
13 under §217.103 of this title (relating to Restitution Liens). The application must contain the information
14 required by the department to create the alias record of vehicle registration and title.

15 (c) Replacement of exempt registration.

16 (1) If a metal exempt [~~an exempt metal~~] license plate is lost, stolen, or mutilated, a
17 properly executed application for metal exempt [~~metal~~] license plates must be submitted to the county
18 tax assessor-collector.

19 (2) An application for replacement metal exempt [~~metal~~] license plates must contain the
20 vehicle description, original license number, and the sworn statement that the license plates furnished
21 for the vehicle have been lost, stolen, or mutilated and will not be used on any other vehicle.

22 (d) Title requirements. Unless exempted by statute, a vehicle must be titled at the time the
23 exempt registration is issued.

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1 (e) Extended Registration of County Fleet Vehicles.

2 (1) Subsections (a)(2), (a)(3)(B), and (c) of this section do not apply under this subsection.

3 (2) The owner of the exempt county fleet must file a completed application for exempt
4 county fleet registration on a form prescribed by the department, and shall contain the following
5 information:

6 (A) vehicle description;

7 (B) name of the exempt agency;

8 (C) a certification by an authorized person stating that the vehicle is owned by
9 and used exclusively in the service of the county;

10 (D) a certification that each vehicle listed on the application has the name of the
11 exempt agency printed on each side of the vehicle in letters that are at least two inches high or in an
12 emblem that is at least 100 square inches in size and of a color sufficiently different from the body of the
13 vehicle as to be clearly legible from a distance of 100 feet, unless the applicant complies with the
14 requirements under this section for each vehicle that is exempt by law from the inscription requirements;
15 and

16 (E) designation of a single registration period for the fleet to ensure that the
17 registration period for each vehicle will expire on the same last day of a calendar month.

18 (3) The application for exempt county fleet registration must be accompanied by the
19 state's portion of the vehicle inspection fees.

20 (4) As evidence of registration, the department will issue a registration receipt and one or
21 two metal exempt fleet license plates for each vehicle in the exempt county fleet. The registration receipt
22 for each vehicle must be carried in that vehicle at all times and be made available to law enforcement

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1 personnel upon request. The registration receipt and exempt fleet license plates may not be transferred
2 between vehicles, owners, or registrants.

3 (5) An owner may add or remove a vehicle from an exempt county fleet at any time during
4 the registration period. An added vehicle will be given the same registration period as the other vehicles
5 in the exempt county fleet and will be issued a registration receipt and one or two metal exempt fleet
6 license plates. Upon the removal of a vehicle from the exempt county fleet, the owner of the vehicle shall
7 dispose of the registration receipt and shall either return the metal exempt fleet license plates to the
8 department or provide the department with acceptable proof that the metal exempt fleet license plates
9 have been destroyed.

10 (6) An owner must pay the department by the deadline listed in the department's invoice
11 for the state's portion of the vehicle inspection fee. Payment shall be made in the manner prescribed by
12 the department.

13 (7) The department may cancel registration on an exempt county fleet or any vehicle in
14 an exempt county fleet on the anniversary date of the registration if the vehicle is not in compliance with
15 Transportation Code §502.0025, this subsection, the inspection requirements under Transportation Code
16 Chapter 548, or the inspection requirements in the rules of the Texas Department of Public Safety. A
17 vehicle with a canceled registration may not be operated on a public highway.

18 (8) If the department cancels the registration of a vehicle in an exempt county fleet under
19 subsection (e)(7) of this section, the owner may request that the department reinstate the registration.
20 To request reinstatement, the owner must comply with the requirements that led the department to
21 cancel the registration and must provide the department with notice of compliance on a form prescribed
22 by the department. An owner is eligible for reinstatement of the registration of a vehicle in an exempt
23 county fleet if the department receives the owner's request for reinstatement and proof of compliance

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1 no later than 90 calendar days after the date of the department's notice of cancellation. If the department
2 does not timely receive an owner's request to reinstate the registration, the owner must immediately do
3 the following:

4 (A) either return all metal exempt county fleet license plates to the department
5 or provide the department with acceptable proof that the metal exempt county fleet license plates have
6 been destroyed; and

7 (B) dispose of the registration receipt in a manner prescribed by the department.

8 (9) If a metal exempt county fleet license plate is lost, stolen, or mutilated, the owner may
9 request a new metal exempt county fleet license plate from the department. The request must include
10 the following:

11 (A) a certification that the previously issued metal exempt county fleet license
12 plate furnished for the vehicle has been lost, stolen, or mutilated and that the new metal exempt county
13 fleet license plate will not be used on any other vehicle;

14 (B) the vehicle description; and

15 (C) the original license plate number, if applicable.

16 **Subchapter I. Fees**

17 **43 TAC §217.184**

18 §217.184. Exclusions.

19 The following transactions are exempt from the processing and handling fee established by
20 §217.183 of this title (relating to Fee Amount), but are subject to any applicable service charge set
21 pursuant to Government Code, §2054.2591, Fees. The processing and handling fee may not be assessed
22 or collected on the following transactions:

23 (1) a replacement registration sticker under Transportation Code, §502.060;

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- 1 (2) a registration transfer under Transportation Code, §502.192;
- 2 (3) an exempt registration under Transportation Code, §502.451 or §502.0025;
- 3 (4) a vehicle transit permit under Transportation Code, §502.492;
- 4 (5) a replacement license plate under Transportation Code, §504.007;
- 5 (6) a registration correction receipt, duplicate receipt, or inquiry receipt;
- 6 (7) an inspection fee receipt; or
- 7 (8) an exchange of license plate for which no registration fees are collected.
- 8

9 **CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be
10 within the state agency’s legal authority to adopt.

11 Issued at Austin, Texas, on M DD, YYYY.

12
13 /s/ Elizabeth Brown Fore
14 Elizabeth Brown Fore, General Counsel

To: Texas Department of Motor Vehicles Board
From: Keith Yawn, Government & Strategic Communications Division Director
Agenda Item: 8
Subject: Review of Draft Legislative Recommendations for the 88th Regular Legislative Session

RECOMMENDATION

Briefing Only

PURPOSE AND EXECUTIVE SUMMARY

Provide an overview of draft statutory amendments for the board to consider recommending to the 88th Texas Legislature. The changes were developed with input from internal and external stakeholders and subject matter experts. This agenda item begins the process of possible board adoption of the proposed recommendations and allows additional input from stakeholders and the public.

FINANCIAL IMPACT

No financial impact.

BACKGROUND AND DISCUSSION

The 88th Texas Legislature convenes in regular session on January 10, 2023. Transportation Code Section 1001.025 authorizes the board to recommend to the legislature statutory changes that would improve department operations. The board has made recommendations for statutory change in each legislative session since the department was created. Department development of potential statutory amendments for the next session has been underway since March of this year, in preparation for the start of bill filing for the next session in November.

Since the committee's February 2022 meeting, the Government and Strategic Communications Division (GSC) staff worked with internal subject matter experts and met with external stakeholders to identify potential statutory changes. Following the identification of potential changes, staff further vetted the proposals through a multi-divisional review process which included the Office of General Counsel and the Executive Director's Office.

The research and review stages did not identify urgent statutory changes or legal issues materially impeding the efficient and effective operation of regulatory programs. Nor were any additional statutory changes identified as needed for ongoing work to prevent temporary tag fraud since activities being pursued in this area are within existing statutory authorizations. Given the lack of major statutory needs, the team built the recommendations around a framework of clarifying and cleaning up statute to make department regulatory requirements and operations more understandable and transparent to stakeholders.

The proposed recommendations are grouped into four sections: (1) amendments to Title Act requirements; (2) amendments to registration and license plate requirements; (3) amendments to oversize/overweight permitting requirements; and (4) amendments related to funds for the Motor Vehicle Crime Prevention Authority. The four sections make 15 general recommendations, 8 of which have been board recommendations in previous sessions. There was no

material public opposition to these eight recommendations during the last session; they failed due to procedural issues in the final days of the session.

Following the presentation of these proposals, staff will review input received and prepare a final packet of legislative recommendations for the board's approval at the October 2022 meeting. Approved recommendations will be communicated to various legislative offices for consideration during the 88th Texas Legislative Session.



Texas Department of Motor Vehicles

Proposed Legislative Recommendations Packet: Title Act Items

Items Previously Recommended by the Board (87th Regular Session, House Bill 3531):

1. Clarify equal use of printed and electronic titles (Transportation Code, Chapter 501, throughout)
2. Define auction sales receipt & allow its use for reporting scrapped vehicles
 - a. Transportation Code, Section 501.091. Definitions
 - b. Transportation Code, Section 501.1003. Salvage Dealer Responsibilities
3. Allow wider range of ownership evidence when insurance companies apply for title (Transportation Code, Section 501.0925. Insurance Company Not Required to Surrender Certificates of Title in Certain Situations)
4. Allow vehicles with out of state salvage-type titles to receive a rebuilt title (Transportation Code, Section 501.100 Application for Regular Certificate of Title for Salvage Vehicle)

1. Throughout Chapter 501 of the Transportation Code there are express references to printed (or certificate) titles. Electronic titles have long been used in Texas and in practice are not treated differently from a printed title. The same issue exists throughout the chapter for salvage and nonrepairable vehicle titles. The following amendments will remove any distinctions between printed and electronic titles, both regular, salvage and nonrepairable, so that it is clear both forms of titles are used in the same manner.

In two instances a distinction for printed titles will remain: a requirement about a warning that must be printed on the face of a certificate of title (501.021) and a requirement relating to physical signatures on a printed title (501.028). There is also an amendment in 501.0234 clarifying that it is a certificate of authority that is issued under Chapter 683 not a title.

These amendments are not intended to alter existing department practice or operations but clarify the statute for public transparency. These changes were included in House Bill 3531 (87R).

SUBCHAPTER B. ~~[CERTIFICATE OF]~~ TITLE REQUIREMENTS

Section 501.0234(b): (b) This section does not apply to a motor vehicle:

- (1) that has been declared a total loss by an insurance company in the settlement or adjustment of a claim;
- (2) for which the title has been surrendered in exchange for:
 - (A) a salvage vehicle title ~~[or salvage record of title]~~ issued under this chapter;
 - (B) a nonrepairable vehicle title ~~[or nonrepairable vehicle record of title]~~ issued under this chapter or a certificate of authority issued under Subchapter D, Chapter 683; or
 - (C) an ownership document issued by another state that is comparable to a document described by Paragraph (A) or (B);
- (3) with a gross weight in excess of 11,000 pounds; or
- (4) purchased by a commercial fleet buyer who:
 - (A) is a deputy authorized by rules adopted under Section 520.0071;
 - (B) utilizes the dealer title application process developed to provide a method to submit title transactions to the county in which the commercial fleet buyer is a deputy; and
 - (C) has authority to accept an application for registration and application for title transfer that the county assessor-collector may accept.

Sec. 501.0276. DENIAL OF TITLE RECEIPT OR ~~[7]~~ TITLE ~~[7 OR RECORD OF TITLE]~~ FOR FAILURE TO PROVIDE PROOF OF EMISSIONS TESTING. A county assessor-collector may not issue a title receipt and the department may not issue a ~~[certificate of]~~ title for a vehicle subject to Section 548.3011 unless proof that the vehicle has passed a vehicle emissions test as required by that section, in a manner authorized by that section, is presented to the county assessor-collector with the application for a title.

Section 501.0301(b): (b) A county assessor-collector may not issue a title receipt and the department may not issue a ~~[certificate of]~~ title for an off-highway vehicle purchased from a retailer located outside this state and designated by the manufacturer as a model year that is not more than one year before the year in which the application for title is made unless the applicant for the title delivers to the assessor-collector or the department, as

applicable, satisfactory evidence showing that the applicant:

- (1) has paid to the comptroller the applicable use tax imposed on the vehicle under Subchapter D, Chapter 151, Tax Code; or
- (2) is not required to pay any taxes described by Subdivision (1).

Sec. 501.038. ~~[CERTIFICATE OF]~~ TITLE FOR CUSTOM VEHICLE OR STREET ROD.

Section 501.038(b): (b) Notwithstanding any other provision of this chapter, if the department issues a ~~[certificate of]~~ title for a custom vehicle or street rod, the model year and make of the vehicle must be listed on the ~~[certificate of]~~ title and must be the model year and make that the body of the vehicle resembles. The ~~[certificate of]~~ title must also include the word "replica."

SUBCHAPTER C. REFUSAL TO ISSUE, REVOCATION, SUSPENSION, OR ALTERATION OF TITLE ~~[CERTIFICATE]~~

Section 501.074(a): (a) The department shall issue a new title for a motor vehicle registered in this state for which the ownership is transferred by operation of law or other involuntary divestiture of ownership after receiving:

- (1) a certified copy of an order appointing a temporary administrator or of the probate proceedings;
- (2) letters testamentary or letters of administration;
- (3) if administration of an estate is not necessary, an affidavit showing that administration is not necessary, identifying all heirs, and including a statement by the heirs of the name in which the title ~~[certificate]~~ shall be issued;
- (4) a court order; or
- (5) the bill of sale from an officer making a judicial sale.

Section 501.091:

(10) "Nonrepairable vehicle title" means a nonrepairable record of title or printed document issued by the department that evidences ownership of a nonrepairable motor vehicle.

(16) "Salvage vehicle title" means a salvage record of title or printed document issued by the department that evidences ownership of a salvage motor vehicle.

Sec. 501.09111. RIGHTS AND LIMITATIONS OF NONREPAIRABLE VEHICLE TITLE OR ~~[, NONREPAIRABLE RECORD OF TITLE,]~~ SALVAGE VEHICLE TITLE ~~[, OR SALVAGE RECORD OF TITLE]~~.

Section 501.09111(b): (b) A person who holds a nonrepairable vehicle ~~[certificate of]~~ title issued prior to September 1, 2003, is entitled to the same rights listed in Subsection (a) and may repair, rebuild, or reconstruct the motor vehicle.

Section 501.09112: (b) A nonrepairable vehicle title must clearly indicate that the motor vehicle:

- (1) may not be:
 - (A) issued a ~~[regular]~~ title;
 - (B) registered in this state; or
 - (C) repaired, rebuilt, or reconstructed; and
- (2) may be used only as a source for used parts or scrap metal.
- (d) A salvage vehicle title ~~[or a salvage record of title]~~ for a vehicle that is a salvage motor vehicle because of damage caused exclusively by flood must bear a notation that the department considers appropriate. If the title

for a motor vehicle reflects the notation required by this subsection, the owner may sell, transfer, or release the motor vehicle only as provided by this subchapter.

(e) An electronic application for a nonrepairable vehicle title or [~~nonrepairable record of title,~~] salvage vehicle title [~~, or salvage record of title~~] must clearly advise the applicant of the same provisions required on a printed title.

(f) A nonrepairable vehicle title or [~~nonrepairable record of title,~~] salvage vehicle title [~~, or salvage record of title~~] in the department's electronic database must include appropriate remarks so that the vehicle record clearly shows the status of the vehicle.

Sec. 501.0925. INSURANCE COMPANY NOT REQUIRED TO SURRENDER [~~CERTIFICATES OF~~] TITLE IN CERTAIN SITUATIONS.

Section 501.0925: (a) An insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle covered by a [~~certificate of~~] title that the company is unable to obtain may obtain from the department not earlier than the 30th day after the date of payment of the claim:

(1) a salvage vehicle title for a salvage motor vehicle;

(2) a nonrepairable vehicle title for a nonrepairable motor vehicle; or

(3) a [~~regular certificate of~~] title for a motor vehicle other than a salvage motor vehicle or a nonrepairable motor vehicle.

(b) An application for a title under Subsection (a) must be submitted to the department on a form prescribed by the department and include:

(1) a statement that the insurance company has provided at least two written notices attempting to obtain the [~~certificate of~~] title for the motor vehicle; and

(2) evidence acceptable to the department that the insurance company has made payment of a claim involving the motor vehicle.

(c) An insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle covered by a [~~certificate of~~] title for which the company is unable to obtain proper assignment of the title certificate may obtain from the department not earlier than the 30th day after the date of payment of the claim:

(1) a salvage vehicle title for a salvage motor vehicle;

(2) a nonrepairable vehicle title for a nonrepairable motor vehicle; or

(3) a [~~regular certificate of~~] title for a motor vehicle other than a salvage motor vehicle or a nonrepairable motor vehicle.

(d) An application for a title under Subsection (c) must be submitted to the department on a form prescribed by the department and include:

(1) a statement that the insurance company has provided at least two written notices attempting to obtain a proper assignment of the [~~certificate of~~] title; and

(2) the [~~certificate of~~] title.

(f) An insurance company that acquires, through payment of a claim, ownership or possession of a salvage motor vehicle, or nonrepairable motor vehicle covered by an out-of-state ownership document may obtain from the department a salvage vehicle title, or nonrepairable vehicle title if:

(1) the motor vehicle was damaged, stolen, or recovered in this state;

(2) the motor vehicle owner from whom the company acquired ownership resides in this state; or

(3) otherwise allowed by department rule.

Sections 501.097: (a) An application for a nonrepairable vehicle title or [~~nonrepairable record of title,~~] salvage vehicle title [~~or salvage record of title~~] must:

(1) be made in a manner prescribed by the department and accompanied by a \$8 application fee;

(2) include, in addition to any other information required by the department:

(A) the name and current address of the owner; and

(B) a description of the motor vehicle, including the make, style of body, model year, and vehicle identification number; and

(3) include the name and address of:

(A) any currently recorded lienholder, if the motor vehicle is a nonrepairable motor vehicle; or

(B) any currently recorded lienholder or a new lienholder, if the motor vehicle is a salvage motor vehicle.

(c-1) The department's titling system must include a remark that clearly identifies the vehicle as a salvage motor vehicle or nonrepairable motor vehicle.

Sec. 501.100. APPLICATION FOR [~~REGULAR CERTIFICATE OF~~] TITLE FOR SALVAGE VEHICLE.

Section 501.100: (a) The owner of a motor vehicle for which a nonrepairable vehicle title issued prior to September 1, 2003, or for which a salvage vehicle title [~~or salvage record of title~~] has been issued may apply for a title after the motor vehicle has been repaired, rebuilt, or reconstructed and, in addition to any other requirement of law, only if the application:

(1) describes each major component part used to repair the motor vehicle;

(2) states the name of each person from whom the parts used in assembling the vehicle were obtained; and

(3) shows the identification number required by federal law to be affixed to or inscribed on the part.

(f) The department may not issue a [~~regular~~] title for a motor vehicle based on a:

(1) nonrepairable vehicle title or comparable out-of-state ownership document;

(2) receipt issued under Section 501.1003(b); or

(3) certificate of authority.

Section 501.1001: (b) For a salvage motor vehicle, the insurance company shall apply for a salvage vehicle title [~~or salvage record of title~~]. For a nonrepairable motor vehicle, the insurance company shall apply for a nonrepairable vehicle title [~~or nonrepairable record of title~~].

(c) An insurance company or other person who acquires ownership of a motor vehicle other than a nonrepairable motor vehicle or salvage motor vehicle may voluntarily and on proper application obtain a salvage vehicle title or [~~salvage record of title,~~] nonrepairable vehicle title [~~or nonrepairable record of title~~] for the vehicle.

(d) This subsection applies only to a motor vehicle in this state that is a self-insured motor vehicle and that is damaged to the extent it becomes a nonrepairable motor vehicle or salvage motor vehicle. The owner of a motor vehicle to which this subsection applies shall submit to the department before the 31st business day after the date of the damage, in a manner prescribed by the department, a statement that the motor vehicle was self-insured and damaged. When the owner submits a report, the owner shall surrender the ownership document and apply for a nonrepairable vehicle title or [~~nonrepairable record~~]

~~of title,~~] salvage vehicle title [~~, or salvage record of title~~].

Section 501.1002: (b) The owner of a salvage motor vehicle or nonrepairable motor vehicle may not transfer ownership of the motor vehicle by sale or otherwise unless the department has issued a salvage vehicle title or [~~, salvage record of title,~~] nonrepairable vehicle title [~~, or nonrepairable record of title~~] for the motor vehicle or a comparable ownership document has been issued by another state or jurisdiction for the motor vehicle in the name of the owner.

Sec. 501.1003. SALVAGE VEHICLE DEALER RESPONSIBILITIES. (a) If a salvage vehicle dealer acquires ownership of a nonrepairable motor vehicle or salvage motor vehicle for the purpose of dismantling, scrapping, or destroying the motor vehicle, the dealer shall, before the 31st day after the date the dealer acquires the motor vehicle, submit to the department a report stating that the motor vehicle will be dismantled, scrapped, or destroyed. The dealer shall:

(1) make the report in a manner prescribed by the department; and
(2) submit with the report a properly assigned manufacturer's certificate of origin, [~~regular certificate of~~] title, nonrepairable vehicle title, salvage vehicle title, or comparable out-of-state ownership document for the motor vehicle.

(b) After receiving the report and title or document, the department shall issue the salvage vehicle dealer a receipt for the manufacturer's certificate of origin, [~~regular certificate of~~] title, nonrepairable vehicle title, salvage vehicle title, or comparable out-of-state ownership document.

(c) The department shall adopt rules to notify the salvage vehicle dealer if the vehicle was not issued a printed title, but has a record of title in the department's titling system.

Section 501.107: (b) A metal recycler shall submit to the department the properly assigned manufacturer's certificate of origin, [~~regular certificate of~~] title, nonrepairable vehicle title, salvage vehicle title, or comparable out-of-state ownership document that the person receives in conjunction with the purchase of a motor vehicle not later than the 60th day after the date the metal recycler receives the title or out-of-state ownership document.

Section 501.109: (c) A person commits an offense if the person knowingly fails or refuses to surrender a [~~regular~~] certificate of title after the person:

(1) receives a notice from an insurance company that the motor vehicle is a nonrepairable motor vehicle or salvage motor vehicle; or
(2) knows the vehicle has become a nonrepairable motor vehicle or salvage motor vehicle under Section 501.1001.

Section 501.110: (b) The department, an agent, officer, or employee of the department, or another person enforcing this subchapter is not liable to a person damaged or injured by an act or omission relating to the issuance or revocation of a title, nonrepairable vehicle title, or [~~nonrepairable record of title,~~] salvage vehicle title [~~, or salvage record of title~~] under this subchapter.

Section 501.152: (a) Except as provided by this section, a person commits an offense if the person:

(1) sells, offers to sell, or offers as security for an obligation a motor vehicle registered in this state; and
(2) does not possess or have electronic access to the title receipt or [~~certificate of~~] title for the vehicle.

- 2. Salvage vehicle dealers that purchase vehicles from law enforcement auctions or foreclosure sales do not receive standard evidence of ownership documents like a title. An auction sales receipt is often the only proof of ownership available. The following amendment defines the term auction sales receipt in Section 501.091, Transportation Code. Amendments to Section 501.1003, Transportation Code, allow an auction sales receipt to be submitted by salvage vehicle dealers when they report that a salvage or nonrepairable motor vehicle will be scrapped, dismantled, or destroyed. This eliminates the need for an unnecessary title application for a vehicle that is going to be scrapped. These changes were included in House Bill 3531 (87R).**

Section 501.091: (1-a) "Auction sales receipt" means a document certifying the sale of a motor vehicle at auction by a law enforcement agency or public sale for a lien foreclosure.

Sec. 501.1003. SALVAGE VEHICLE DEALER RESPONSIBILITIES. (a) If a salvage vehicle dealer acquires ownership of a nonrepairable motor vehicle or salvage motor vehicle for the purpose of dismantling, scrapping, or destroying the motor vehicle, the dealer shall, before the 31st day after the date the dealer acquires the motor vehicle, submit to the department a report stating that the motor vehicle will be dismantled, scrapped, or destroyed. The dealer shall:

(1) make the report in a manner prescribed by the department; and
 (2) submit with the report a properly assigned manufacturer's certificate of origin, ~~[regular certificate of]~~ title, nonrepairable vehicle title, salvage vehicle title, auction sales receipt, or comparable out-of-state ownership document for the motor vehicle.

(b) After receiving the report and title, manufacturer's certificate of origin, auction sales receipt, or document, the department shall issue the salvage vehicle dealer a receipt for the manufacturer's certificate of origin, ~~[regular certificate of]~~ title, nonrepairable vehicle title, salvage vehicle title, auction sales receipt, or comparable out-of-state ownership document.

(c) The department shall adopt rules to notify the salvage vehicle dealer if the vehicle was not issued a printed title, but has a record of title in the department's titling system.

- 3. Section 501.0925, Transportation Code, requires a vehicle to have been issued a paper title in Texas or another state for insurance companies to apply for title when unable to obtain the current title for the vehicle. The following amendment allows insurance companies to obtain title for a new vehicle that has been damaged, but not yet titled, and for vehicles that have been issued an electronic title. These changes were included in House Bill 3531 (87R).**

Sec. 501.0925. INSURANCE COMPANY NOT REQUIRED TO SURRENDER EVIDENCE OF OWNERSHIP ~~[CERTIFICATES OF TITLE]~~ IN CERTAIN SITUATIONS.

Section 501.0925: (a) An insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle covered by a ~~[certificate of]~~ title or a manufacturer's certificate of origin that the company is unable to obtain may obtain from the department not earlier than the 30th day after the date of payment of the claim:

(1) a salvage vehicle title for a salvage motor vehicle;
 (2) a nonrepairable vehicle title for a nonrepairable motor vehicle; or

(3) a ~~[regular certificate of]~~ title for a motor vehicle other than a salvage motor vehicle or a nonrepairable motor vehicle.

(b) An application for a title under Subsection (a) must be submitted to the department on a form prescribed by the department and include:

(1) a statement that the insurance company has provided at least two written notices attempting to obtain the evidence of ownership ~~[certificate of title]~~ for the motor vehicle; and

(2) evidence acceptable to the department that the insurance company has made payment of a claim involving the motor vehicle.

(c) An insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle covered by a ~~[certificate of]~~ title or a manufacturer's certificate of origin for which the company is unable to obtain proper assignment of the title or manufacturer's certificate of origin ~~[certificate]~~ may obtain from the department not earlier than the 30th day after the date of payment of the claim:

(1) a salvage vehicle title for a salvage motor vehicle;

(2) a nonrepairable vehicle title for a nonrepairable motor vehicle; or

(3) a ~~[regular certificate of]~~ title for a motor vehicle other than a salvage motor vehicle or a nonrepairable motor vehicle.

(d) An application for a title under Subsection (c) must be submitted to the department on a form prescribed by the department and include:

(1) a statement that the insurance company has provided at least two written notices attempting to obtain a proper assignment of the evidence of ownership ~~[certificate of title]~~; and

(2) the evidence of ownership ~~[certificate of title]~~.

(f) An insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle, salvage motor vehicle, or nonrepairable motor vehicle covered by an out-of-state title or out-of-state ownership document may obtain from the department a title, salvage vehicle title, or nonrepairable vehicle title, as appropriate, if:

(1) the motor vehicle was damaged, stolen, or recovered in this state;

(2) the motor vehicle owner from whom the company acquired ownership resides in this state; or

(3) otherwise allowed by department rule.

4. Section 501.100, Transportation Code, requires issuance of a salvage vehicle title before a rebuilt Texas title can be obtained. The following amendment allows a vehicle with an out-of-state title comparable to a salvage vehicle title to be issued a rebuilt Texas title without the owner first having to apply for a salvage vehicle title with the department. This eliminates the need for customers to apply for a salvage vehicle title just to immediately surrender it for a rebuilt title. These changes were included in House Bill 3531 (87R).

Section 501.100: (a) The owner of a motor vehicle for which a nonrepairable vehicle title issued prior to September 1, 2003, ~~[or]~~ for which a salvage vehicle title ~~[or salvage record of title]~~ has been issued, or for which a comparable out-of-state ownership document for a salvage motor vehicle has been issued may apply for a title under Section 501.023 after the motor vehicle has been repaired, rebuilt, or reconstructed and, in addition to any other requirement of law, only if the application:

(1) describes each major component part used to repair, rebuild, or reconstruct the motor vehicle;

(2) states the name of each person from whom the parts used in repairing, rebuilding, or reconstructing ~~[assembling]~~ the vehicle were

obtained; and

(3) shows the identification number required by federal law to be affixed to or inscribed on the part.

(f) The department may not issue a [~~regular~~] title for a motor vehicle based on a:

(1) nonrepairable vehicle title issued on or after September 1, 2003, or comparable out-of-state ownership document or record, or evidence of a notation described by Section 501.09113(a)(2) on an out-of-state ownership document or record in the National Motor Vehicle Title Information System;

(2) receipt issued under Section 501.1003(b); or

(3) certificate of authority issued under Chapter 683.

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Texas Department of Motor Vehicles

Proposed Legislative Recommendations Packet: **Registration & License Plate Items** (Transportation Code)

Items Previously Recommended by the Board (87th Regular Session, House Bill 3531):

1. Allow all authorized military license plates to be issued as “Disabled Veteran” (Section 504.202 Veterans with Disabilities)
2. Clarify that Legion of Merit license plates are exempt from registration fee (Section 504.316)
3. Exclude truck tractors from two plate requirement (Section 504.943 Operation of a Vehicle without License Plate)
4. Clarify wording and carrying requirements for temporary registration permits
 - a. Section 502.094 72- or 144 Hour Permits
 - b. Section 502.095 One-trip or 30-day Trip Permits
 - c. Section 502.474 Operation of One-trip Permit Vehicle

New Items for Recommendation to the 88th Texas Legislature:

5. Update references to state agencies
 - a. Section 502.413 Voluntary Contribution to Special Olympics Texas Fund
 - b. Section 504.602 Keep Texas Beautiful License Plates
 - c. Section 504.610 Texas Aerospace Commission License Plates
 - d. Section 504.619 Texas Commission for the Deaf and Hard of Hearing License Plates
 - e. Section 504.642 Texas Council on Child Welfare Boards License Plates
6. Clarify certain specialty license plate fees
 - a. Section 504.414 Professional Firefighter Plates
 - b. Section 504.512 Gold Star Mother, Father, Spouse, or Family Member
 - c. Section 504.513. Firefighters

- d. Section 504.516 Rental Trailer or Travel Trailer Fee: Trailer of Semitrailer
- e. Section 504.507 Forestry Vehicles
- 7. Repeal the Honorary Consul Specialty License Plate (Section 504.515 Honorary Consuls)
- 8. Clarification of certain license plate fees and allocations (Section 504.851 Contract with Private Vendor)
- 9. Clarifications to the registration of farm trailers less than 4,000 pounds, and related vehicles
 - a. Section 502.146 Certain Farm Vehicles and Drilling and Construction Equipment
 - b. Section 502.147 Certain Farm Trailers, Farm Semitrailers, Farm Tractors, and Implements of Husbandry (*New Proposed Section*)

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- 1. The following amendments allow all license plate emblems and designs authorized in Transportation Code, Chapter 504, Subchapter D (Military Plates) to be on a disabled veteran license plate under Section 504.202, Transportation Code. The amendment provides consistent eligibility standards. These changes were included in House Bill 3531 (87R).**

Section 504.202: (e-1) Other than license plates issued under Subsection (h), license plates issued under this section may include, on request, ~~[÷~~

~~[(1) the emblem of the veteran's branch of service; or [(2)] one emblem or design from another license plate to which the person is entitled under Subchapter D [Section 504.308, 504.309, 504.310(b), 504.311, 504.312, 504.313, 504.3135, 504.314, 504.315, 504.316, 504.3161, 504.318, 504.319, 504.320, 504.323, as added by Chapter 1085 (H.B. 3567), Acts of the 85th Legislature, Regular Session, 2017, or 504.325].~~

- 2. Eligible customers are issued one set of Legion of Merit license plates, authorized under Section 504.316, Transportation Code, without having to pay registration fees. This matches the treatment of similar types of military-related license plates. However, statute needs clarification under Section 504.3015 regarding the fee exemption. These changes were included in House Bill 3531 (87R).**

Section 504.3015: (a) A person applying for a set of license plates under this subchapter shall pay the registration fee required under Chapter 502 and the applicable special plate fee required under this section, except that one set of license plates shall be issued without the payment of the registration fee under:

- (1) Section 504.308;
- (2) Section 504.310(b);
- (3) Section 504.315, other than Subsections (c) and (q) of that section; ~~and~~
- (4) Section 504.316; and
- (5) Section 504.319.

- 3. The amendment clarifies that truck tractors are excluded from the general two license plate requirement but are included in the one plate requirement under Section 504.943, Transportation Code. This change was included in House Bill 3531 (87R).**

Section 504.943: (b) A person commits an offense if the person operates on a public highway during a registration period a road tractor, truck tractor, motorcycle, trailer, or semitrailer that does not display a license plate that:

- (1) has been assigned by the department for the period; and
- (2) complies with department rules regarding the placement of license plates.

4. Clarify wording and carrying requirements for temporary registration permits.

- a. **The 72 and 144-hour temporary registration permits can be issued to certain vehicles in lieu of regular registration. Unlike most other registration related provisions, statute does not expressly require the permit be carried in the vehicle under Section 502.094, Transportation Code. The amendment makes clear that a 72/144-hour permit must be carried in the vehicle during the times the permit is valid. Some elements of this proposal were included in House Bill 3531 (87R); other changes have been added to address recent department actions to prevent fraudulent activity. Specifically these new changes clarify the inspection requirement to obtain a permit.**

Section 502.094. 72- OR 144-HOUR TEMPORARY REGISTRATION PERMITS:

(a) The department may issue a temporary registration permit [~~in lieu of registration~~] for a commercial motor vehicle, trailer, semitrailer, or motor bus that:

(1) is owned by a resident of the United States, Canada, or the United Mexican States;

(2) is subject to registration in this state; and

(3) is not authorized to travel on a public highway because of the lack of registration in this state or the lack of reciprocity with the state or province in which the vehicle is registered.

(b) A temporary registration permit issued under this section is valid for the period stated on the temporary registration permit, effective from the date and time shown on the receipt issued as evidence of registration under this section.

(c) A person may obtain a temporary registration permit under this section by:

(1) applying to the county assessor-collector or the department;

(2) paying a fee of \$25 for a 72-hour temporary registration permit or \$50 for a 144-hour temporary registration permit in the manner prescribed by the department that may include a service charge for a credit card payment or escrow account;

(3) furnishing to the county assessor-collector or the department evidence of financial responsibility for the vehicle that complies with Sections 502.046(c) and 601.168(a); and

(4) submitting a copy of the applicable federal declaration form required by the Federal Motor Carrier Safety Administration or its successor in connection with the importation of a motor vehicle or motor vehicle equipment subject to the federal motor vehicle safety, bumper, and theft prevention standards.

(d) A county assessor-collector shall report and send a fee collected under this section in the manner provided by Section 502.198. The board by rule shall prescribe the format and content of a report required by this subsection.

(e) A vehicle issued a temporary registration permit under this section is subject to Subchapters B and F, Chapter 548, unless the vehicle:

(1) is registered in another state of the United States, in a province of Canada, or in a state of the United Mexican States; or

(2) is mobile drilling or servicing equipment used in the production of gas, crude petroleum, or oil, including a mobile crane or

hoisting equipment, mobile lift equipment, forklift, or tug.

(f) A commercial motor vehicle, trailer, semitrailer, or motor bus apprehended for violating a registration law of this state:

(1) may not be issued a temporary registration permit under this section; and

(2) is immediately subject to registration in this state.

(g) A person who operates a commercial motor vehicle, trailer, or semitrailer with an expired temporary registration permit issued under this section is considered to be operating an unregistered vehicle subject to each penalty prescribed by law.

(h) The department may establish one or more escrow accounts in the Texas Department of Motor Vehicles fund for the prepayment of a 72-hour ~~[permit]~~ or a 144-hour temporary registration permit. Any fee established by the department for the administration of this subsection shall be administered as required by an agreement entered into by the department.

(i) A temporary registration permit issued under this section must be carried in the vehicle, or, if the vehicle is a trailer or semitrailer, in the motor vehicle pulling the trailer or semitrailer, at all times during the period in which the permit is valid, including when the vehicle is being operated.

b. One-trip and 30-day temporary registration permits are required to be displayed in the rear window of the vehicle or attached to or carried in a vehicle with no rear window under Section 502.095, Transportation Code. The rear window display requirement differs from most other types of registration. The proposed amendment requires a one-trip or 30-day temporary permit to be displayed in a vehicle's rear license plate area or attached to the vehicle if there is no rear license plate area. The amendment also changes the term tag to permit for consistency and clarity and requires the permit receipt to be carried in the vehicle as prescribed by the department. Some elements of this proposal were included in House Bill 3531 (87R); other changes have been added to address recent department actions to prevent fraudulent activity. Specifically these new changes clarify the inspection requirement to obtain a permit.

Section 502.095 ONE-TRIP OR 30-DAY TEMPORARY REGISTRATION ~~[TRIP]~~ PERMITS:

(a) The department may issue a temporary registration permit ~~[in lieu of registration]~~ for a vehicle subject to registration in this state that is not authorized to travel on a public highway because of the lack of registration in this state or the lack of reciprocity with the state or country in which the vehicle is registered.

(b) A temporary registration permit issued under this section is valid for:

(1) one trip, as provided by Subsection (c); or

(2) 30 days, as provided by Subsection (d).

(c) A one-trip permit is valid for one trip between the points of origin and destination and those intermediate points specified in the application and registration receipt. Unless the vehicle is a bus operating under charter that is not covered by a reciprocity agreement with the state or country in which the bus is registered, a one-trip

permit is for the transit of the vehicle only, and the vehicle may not be used for the transportation of any passenger or property. A one-trip permit may not be valid for longer than 15 days from the effective date of registration.

(d) A 30-day temporary registration permit may be issued only to a passenger vehicle, a private bus, a trailer or semitrailer with a gross weight of not more than 10,000 pounds, a light truck, or a light commercial vehicle with a gross vehicle weight of more than 10,000 pounds that will operate unladen. A person may obtain multiple 30-day temporary registration permits. The department may issue a single registration receipt to apply to all of the periods for which the vehicle is registered.

(e) A vehicle issued a 30-day temporary registration permit under this section is subject to Subchapters B and F, Chapter 548.

(f) ~~(e)~~ A person may obtain a temporary registration permit under this section by:

(1) applying as provided by the department to:

(A) the county assessor-collector of the county in which the vehicle will first be operated on a public highway; or

(B) the department in Austin or at one of the department's vehicle title and registration regional offices;

(2) paying a fee, in the manner prescribed by the department including a registration service charge for a credit card payment or escrow account of:

(A) \$5 for a one-trip permit; or

(B) \$25 for each 30-day period; and

(3) furnishing evidence of financial responsibility for the vehicle in a form listed under Section 502.046(c).

(g) ~~(f)~~ A registration receipt shall be carried in the vehicle at all times during the period in which it is valid. The temporary registration permit ~~[temporary tag]~~ must contain all pertinent information required by this section and must be attached to the vehicle in the license plate display area located at the rear of the vehicle, so that the entire temporary registration permit is visible and legible at all times, including when the vehicle is being operated. If the vehicle does not have a license plate display area at the rear of the vehicle, the temporary registration permit ~~[displayed in the rear window of the vehicle so that the tag is clearly visible and legible when viewed from the rear of the vehicle. If the vehicle does not have a rear window, the temporary tag]~~ must be attached to ~~[on or carried in]~~ the vehicle to allow ready inspection. The registration receipt must be carried, in a manner prescribed by the department, in the vehicle at all times during the period in which it is valid.

(h) ~~(g)~~ The department may refuse and may instruct a county assessor-collector to refuse to issue a temporary registration permit for any vehicle if, in the department's opinion, the vehicle or the owner of the vehicle has been involved in operations that constitute an abuse of the privilege granted by this section. A registration issued after notice to a county assessor-collector under this subsection is void.

c. A one-trip permit is referred to as a temporary tag in Section 502.474, Transportation Code. For consistency and to avoid confusion with temporary tags issued by dealers and

converters, the amendment changes the term temporary tag to permit. This change was included in House Bill 3531 (87R).

Sec. 502.474. OPERATION OF ONE-TRIP PERMIT VEHICLE. A person commits an offense if the person operates a vehicle for which a one-trip permit is required without the registration receipt and properly displayed permit [~~temporary tag~~].

5. The names of state agencies have changed over time so references in statute to those agencies need to be updated.

a. Transportation Code Section 502.413 references the Department of Aging and Disability Services (DADS). DADS was merged into the Texas Health and Human Services Commission (HHSC) and no longer exists as a state agency. The Special Olympics Texas fund is now under the auspices of HHSC.

Sec. 502.413:

(e) The department shall consult with the Texas Health and Human Services Commission [~~Department of Aging and Disability Services~~] in performing the department's duties under this section.

(f) The Special Olympics Texas fund is created as a trust fund outside the state treasury to be held by the comptroller and administered by the Texas Health and Human Services Commission [~~Department of Aging and Disability Services~~] as trustee on behalf of Special Olympics Texas. The fund is composed of money deposited to the credit of the fund under this section. Money in the fund shall be disbursed at least monthly, without appropriation, to Special Olympics Texas to provide training and athletic competitions for persons with mental illness and intellectual disabilities.

b. Transportation Code Section 504.602 creates a litter-prevention and community-beautification program charity plate. The section references "the department" as the recipient of plate fees. In this chapter "the department" is defined as the Texas Department of Motor Vehicles which does not operate those programs; the Texas Department of Transportation does.

Sec. 504.602:

(b) After deduction of the department's administrative costs, the remainder of the fee for issuance of the license plates shall be used in connection with the Texas Department of Transportation's [~~department's~~] litter prevention and community beautification programs.

c. Transportation Code Section 504.610 references the Texas Aerospace Commission which was abolished by the 78th Legislature. Related functions were transferred to the Texas Economic Development and Tourism Office (Government Code Section 481.0066).

Sec. 504.610. TEXAS AEROSPACE AND AVIATION [~~COMMISSION~~] LICENSE PLATES.

(a) The department may issue specialty license plates in recognition of Texas aerospace and aviation [~~the Texas Aerospace~~

~~Commission~~]. The department shall design the license plates in consultation with the aerospace and aviation office of the Texas Economic Development and Tourism Office [~~Texas Aerospace Commission~~].

d. Transportation Code Section 504.619 references the Texas Commission for the Deaf and Hard of Hearing, which no longer exists. The related programs are now managed by the Texas Health and Human Services Commission.

Sec. 504.619. [~~TEXAS COMMISSION FOR THE~~] DEAF AND HARD OF HEARING LICENSE PLATES.

(a) The department shall issue specialty license plates in support of the [~~Texas Commission for the~~] deaf [~~Deaf~~] and hard of hearing [~~Hard of Hearing~~]. The department shall design the license plates in consultation with the Texas Health and Human Services Commission [~~for the Deaf and Hard of Hearing~~].

(b) After deduction of the department's administrative costs, the remainder of the fee for issuance of the license plates:

(1) shall be deposited to the credit of the general revenue fund; and

(2) may be appropriated only to the Texas Health and Human Services Commission [~~for the Deaf and Hard of Hearing~~] for direct services programs, training, and education.

e. Transportation Code Section 504.642 references the Department of Protective and Regulatory Services, which is now the Department of Family and Protective Services. (FAS)

Sec. 504.642:

(b) After deduction of the department's administrative costs, the remainder of the fee for issuance of the license plates shall be deposited to the credit of a special account for abused and neglected children established at the Department of Family and Protective [~~and Regulatory~~] Services. Money in the account may be used only by the Department of Family and Protective [~~and Regulatory~~] Services to fund programs and services supporting abused and neglected children under Section 264.004, Family Code.

6. Clarification of certain specialty license plate fees.

a. Transportation Code Section 504.400 states that plates issued under the subchapter are issued with no charge to the customer; however, Section 504.414 establishes a Professional Firefighter license plate as a fundraising specialty plate that has a plate fee. The amendment clears up contradictory wording within the subchapter and identifies the current plate fee of \$30. This amendment was identified through an inquiry from the Comptroller of Public Accounts.

Sec. 504.414:

(b) Notwithstanding Section 504.400, the fee for a set of license plates under this section is \$30. After deduction of the department's administrative costs in accordance with Section 504.801, the remainder of the fees from the sale of professional firefighter plates shall be

deposited to the credit of an account in the state treasury to be used by the nominated state agency for the purpose of making grants to support the activities of an organization of professional firefighters located in this state that provides emergency relief and college scholarship funds to the professional firefighters and their dependents.

- b. Transportation Code Section 504.512 is not clear that the Gold Star license plate is issued with no plate fee. The other license plates in the subchapter are expressly stated to have no fee for issuance; amendment provides clarity and consistency.**

Sec. 504.512:

(c) There is no fee for issuance of the license plates.

- c. Transportation Code Sections 504.513 is not clear that the Firefighter license plate is issued with no plate fee. The other license plates in the subchapter are expressly stated to have no fee for issuance; amendment provide clarity and consistency. The proposal also corrects the related association name, which has changed since the statue was enacted.**

Sec. 504.513. FIREFIGHTERS. (a) The department shall issue specialty license plates for:

(1) volunteer firefighters certified by:

(A) the Texas Commission on Fire Protection; or

(B) the State ~~Firefighter's~~ ~~[Firemen's]~~ and Fire Marshals' Association of Texas; and

(2) fire protection personnel as that term is defined by Section 419.021, Government Code.

(b) A person may be issued not more than three sets of license plates.

(c) There is no fee for issuance of the license plates.

- d. Transportation Code Section 504.516 is not clear that the Rental Trailer and the Travel Trailer license plates are issued with no plate fee. The other license plates in the subchapter are expressly stated to have no fee for issuance; amendment provides clarity and consistency.**

Sec. 504.516:

(c) There is no fee for issuance of the license plates.

- e. Transportation Code Section 504.507 refers to county-imposed fees under "this chapter," referencing Chapter 504. However, county fees are established in Transportation Code, Chapter 502. This proposed amendment clarifies that reference.**

Sec. 504.507:

(b) There is no fee for issuance of the license plates. The department shall:

(1) collect any fee that a county imposes under Chapter 502 ~~[this chapter]~~ for registration of a forestry vehicle; and

(2) send the fee to the appropriate county for disposition.

- 7. An honorary consul license plate is authorized under Section 504.515, Transportation Code. The Office of Foreign Missions, US Department of State reports misrepresentation of**

individual's status as an honorary consul can result in the plates use related to commission of certain crimes. The repeal of the plate eliminates the misuse of consular immunity by individuals who are not eligible due to temporary consular status or a change in consular status. Elimination of the plate will also assist law enforcement in cities with consular offices maintain and enforce traffic laws effectively.

At the State Department's request, several other states - including Colorado, Oklahoma and Louisiana - have taken, or are preparing, legislative actions to eliminate similar plates. As of July 2022, there are approximately 85 active Honorary Consul plates issued in Texas.

~~{Sec. 504.515. HONORARY CONSULS. (a) The department shall issue specialty license plates for a person who is an honorary consul authorized by the United States to perform consular duties. License plates issued under this section must include the words "Honorary Consul."}~~

~~(b) The fee for issuance of the license plates is \$40.}~~

8. **Transportation Code Section 504.851 establishes the operation of a private vendor contract for the marketing and sale of certain personalized or specialty license plates. Fees for many of these license plates are established throughout Chapter 504. The statute requires the board to establish fees by rule even for plates that have their fees established in statute. The following amendment removes the redundancy and adds language to authorize allocation of the personalization fee based on current practice.**

Sec. 504.851:

(c) Except as otherwise provided by law, the ~~[The]~~ board by rule shall establish the fees for the issuance or renewal of souvenir license plates, specialty license plates, or souvenir or specialty license plates that are personalized that are marketed and sold by the private vendor or hosted on the private vendor's website. The state's portion of the personalization fee may not be less than \$40 for each year issued. Other fees must be reasonable and not less than the amounts necessary to allow the department to recover all reasonable costs to the department associated with the evaluation of the competitive sealed proposals received by the department and with the implementation and enforcement of the contract, including direct, indirect, and administrative costs. A fee established under this subsection is in addition to:

(1) the registration fee and any optional registration fee prescribed by this chapter for the vehicle for which specialty license plates are issued;

(2) any additional fee prescribed by this subchapter for the issuance of specialty license plates for that vehicle; and

(3) any additional fee prescribed by this subchapter for the issuance of personalized license plates for that vehicle.

9. **Clarifications to the registration of farm trailers less than 4,000 pounds, and related vehicles.**

- a. **Farm trailers between 4,000 and 34,000 lbs. are required to have a distinguishing plate under Section 502.146, Transportation Code. Farm trailers less than 4,000 lbs. are not**

required to have the plate but may have the plate if the owner requests one. The amendment clarifies that farm trailers less than 4,000 lbs. can permissibly be issued the farm distinguishing plate.

Section 502.146: (a) The department shall issue distinguishing license plates to a vehicle described by Subsection (b) or (c). The department may issue distinguishing license plates to a vehicle with a gross weight of 4,000 pounds or less if the vehicle otherwise meets the requirements of subsection (b)(1). The fee for the license plates is \$5 and shall be deposited to the credit of the Texas Department of Motor Vehicles fund.

(b) An owner is not required to register a vehicle that is used only temporarily on the highways if the vehicle is:

(1) a farm trailer or farm semitrailer with a gross weight of more than 4,000 pounds but not more than 34,000 pounds that is used exclusively:

(A) to transport seasonally harvested agricultural products or livestock from the place of production to the place of processing, market, or storage;

(B) to transport farm supplies from the place of loading to the farm; or

(C) for the purpose of participating in equine activities or attending livestock shows, as defined by Section [87.001](#), Civil Practice and Remedies Code;

b. Farm trailers less than 4,000 lbs., farm tractors, and implements of husbandry have long been exempt from registration requirements. The statute that made the exemption explicit was inadvertently repealed several sessions ago. The amendment would make the long-standing exemption clear in statute. The TxDMV board recommended this amendment in a past legislative session.

Sec. 502.147. CERTAIN FARM TRAILERS, FARM SEMITRAILERS, FARM TRACTORS, AND IMPLEMENTS OF HUSBANDRY. An owner is not required to register a farm trailer or farm semitrailer that has a gross weight of 4,000 pounds or less or a farm tractor or an implement of husbandry, if the trailer, semitrailer, tractor, or implement is operated only temporarily on the highways.



Texas Department of Motor Vehicles

Proposed Legislative Recommendations Packet: **Oversize/Overweight Permits Items** (Transportation Code)

1. Clarify fee references for certain oversize/overweight permits
 - a. Section 621.353 Distribution of Fee for Permit for Excess Weight
 - b. Section 623.077 Highway Maintenance Fee
 - c. Section 623.009 Permit Fees for Governmental Entities (*New Proposed Section*)

2. Clarify the use of unladen lift permits
 - a. Section 623.181 Annual Permit
 - b. Section 623.191 Optional Procedure
 - c. Section 623.192 Permit to Move Unladen Lift Equipment Motor Vehicles
 - d. Section 623.193 Designated Route in Municipality
 - e. Section 623.194 Registration of Vehicle
 - f. Section 623.199 Determination Whether Vehicle Subject to Registration or Eligible for Distinguishing License Plate

1. Clarify fee references for certain oversize/overweight permits

- a. **The total fee for a weight tolerance permit consists of a base fee, an administrative fee, and an additional fee based on the number of counties selected. The fee amounts are specified in various sections of Chapter 623 but the allocation of those fees is specified Section 621.353, Transportation Code. The specific allocation of the additional fee based on the number of counties selected would benefit from the following clarification of the allocation of amounts deposited to the general revenue fund.**

Section 621.353: (c) The comptroller shall send each fee portion collected under Section 623.0111 that is allocated to the general revenue fund under that section for an excess weight permit to the counties designated on the application for the permit, with each county shown on the application receiving an amount determined according to the ratio of the total number of miles of county roads maintained by the county to the total number of miles of county roads maintained by all of the counties designated on the application.

- b. **The annual envelope permit described by Section 623.071, Transportation Code can be issued to either a vehicle or a company. The highway maintenance fee in Section 623.077 is not charged to either permit under current operations. The proposed amendment clarifies that the fee does not apply to either annual envelope permit.**

Section 623.077: (a) An applicant for a permit under this subchapter, other than a permit under Section 623.071(c) (3) or (d), must also pay a highway maintenance fee in an amount determined according to the following table: ...

- c. **Oversize/overweight permits must be obtained by governmental entities, including the military, for moving large equipment or loads. The vehicle moving the load must have either state or federal exempt license plates and are not required to pay the permit fee. Statute would benefit from clarification that the department can waive the permit fee in such cases by rule.**

Sec. 623.009. PERMIT FEES FOR GOVERNMENTAL ENTITIES. The department by rule may waive fees for permits issued by the department to governmental agencies.

2. Unladen lift permits are available for both self-propelled and trailer mounted equipment, such as cranes. Subchapters I and J, Chapter 623, Transportation Code would benefit from clarification that the permits are administered the same for trailer mounted lift equipment and self-propelled equipment.

Subchapter I. UNLADEN LIFT EQUIPMENT [~~MOTOR VEHICLE~~]; ANNUAL PERMIT

Section 623.181: (a) The department may issue an annual permit for the movement over a highway or road of this state of an unladen lift equipment motor vehicle or a combination of a truck-tractor and a trailer-mounted piece of unladen lift equipment that because of its design for use as lift equipment cannot comply with the restrictions set

~~out in Subchapter C of Chapter 621 and Section 621.101 [exceeds the maximum weight and width limitations prescribed by statute].~~

Subchapter J. UNLADEN LIFT EQUIPMENT ~~[MOTOR]~~ VEHICLES; TRIP PERMMITS

Sec. 623.191. OPTIONAL PROCEDURE. This subchapter provides an optional procedure for the issuance of a permit for the movement of an unladen lift equipment motor vehicle or a combination of a truck-tractor and a trailer-mounted piece of unladen lift equipment that because of its design for use as lift equipment cannot comply with the restrictions set out in Subchapter C of Chapter 621 and Section 621.101 [exceeds the maximum weight and width limitations prescribed by statute].

Sec. 623.192. PERMIT TO MOVE UNLADEN LIFT EQUIPMENT ~~[MOTOR]~~ VEHICLES. (a) The department may, on application, issue a permit to a person to move over a road or highway under the jurisdiction of the Texas Department of Transportation an unladen lift equipment motor vehicle or a combination of a truck-tractor and a trailer-mounted piece of unladen lift equipment that cannot comply with the restrictions set out in Subchapter C of Chapter 621 and Section 621.101.

(b) The department may not issue a permit under this section unless the vehicle or combination may be moved without material damage to the highway or serious inconvenience to highway traffic.

Section 623.193: (a) A municipality having a state highway in its territory may designate to the department the route in the municipality to be used by a vehicle or combination described by Section 623.192 operating over the state highway. The department shall show the designated route on each map routing the vehicle.

(b) If a municipality does not designate a route, the department shall determine the route of the vehicle or combination on each state highway in the municipality.

(c) A municipality may not require a fee, permit, or license for movement of the vehicle or combination [vehieles] on the route of a state highway designated by the municipality or department.

Sec. 623.194. A permit under this subchapter may be issued only if the following vehicle [the vehicle to be moved] is registered under Chapter 502 for the maximum gross weight applicable to the vehicle under Section 621.101 or has the distinguishing license plates as provided by Section 502.146 if applicable to the vehicle:

- (1) the unladen lift equipment motor vehicle; or
- (2) the trailer on which the unladen lift equipment is mounted.

Section 623.199: (a) The department may establish criteria to determine whether an unladen lift equipment motor vehicle or the trailer on which the unladen lift equipment is mounted [that because of its design for use as lift equipment exceeds the maximum weight and width limitations prescribed by statute] is subject to registration under Chapter 502 or eligible for the distinguishing license plate provided by Section 502.146.



Texas Department of Motor Vehicles

Proposed Legislative Recommendations Packet: MVCPA Board Requested Item:

- 1. The following proposed statutory additions/amendments would create a dedicated fund/account for the deposit of Motor Vehicle Crime Prevention Authority fee collections. This dedication would ensure the fee revenue could not be expended on other state purposes and encourage the full statutorily required appropriation to the program for release as grant program funding to law enforcement agencies and administrative costs each biennium.**

Section 1001.151, Transportation Code, is amended to read as follows:

Sec. 1001.151. TEXAS DEPARTMENT OF MOTOR VEHICLES FUND. (a) The Texas Department of Motor Vehicles fund is a special fund in the treasury outside the general revenue fund and the state highway fund.

(b) Except as provided by Subsection (c), and unless otherwise dedicated by the Texas Constitution, the fund consists of:

- (1) money appropriated by the legislature to the department;
- (2) money allocated to pay fund accounting costs and related liabilities of the fund;
- (3) gifts, grants, and donations received by the department;
- (4) money required by law to be deposited to the fund;
- (5) interest earned on money in the fund; and
- (6) other revenue received by the department.

~~(c) Money appropriated to the department for Motor Vehicle Crime Prevention Authority purposes and other revenue collected or received by the Motor Vehicle Crime Prevention Authority may not be deposited into the fund.~~

Transportation Code, is amended by adding Section 1006.156 to read as follows:

Sec. 1006.156. DEPOSIT AND APPROPRIATION OF REVENUE. All gifts, grants, and the fee described by Section 1006.153(e-1), Transportation Code, shall be deposited to the credit of a subaccount in the Texas Department of Motor Vehicles fund and may be appropriated only to the department for purposes of the authority under this chapter.

Board Meeting Date: 8/11/2022
BRIEFING ITEM

To: Texas Department of Motor Vehicles Board
From: Glenna Bowman, Chief Financial Officer
Agenda Item: 9.A
Subject: Legislative Appropriations Request (LAR) Update

RECOMMENDATION

Briefing item with no recommendation.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of this item is to provide the Board with an update on TxDMV's Legislative Appropriations Request (LAR) for the FY 2024-2025 biennium.

FINANCIAL IMPACT

The LAR provides to the Legislative Budget Board, the Governor's Office, and the Legislature financial information necessary for the appropriation of funding for the FY 2024-2025 biennium.

BACKGROUND AND DISCUSSION

At the June 30, 2022, TxDMV Board meeting, information was presented regarding preliminary items to be considered for inclusion in the FY 2024-2025 LAR.

After additional review, updates have been incorporated into the draft LAR, including:

- Updates to certain exceptional item costs
- Clarification of purpose for MVCPA exceptional item funding
- New exceptional item for additional Full-time equivalent (FTE) positions supported by baseline funding
- Recommended change to maximum, authorized salary for the Executive Director

Details related to these updates are provided in the board materials.

The LAR will be submitted to the Legislative Budget Board and Governor's Office on August 12, 2022.

Texas Department of Motor Vehicles



FY 2024–2025 Legislative Appropriations Request Update

Legislative Appropriations Request (LAR) Update - Summary

- At the June 30, 2022, TxDMV Board meeting, information was presented regarding preliminary items to be considered for inclusion in the FY 2024-2025 Legislative Appropriations Request (LAR). The Board adopted a motion directing staff to prepare the FY 2024-2025 LAR to include the items presented by staff, and all reports and schedules required by the Legislative Budget Board (LBB) in its LAR Instructions, subject to any technical corrections approved by the department's Chief Financial Officer and Executive Director to comply with the instructions from the LBB.
- After additional review, updates have been incorporated into the draft LAR, including:
 - Updates to certain exceptional item costs
 - Clarification of purpose for MVCPA exceptional item funding
 - New exceptional item for additional Full-time equivalent (FTE) positions supported by baseline funding
 - Recommended increase to maximum, authorized salary for the Executive Director
- Details related to these updates are provided in this report.
- The LAR will be submitted to the LBB and Governor's Office on August 12, 2022.

Legislative Appropriations Request (LAR) Update – Exceptional Items

The following table provides a list of updates to the preliminary LAR exceptional items presented to the board in June 2022.

Item	Update
Registration and Title System (RTS) Replacement Phase One	The total cost of this project is increased from \$5.5 million to \$6.75 million to incorporate additional consulting support recommended by the Department of Information Resources (DIR), particularly focused on risk mitigation and ensuring the procurement process is fully supported for this high priority, statewide initiative.
Expanded Regional Service Centers (RSCs) in Houston and Dallas	The total cost has been updated to include critical technology-related items that are necessary for daily operations of the RSCs, including hardware, software, and network connectivity.
Provide Full Funding for Motor Vehicle Crime Prevention Authority (MVCPA)	The purpose of the request is clarified to reflect that additional funding will be used for grant programs to combat vehicle theft and burglary through enforcement, prevention, public information, and education initiatives.
Provide Budget Authority for Camp Hubbard Renewal Project	Staff is working with the Texas Public Finance Authority to properly reflect funding for this initiative in the department's appropriation pattern. This effort will likely be ongoing throughout the legislative appropriations process.
Increase in Authorized FTEs	Based on guidance from LBB staff, a new exceptional item has been added to provide for the recommended increase in authorized FTEs. The FTEs for MVCPA have also been added to this request item. Funding is available within the department's base appropriations to support these FTEs; therefore, the dollar amount for this exceptional item is zero.

Board Meeting Date: 8/11/2022
BRIEFING

To: Texas Department of Motor Vehicles Board
From: Glenna Bowman, Chief Financial Officer
Agenda Item: 9.B
Subject: FY 2022 Financial Statements (3rd Quarter)

RECOMMENDATION

Briefing item with no recommendation.

PURPOSE AND EXECUTIVE SUMMARY

Attached is the TxDMV fiscal year (FY) 2022 financial report for September 1, 2021, through May 31, 2022. This report contains information on projected and actual revenues, as well as budgeted and actual expenditures for the first nine months of this fiscal year. The report includes a stand-alone report for TxDMV Fund 0010 and information on selected statistics that may have an impact on revenues.

TxDMV is self-supporting and funds almost all its expenditures through revenues deposited to TxDMV Fund 0010. The Motor Vehicle Crime Prevention Authority (MVCPA) is fully funded through fees deposited to the General Revenue Fund 0001.

Highlights of the department's revenues, expenditures, and fund balances for the first nine months of the fiscal year include the following:

- TxDMV collected \$1.47 billion in revenue in all funds. This is 5.1% more than collections during the first nine months of FY 2021. *(See page 2)*
- TxDMV Fund 0010 revenue collections total \$132.0 million, a 17.1% increase compared to the first nine months of FY 2021. *(See page 4)*
- Expenditures and outstanding obligations in all funds total \$150.3 million (\$107.9 million in expenditures and \$42.4 million in encumbrances). The total amount includes \$5.2 million in General Revenue expenditures and \$10.1 million in General Revenue encumbrances; the majority of General Revenue obligations are for MVCPA activities. *(See page 9)*
- The department collected sufficient revenue in the first nine months of FY 2022 to support its year-to-date expenditures. *(See page 5)*
- The adjusted balance for TxDMV Fund 0010 as of May 31, 2022, is \$133.8 million. *(See page 5)*

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

REVENUES (All Funds) (see Page 2)

In FY 2022, the state has shown a steady growth pattern in almost all sectors, resulting in increases in all categories of revenue except for the following two categories: 1) motor vehicle business licenses; and 2) motor carrier credentialing. Decreased motor vehicle business license revenue can be attributed to the motor vehicle industry at large realizing the effects of supply-chain issues and the global chip shortage. This has led to a lack of motor vehicle inventory and

increased competition for available inventory. As a result, the department has received fewer applications for motor vehicle industry licensure. TxDMV will continue to monitor the effects of these factors throughout FY 2022.

Title revenue has increased 34.6% from FY 2021 to FY 2022, with most of the increase attributable to restarting collection of the delinquent title transfer penalty formerly waived by the governor due to COVID-19. Because waiver of the fee ended in April 2021, the year-over-year percentage change for this revenue category is expected to decrease as FY 2022 progresses.

PROJECTED versus ACTUAL REVENUES (see Page 3)

Overall, revenues in the first nine months of FY 2022 exceed projections by 1.5%, mostly attributable to higher-than-expected registration collections. Five categories of revenue are above projections, and two categories are below projections. Although oversize/overweight permit revenue is slightly below projections (2.1%), revenue in this category is higher than the same period of FY 2021.

TxDMV FUND 0010 REVENUES (see Page 4)

FY 2022 year-to-date collections for TxDMV Fund 0010 total \$132.0 million, an increase of 17.1% (\$19.3 million) from the same period in FY 2021. The increase in FY 2022 revenues is mostly attributable to restarting collection of the delinquent title transfer penalty formerly waived by the governor.

EXPENDITURES AND ENCUMBRANCES (see Page 9)

Expenditures and outstanding obligations in all funds for FY 2022 total \$150.3 million (\$107.9 million in expenditures and \$42.4 million in encumbrances). Significant expenditure categories include salaries and related costs, contract services for license plate production, printing costs for vehicle titles and registration forms, postage, and Data Center Services costs. Included in expenditures is \$6.7 million for contract payments to License Plates of Texas LLC, the MyPlates specialty-plates vendor. Contract payments to License Plates of Texas, LLC are contingent upon revenues collected. Included within the total obligations amount is \$15.3 million in General Revenue appropriations; the majority of General Revenue obligations are for MVCPA activities.

CAPITAL BUDGET AND PROJECTS (see Pages 10-11)

The FY 2022 capital project budgets through May 31, 2022, include expenditures of \$11.5 million and encumbrances of \$9.4 million, for a total obligation of \$20.9 million. This includes \$6.4 million in obligations for Automation System Projects; \$10.1 million for Data Center Services; \$1.3 million for the International Registration Plan upgrade; and \$1.8 million for County Technology. The remaining capital obligations are for other technology projects, Regional Service Centers Maintenance, Replacement Vehicles, and Headquarters Maintenance. The FY 2022 capital project budget includes \$16.9 million in funds carried forward from FY 2021; most of the carry forward is for the TxDMV Automation System capital budget.

During the 87th regular legislative session, the Legislature appropriated a total of \$13.0 million in new funding in FY 2021 which was brought forward to FY 2022. The \$13.0 million provides funding for the planning of a new building that will eventually replace Building 5 at TxDMV Headquarters, the design and acquisition of an Accounts Receivable system, the implementation of the webSALVAGE application, and implementation of requirements related to Senate Bill 1064 for additional county fleet registration requirements.

MYPLATES (see Page 6)

The current (third) specialty-plates marketing contract was executed with License Plates of Texas LLC. The vendor's online storefront runs from November 19, 2019, to December 31, 2025, with an option to renew the contract for an additional six-year term. The contract includes a minimum guarantee of \$25 million into the General Revenue Fund from the sale of personalized and non-personalized new vendor specialty plates, as well as 5% of the revenue from the renewal of these plates, during the term of the contract.

General Revenue Fund 0001 deposits associated with the MyPlates contract from November 19, 2019, to May 31, 2022, total \$50.3 million. Of the \$50.3 million, \$23.3 million counts toward the \$25 million contract guarantee.



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

FY 2022 Financial Statements for the period ending May 31, 2022

Finance and Administrative Services Division

August 11, 2022



Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

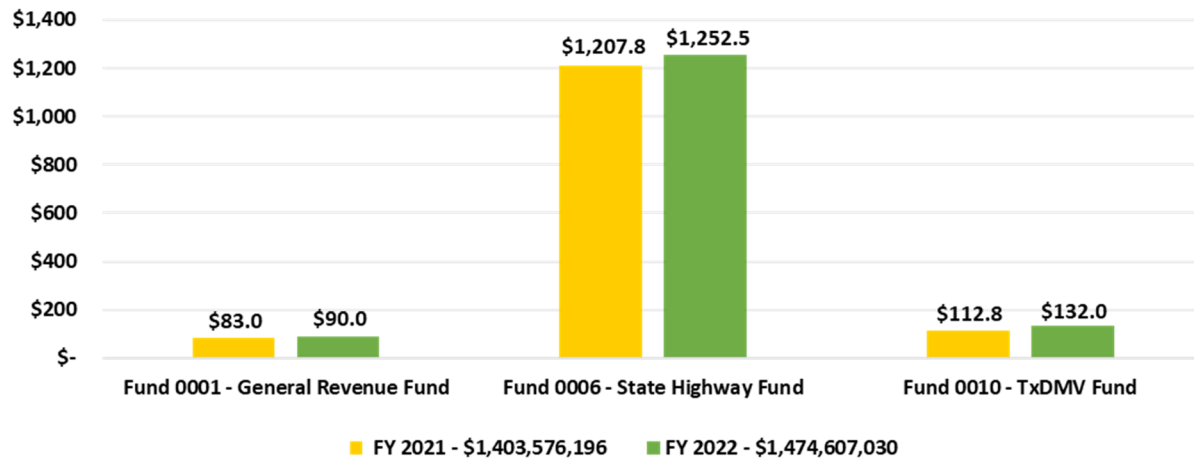


FY 2021 and FY 2022 Revenues - All Funds

September 1 through May 31

FY 2021 and FY 2022 Revenue by Fund

(in millions)



The Texas Department of Motor Vehicles (TxDMV) collected \$1.47 billion through May 31, 2022. This is 5.1% more than FY 2021 collections. FY 2021 and FY 2022 revenue deposits for all funds by revenue category are shown in the chart below.

In FY 2022, the state has shown a steady growth pattern in almost all sectors, resulting in increases in all categories of revenue but two. Decreased motor vehicle business license revenue can be attributed to the motor vehicle industry at large realizing the effects of supply-chain issues and the global chip shortage. This has led to a lack of motor vehicle inventory and increased competition for available inventory. As a result, the department has received fewer applications for motor vehicle industry licensure. TxDMV will continue to monitor the effects of these factors throughout FY 2022. The increase in title revenue from FY 2021 to FY 2022 is mostly attributable to restarting collection of the delinquent title transfer penalty formerly waived by the governor. Because waiver of the fee ended in April 2021, the year-over-year percentage change for this revenue category is expected to decrease as FY 2022 progresses.

FY 2021 and FY 2022 Revenue by Category - All Funds

Revenue Category	FY 2021 Actual	FY 2022 Actual	Variance	% Difference
Motor Vehicle Certificates of Title	\$ 52,773,872	\$ 71,032,398	\$ 18,258,526	34.6%
Motor Vehicle Registration	1,175,747,785	1,220,475,002	44,727,218	3.8%
Motor Carrier - Oversize/Overweight	114,392,050	120,506,777	6,114,727	5.3%
Motor Carrier Credentialing	5,387,143	5,353,923	(33,220)	(0.6%)
Motor Vehicle Business Licenses	6,111,960	5,437,591	(674,369)	(11.0%)
Miscellaneous Revenue	8,674,089	9,997,735	1,323,647	15.3%
Processing and Handling Fee	40,489,297	41,803,603	1,314,306	3.2%
Total	\$ 1,403,576,196	\$ 1,474,607,030	\$ 71,030,834	5.1%

FY 2022 Projected versus Actual Revenues - All Funds

September 1 through May 31

FY 2022 Projected vs Actual Revenue by Category

Revenue Category	FY 2022 Projected	FY 2022 Actual	Variance	% Difference
Motor Vehicle Certificates of Title	\$ 65,305,375	\$ 71,032,398	\$ 5,727,023	8.8%
Motor Vehicle Registration	1,203,869,215	1,220,475,002	16,605,787	1.4%
Motor Carrier - Oversize/Overweight	123,039,693	120,506,777	(2,532,915)	(2.1%)
Motor Carrier Credentialing	5,234,195	5,353,923	119,728	2.3%
Motor Vehicle Business Licenses	5,781,832	5,437,591	(344,241)	(6.0%)
Miscellaneous Revenue	8,710,000	9,997,735	1,287,735	14.8%
Processing and Handling Fee	40,926,016	41,803,603	877,587	2.1%
Total	\$ 1,452,866,326	\$ 1,474,607,030	\$ 21,740,704	1.5%

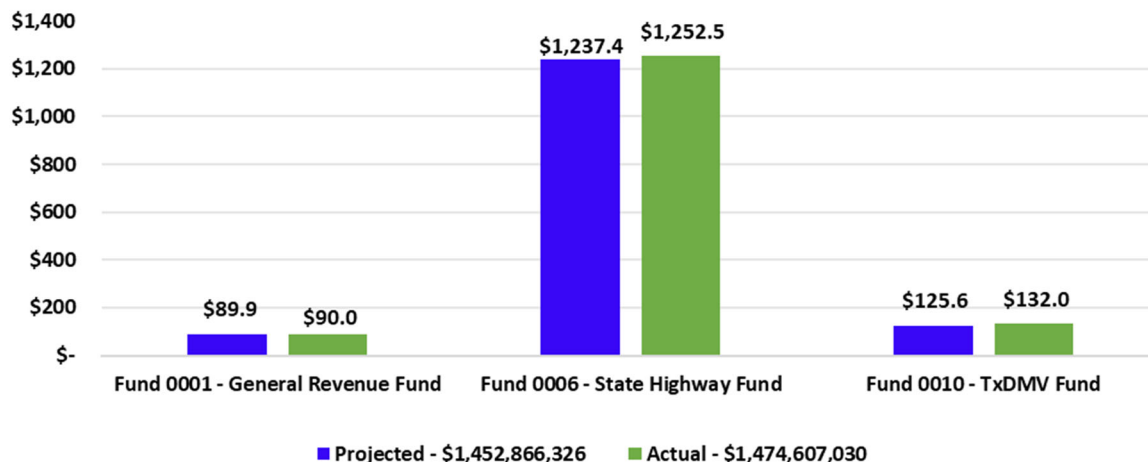
TxDMV revenue collections in the first nine months of FY 2022 reflect an increase in most categories from the same period in FY 2021. FY 2022 projections were established in the latter part of FY 2021 and include the effect of restarting a full year of collections of certain previously waived fees.

Year-to-date revenue for FY 2022 is 1.5% (\$21.7 million) above projections, with higher-than-expected title, registration, motor carrier credentialing, miscellaneous, and processing and handling fee revenues.

Motor carrier oversize/overweight revenue is 2.1% (\$2,532,915) below projections. Motor vehicle business license revenue is 6.0% (\$344,241) below projections due to a lower-than-expected number of licenses issued year-to-date, primarily general distinguishing numbers (GDNs).

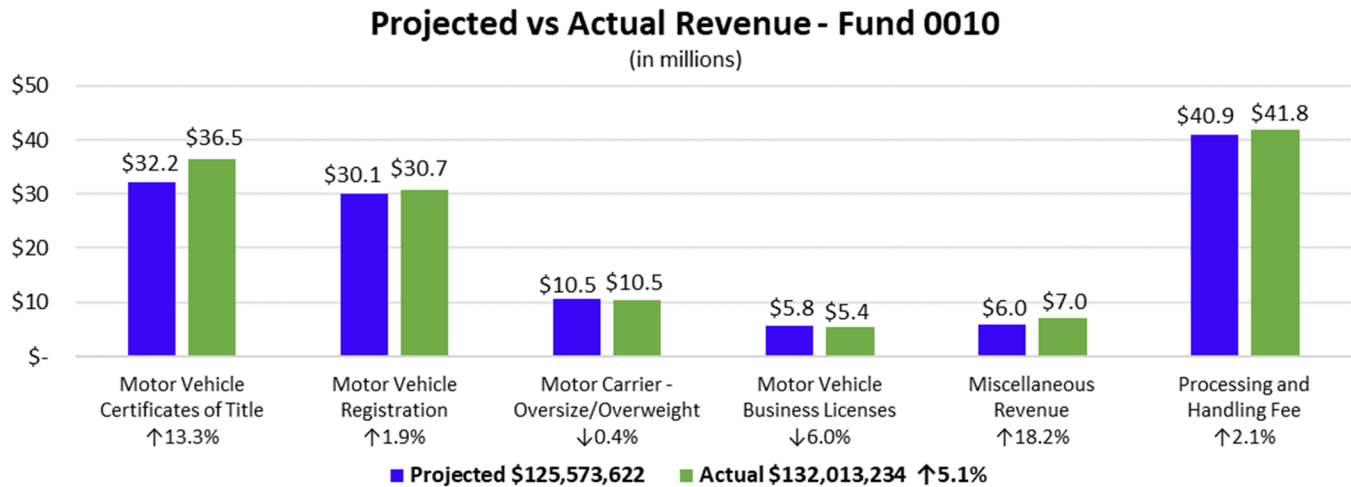
Total projected and actual revenues by fund are shown in the chart below.

FY 2022 Projected vs Actual Revenue by Fund (in millions)



FY 2022 TxDMV Fund 0010 Revenue Highlights

September 1 through May 31



- Overall, TxDMV Fund 0010 revenue is 5.1% (\$6,439,612) above projections for the first nine months of FY 2022.
- Motor Vehicle Title revenue is 13.3% above projections, reflecting higher-than-expected delinquent transfer penalties.
- Motor Vehicle Registration revenue is 1.9% over projections, mostly due to stronger-than-expected vendor-plates sales.
- Motor Vehicle Business License revenue is 6.0% under projections due to fewer-than-expected dealer licenses being issued year-to-date.
- Miscellaneous revenue is 18.2% over projections, mostly attributable to higher-than-expected collections of motor vehicle dealer civil penalties and credit-card service fees.

Revenue Category	FY 2021	FY 2022	Variance	% Difference
	Actual	Actual		
Motor Vehicle Certificates of Title	\$ 21,035,724	\$ 36,516,878	\$ 15,481,154	73.6%
Motor Vehicle Registration	28,890,493	30,714,494	1,824,001	6.3%
Motor Carrier Oversize/Overweight	10,357,236	10,496,325	139,088	1.3%
Motor Vehicle Business Licenses	6,111,960	5,437,591	(674,369)	(11.0%)
Miscellaneous Revenue	5,870,921	7,044,343	1,173,422	20.0%
Processing and Handling Fee	40,489,297	41,803,603	1,314,306	3.2%
Total	\$ 112,755,632	\$ 132,013,234	\$ 19,257,603	17.1%

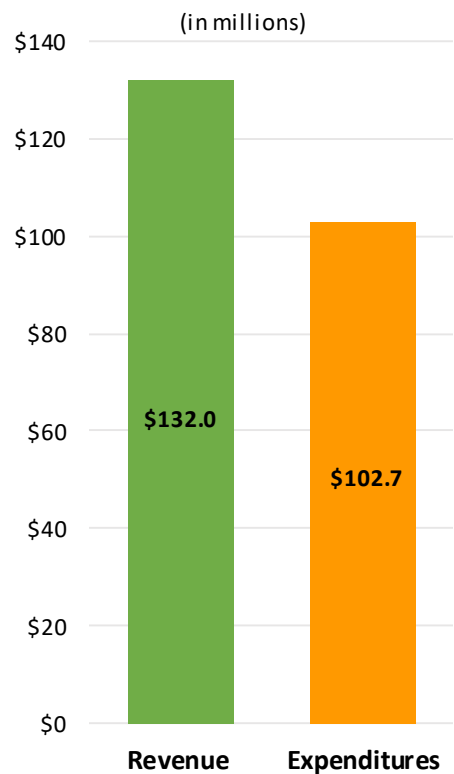
- Total TxDMV Fund 0010 revenue in the first nine months is 17.1% (\$19.3 million) higher than the same period in FY 2021. The increase in Motor Vehicle Title revenue is mostly due to restarting collection of the delinquent title transfer penalty, formerly waived by the governor. The increase in Motor Vehicle Registration revenue is mostly attributable to strong vendor-plates sales. The increase in Miscellaneous revenue is mostly due to higher collections of motor vehicle dealer civil penalties and credit-card service fees.

FY 2022 TxDMV Fund 0010 Revenues, Expenditures and Fund Balance

September 1 through May 31

	FY 2022
Beginning Fund Balance	\$ 149,090,673
Revenue	
Motor Vehicle Certificates of Title	\$ 36,516,878
Motor Vehicle Registration	\$ 30,714,494 ⁽¹⁾
Motor Carrier - Oversize/Overweight	\$ 10,496,325 ⁽²⁾
Motor Vehicle Business Licenses	\$ 5,437,591
Miscellaneous Revenue	\$ 7,044,343
Processing and Handling Fee	\$ 41,803,603 ⁽³⁾
Total Revenue	\$ 132,013,234
Operating Expenditures	
Salaries and Wages	\$ 31,157,239
Other Personnel	\$ 1,382,685
Professional Fees	\$ 12,218,222
Fuels & Lubricants	\$ 31,888
Consumables	\$ 685,617
Utilities	\$ 2,782,448
Travel	\$ 122,428
Rent - Building	\$ 633,034
Rent - Machine and Other	\$ 150,063
Other Operating	\$ 43,845,999 ⁽¹⁾
Other Capital	\$ 32,784
Total Operating Expenditures	\$ 93,042,407
Fringe Benefits	
Retirement	\$ 2,928,397
Group Insurance	\$ 4,262,681
OASI (Old Age and Survivor's Insurance)	\$ 2,367,979
Unemployment Reimbursement to GR	\$ 12,660
Benefit Replacement Pay	\$ 39,195
Total Fringe Benefits	\$ 9,610,911
Total Expenditures	\$ 102,653,318
Ending Fund Balance	\$ 178,450,590
Adjustment for Encumbrances	\$ 44,681,646
Adjusted Fund Balance	\$ 133,768,944

FY 2022 Revenues & Expenditures



Footnotes:

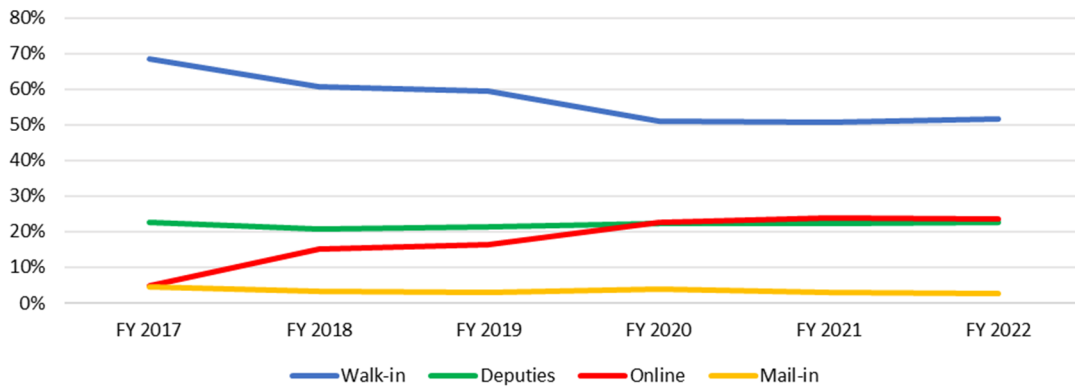
⁽¹⁾ Included in Motor Vehicle Registration fees are MyPlates revenue collections of \$6,885,565; and included in Other Operating expenditures are MyPlates expenditures of \$6,726,557.

⁽²⁾ Motor Carrier - Oversize/Overweight excludes escrow deposits.

⁽³⁾ Processing and Handling fee revenue does not include the portion of the fees retained for administrative expenses by the counties or Texas.gov, per TxDMV board rule.

Processing and Handling Fee

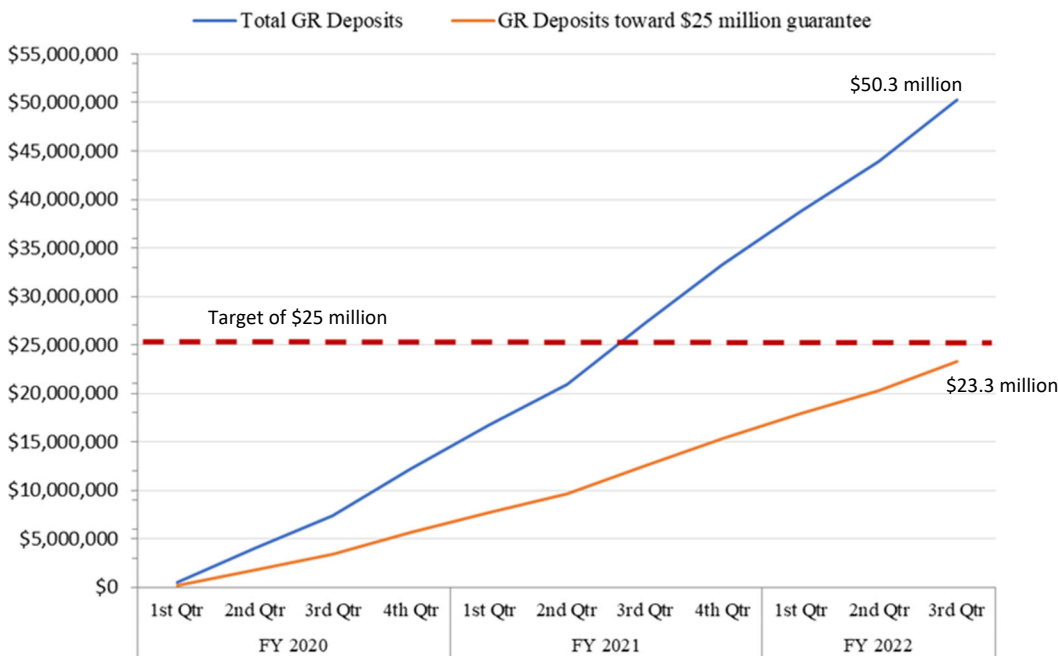
Transaction Mix from Annual Registrations



- As of May 31, 2022, a majority (51.5%) of annual-registration transactions were processed at county offices.
- Due to reopening of county offices, the percentage of online registration renewals decreased slightly, accounting for 23.4% (4.2 million) of the 18.1 million total transactions in the first nine months of FY 2022 compared to 24.4% for the same period in FY 2021.
- Deputy and mail-in percentages have remained relatively constant since FY 2017, and are at 22.6% and 2.5%, respectively, for the first nine months of FY 2022.

Vendor Plates

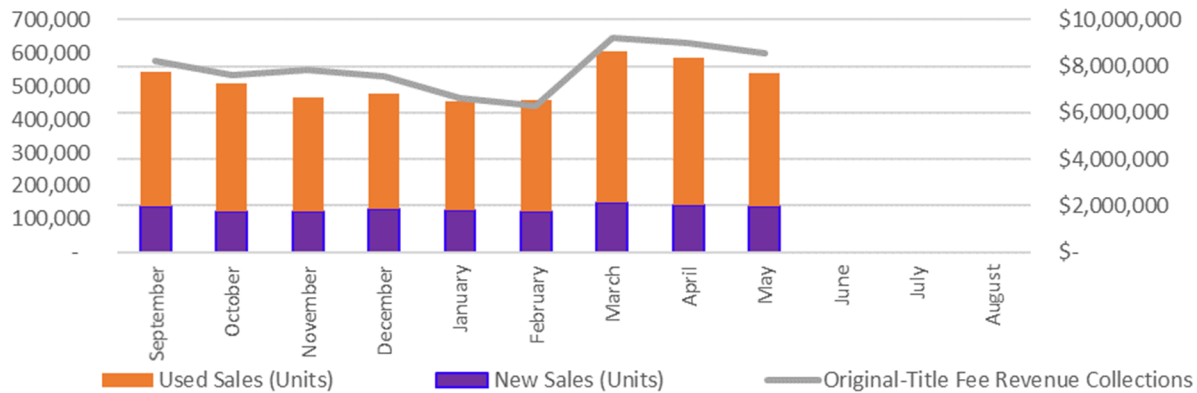
Current-Contract Cumulative Deposits to General Revenue



- General Revenue Fund 0001 deposits associated with the MyPlates contract from November 19, 2019, to May 31, 2022, total \$50.3 million.
- \$23.3 million of the revenue counts toward the contract's \$25 million guarantee.
- Since the effective date of the current contract, new orders account for 43.5% of the Fund 0001 mix, and renewals account for 56.5%.

Motor Vehicle Certificates of Title

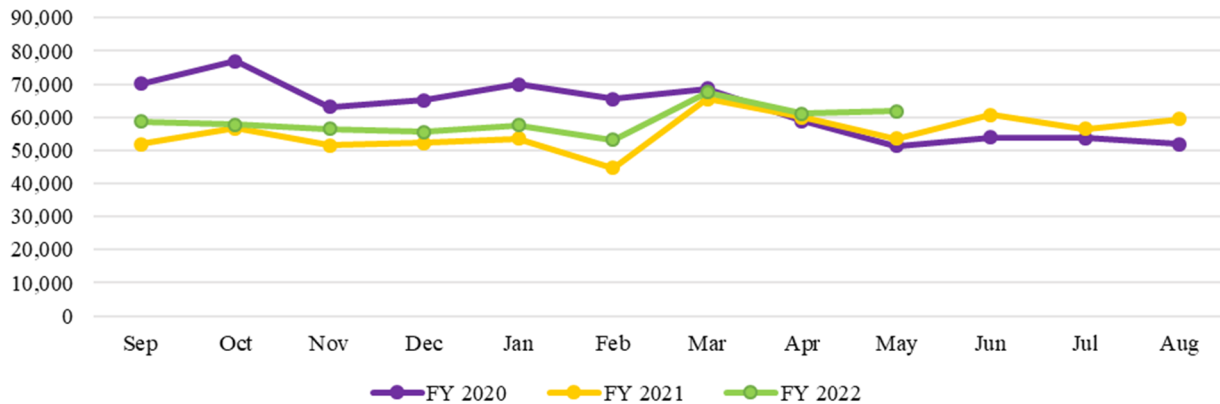
Monthly Auto Sales and Original-Title Fee Revenue Collections



- Original-title fees are the largest component of Certificates of Title revenue. Year-to-date in FY 2022, TxDMV has collected revenue from the issuance of about 5.1 million original titles. Original-title issuance is driven by new- and used-vehicle sales; original-title revenue collections are reflected in the gray trend line above. The first nine months of FY 2022 saw a slight decrease in overall vehicle sales as compared to the same period in FY 2021.
- Auto sales year-to-date in FY 2022 have decreased 2.0% from FY 2021, with used-vehicle sales up 3.8% and new-vehicle sales down 15.7%.

Motor Carrier Oversize/Overweight Permits

Monthly Oversize/Overweight Permit Issuance



- The number of permits issued year-to-date in FY 2022 is 529,668 compared to 489,557 for the same period in FY 2021, an increase of 8.2%. Increased activity in the oil-and-gas and construction sectors has affected the issuance of motor-carrier permits, resulting in a steady increase in oversize/overweight fee deposits since FY 2021.
- As shown in the trend lines in the graph above, the first nine months of FY 2022 saw an increase in permit issuance as compared to the same period in FY 2021.
- Revenue in this category is expected to see an overall year-over-year increase in FY 2022.

FY 2022 Financial Summary as of May 31, 2022

FY 2022 Highlights

- The adjusted FY 2022 budget as of May 31, 2022, is \$203.4 million. This amount includes the original baseline total as approved by the Legislature during the 87th legislative session and adjustments as shown in the table below.

FY 2022 Budget	Amount
Original Baseline Appropriations	\$ 156,209,975
Unexpended Balances from FY 2021 and Other Adjustments	\$ 33,663,599
Benefit Costs	\$ 13,517,660
Adjusted Appropriations	\$ 203,391,234

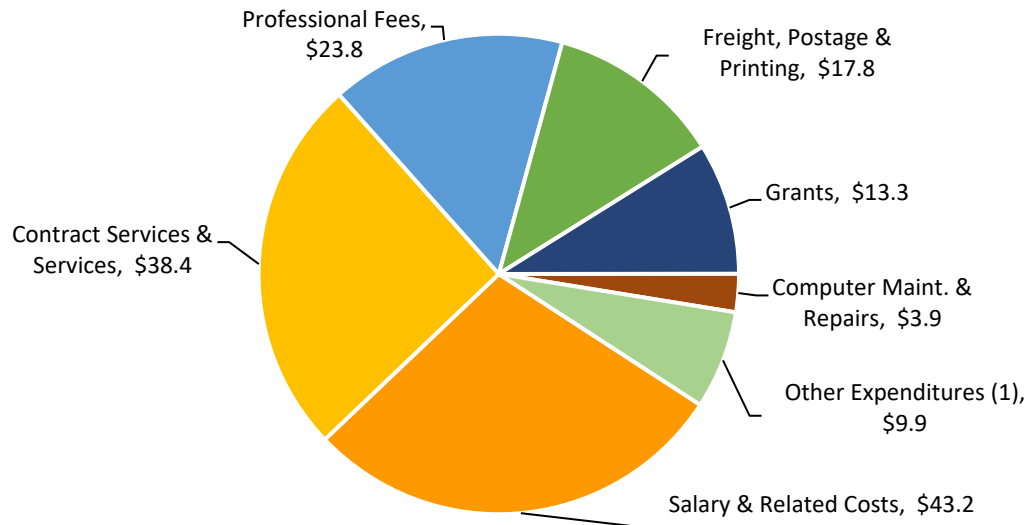
- The baseline total of \$156.2 million provides funding for 808.0 full-time equivalents (FTEs), ongoing operating costs, and FY 2022 funding for capital projects.
- The \$33.7 million in unexpended balances and other adjustments as of May 31, 2022, was a combination of the continuation of capital projects funded in FY 2021 and brought forward to FY 2022 and the carryforward of supplemental appropriations funded in late FY 2021. Also included is an increase in My Plates revenues and corresponding expenditures. The largest portion of the carry forward is \$13.0 million for the supplemental appropriations originally approved by the 87th Legislature in House Bill 2 in July 2021.
- The House Bill 2 amount of \$13.0 million provides for planning of a new Building 5 at TxDMV headquarters (\$6.2 million); implementation of an accounts-receivable system (\$3.5 million); development of the webSALVAGE application (\$3.2 million); and one-time programming costs to implement the provisions of Senate Bill 1064 relating to the extended registration of certain county fleet vehicles (\$250,000).
- Capital project carryforwards as of May 31, 2022, total approximately \$16.9 million and is for Automation projects (\$12.7 million), Headquarters Maintenance (\$2.9 million), and International Registration Plan (IRP) Upgrade (\$1.3 million).

FY 2022 Financial Summary as of May 31, 2022

September 1 through May 31

- Expenditures and outstanding obligations for the first nine months of FY 2022 totaled \$150.3 million (\$107.9 million in expenditures and \$42.4 million in encumbrances).

FY 2022 Expenditures and Encumbrances by Category - All Funds
(in millions)

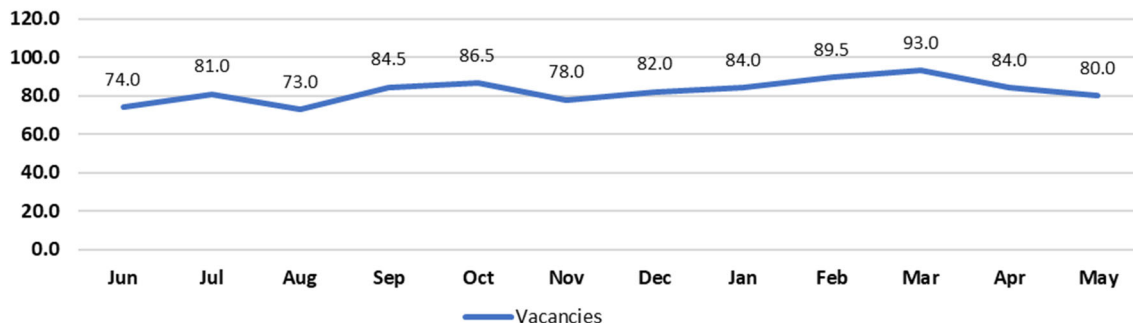


⁽¹⁾ Other Expenditures includes: Online Service Fees (\$4.1 million), Rents/Utilities (\$4.2 million), Other Expenses (\$1.2 million), Travel/Training (\$396,000), and Capital Equipment (\$124,000)

Full-Time Equivalents

- In FY 2022, the department's authorized FTE cap increased from 802.0 to 808.0. The 6.0 new FTEs are allocated as follows by division: Finance & Administrative Services (2.0) and Vehicle Titles and Registration (4.0).
- Overall, vacancies have remained constant over the most recent twelve months.

Monthly Vacancies - Most Recent 12 Months



FY 2022 Financial Summary as of May 31, 2022

Capital Budget and Projects

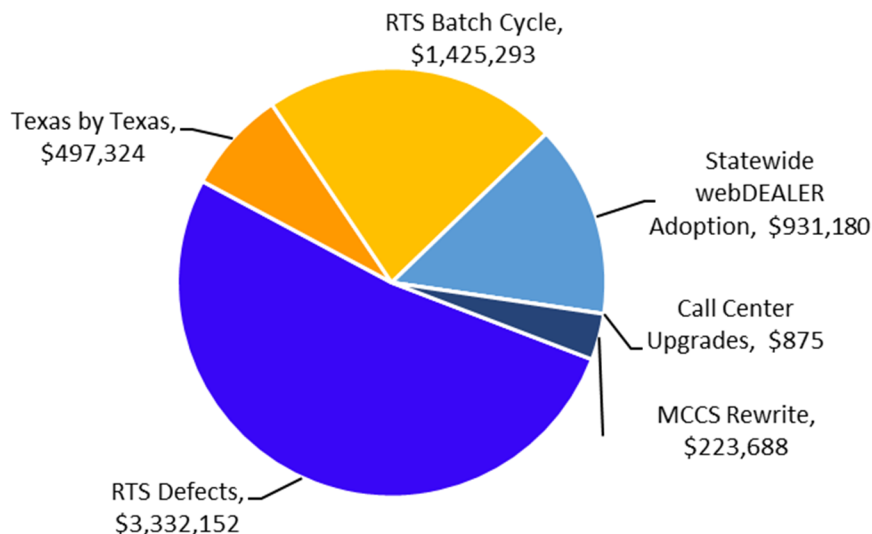
Capital Budget Financial Status

	Revised Budget	Expenditures	Encumbrances	Available Budget
TxDMV Automation System	\$ 17,755,741	(\$3,214,042)	(\$3,196,472)	\$ 11,345,228
Other Info Resources Projects	\$ 18,009,127	(\$8,153,439)	(\$5,731,828)	\$ 4,123,860
Other Capital Projects	\$ 3,146,817	(\$130,322)	(\$495,031)	\$ 2,521,464
Grand Total, Capital Budget	\$ 38,911,685	(\$11,497,803)	(\$9,423,330)	\$ 17,990,552

- The Revised Capital Budget for FY 2022 includes \$16.9 million carried forward from FY 2021 for Automation, Headquarters Maintenance, and IRP Upgrade projects and \$21.9 million in new appropriations and \$79,000 in adjustments.

TxDMV Automation System Projects

Automation Expenditures & Encumbrances



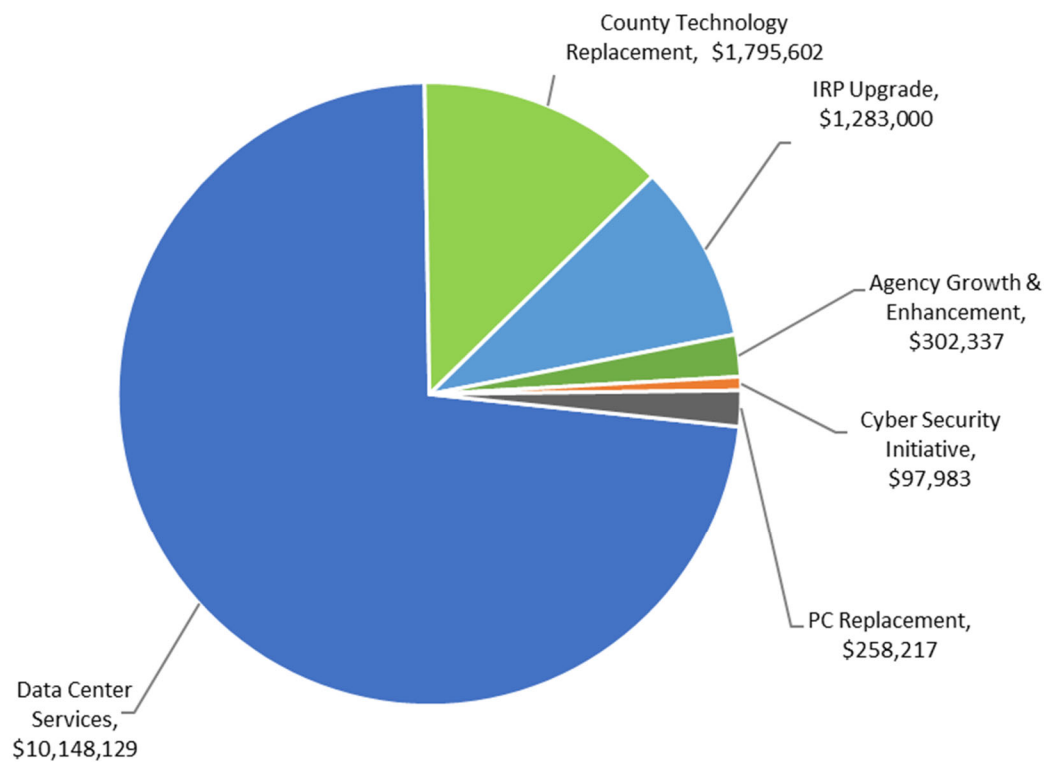
- The total budget for the TxDMV Automation System Projects as of May 31, 2022, is \$17.8 million.
- Expenditures and encumbrances total \$6.4 million. The majority of these costs are for Registration and Title System (RTS) defects (\$3.3 million); the Statewide webDEALER Adoption project (\$931,000); the RTS Batch Cycle project (\$1.4 million); and the Motor Carrier Credentialing System (MCCA) upgrade (\$224,000).
- The Texas by Texas project has a total obligation of \$497,000 and is currently in its implementation phase. Initial go-live was October 2021.

FY 2022 Financial Summary as of May 31, 2022

Other Information Resources Projects

- Data Center Services (DCS) provides management of applications, hardware, and technology services for TxDMV and is the largest single component of Other Information Resources Projects (\$10.1 million).
- Obligations in County Technology Replacement include routine replacement of laptops and desktops for the technology refresh program.
- The upgrade of the International Registration Plan (IRP) application is a new project for FY 2022.

Technology Capital Projects



Other Capital Projects

- The budgets for Other Capital Projects as of May 31, 2022, total \$3,146,817 and include funding for Regional Service Centers Maintenance, Replacement Vehicles, and Headquarters Maintenance.
- The Headquarters Maintenance capital budget is a carry forward from FY 2021. This project will address facilities as part of the transition of Camp Hubbard from TxDOT to TxDMV and will continue into FY 2023.

To: Texas Department of Motor Vehicles Board
From: Glenna Bowman, Chief Financial Officer
Agenda Item: 9.C
Subject: FY 2023 Recommended Operating Budget

RECOMMENDATION

1. Approve the Recommended Fiscal Year (FY) 2023 Operating Budget.
2. Approve two contracts, as follows:
 - a. Southwest Research Institute (SWRI) (\$600,000). This contract provides specialized maintenance and consulting services for the Motor Carrier Division for the Texas Commercial Vehicle Information Exchange Window. (CVIEW)
 - b. American Association of Motor Vehicle Administrators (AAMVA) National Motor Vehicle Title Information System (NMVTIS) (\$420,428). This contract allows the agency to maintain required access to AAMVA NMVTIS.

PURPOSE AND EXECUTIVE SUMMARY

The recommended FY 2023 operating budget totals \$163.1 million, with 808 FTEs, and is structurally balanced to support the operational needs of the department. The recommended budget includes amounts appropriated in the General Appropriations Act (GAA) and HB 2 (supplemental appropriations bill), including unexpended balances carried forward from FY 2022 to FY 2023.

FINANCIAL IMPACT

The recommended FY 2023 operating budget of \$163.1 million will be funded by TxDMV Fund 0010 (\$145.0 million), General Revenue Fund 0001 (\$ 17.4 million), and federal reimbursements (\$743,750).

BACKGROUND AND DISCUSSION

Operating Budget by Goal and Strategy

The operating budget is appropriated (funded) by the Legislature according to goals and strategies. The department’s goals and related budget amounts for FY 2023 are as follows:

Goal A: Optimize Services and Systems	\$89,548,614
Goal B: Protect the Public	\$21,871,183
Goal C: Indirect Administration	\$39,704,918
U.B., Capital Appropriations	\$6,392,902
U.B., HB 2 Supplemental Appropriations	\$5,600,000
Total	\$163,117,617

Goal A is supported by five strategies, including Titles, Registrations and Plates; Vehicle Dealer Licensing; Motor Carrier Permits & Credentials; Technology Enhancement & Automation; and the Customer Contact Center. Goal B is supported

by two strategies, Enforcement and Motor Vehicle Crime Prevention Authority (MVCPA). Goal C includes Central Administration, Information Resources and Other Support Services. Unexpended Balances (UB) will be carried forward from FY 2022 to FY 2023 for TxDMV Automation Systems and Headquarters Maintenance, as well as HB 2 supplemental appropriations for WebSalvage and a new Accounts Receivable System.

Revenues

TxDmv collects revenue from a variety of sources and deposits those revenues into the following three funds: 1) the State Highway Fund (Fund 0006); 2) the General Revenue Fund (Fund 0001); and 3) TxDMV Fund 0010.

TxDmv Fund 0010 revenues are estimated to total \$179.2 million in FY 2023. The majority of revenues will come from title and registration fees totaling \$91.6 million, processing and handling fees of \$56.6 million, and oversize/overweight permit fees of \$13.8 million. TxDMV staff estimate the department will collect approximately \$2.0 billion for the State in all funds during FY 2023. The department also collects revenues pursuant to Transportation Code, Sec. 1006.153 to support the activities of the Motor Vehicle Crime Prevention Authority (MVCPA). These revenues are deposited to the General Revenue Fund 0001.

Estimated Revenues for FY 2023 will be sufficient to cover TxDMV obligations for the year.

Contracts Requiring Board Approval

The department's Contract Approval Procedures specify that the Executive Director (or designee) must obtain board approval for contracts \$200,000 or more prior to award or renewal unless specifically excluded. Included in the FY 2023 Recommended Operating Budget are two contracts that require Board approval:

Southwest Research Institute (SWRI) (\$600,000) – This contract governs modifications to the TxCVIEW as the Federal Motor Carrier Safety Administration (FMCSA) moves its data to a cloud environment; modifies some of its web services; changes databases or requirements for TxCVIEW; and facilitates FMCSA's rollout of a new Unified Carrier Registration application.

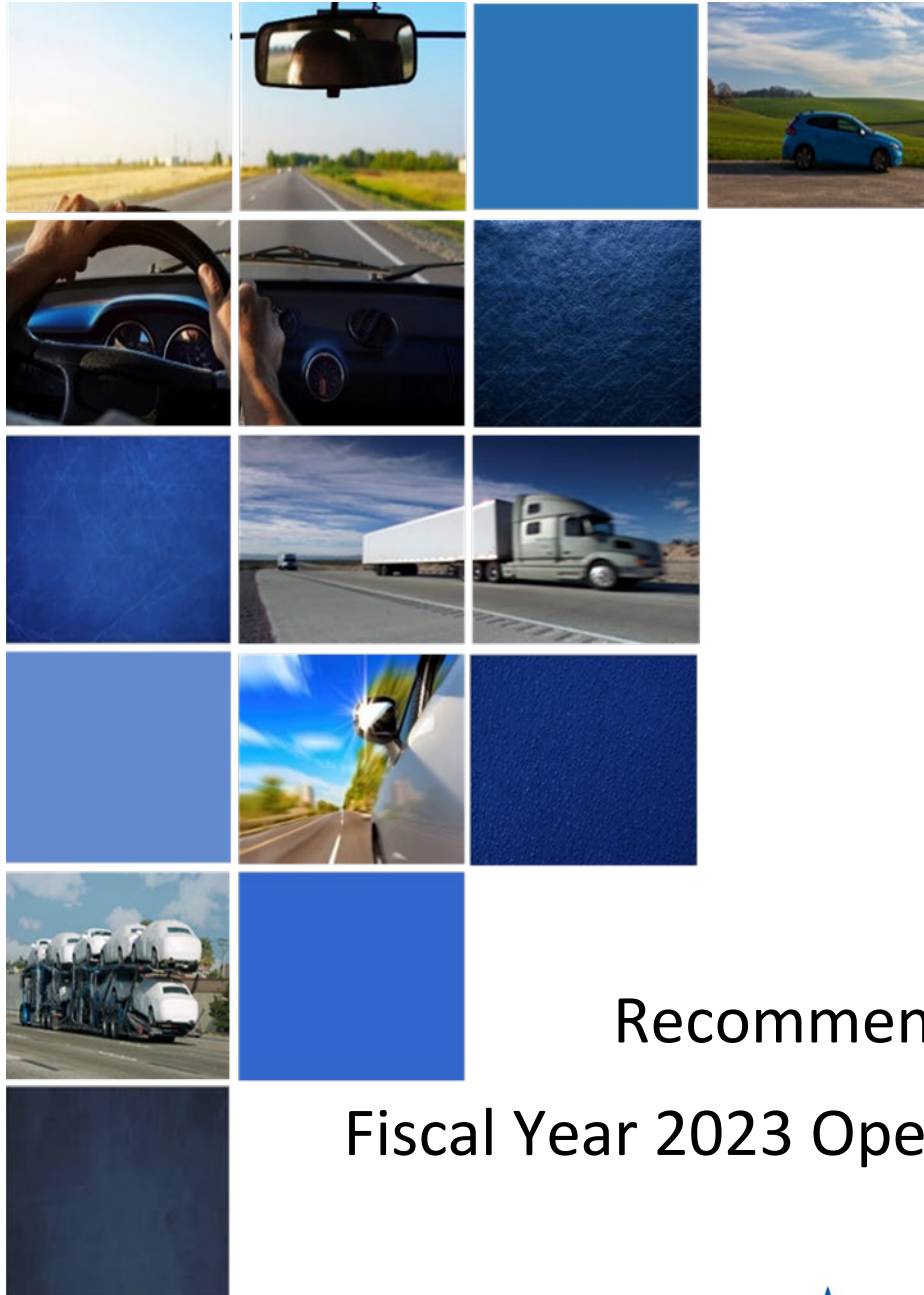
American Association of Motor Vehicle Administrators (AAMVA) (\$420,428) – This contract provides online access to meet the TxDMV's obligation to receive and report information to the National Motor Vehicle Title Information System (NMVTIS) as required by federal statute. NMVTIS serves as a repository of information related to vehicles that have been in the possession of auto recyclers, junk yards and salvage yards. States and consumers use the information to ensure that junk or salvage vehicles are not later resold and ensure that vehicle identification numbers (VINs) from destroyed vehicles are never used for stolen vehicles.

Operating Budget by Budget Category

Approximately 70% of the department's budget is spent in four categories, as follows:

Salaries and Wages	27.6%
Professional Fees and Services	16.7%
Purchased Contract Services	17.3%
Grants	8.6%

Details related to each of these items are presented in the Recommended FY 2023 Operating Budget document in the Board materials.



Recommended Fiscal Year 2023 Operating Budget



Texas Department *of* Motor Vehicles

August 11, 2022

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Part I: Executive Summary

Executive Summary

The FY 2023 Recommended Operating Budget totals \$163.1 million, with 808 FTEs, and is structurally balanced to support the operational needs of the department. The recommended budget includes:

- FY 2023 amounts appropriated to the TxDMV in the General Appropriations Act (GAA) and HB 2 (the supplemental appropriations bill); and
- Unexpended balances carried forward from FY 2022 to FY 2023.

The recommended budget focuses on secure, uninterrupted delivery of services to our stakeholders and customers and delivery of those services in an ever-changing environment.

The aftermath of the pandemic and significant increases in operational costs continue to impact TxDMV, along with the state and nation. The department is committed to maximizing the use of appropriated funds to deliver the highest level of service to the taxpayers and citizens of Texas.

Part II: FY 2023 Recommended Operating Budget

FY 2023 Operating Budget by Goal and Strategy

The following table reflects the amounts approved in the GAA (SB 1, 87th Legislature, Regular Session), plus carry-forward funds from previous years that are available for the department to spend in FY 2023.

A. Goal: Optimize Services and Systems	FY 2023 Recommended Operating Budget	
Strategy:		
A.1.1. Titles, Registrations, and Plates	\$	70,405,406
A.1.2. Vehicle Dealer Licensing	\$	4,137,968
A.1.3. Motor Carrier Permits & Credentials	\$	9,031,571
A.1.4. Technology Enhancement & Automation	\$	2,704,575
A.1.5. Customer Contact Center	\$	3,269,094
Total, Goal A: Optimize Services and Systems	\$	89,548,614
B. Goal: Protect the Public		
Strategy:		
B.1.1.: Enforcement	\$	6,891,578
B.2.1. Motor Vehicle Crime Prevention Authority	\$	14,979,605
Total, Goal B: Protect the Public	\$	21,871,183
C. Goal: Indirect Administration		
Strategy:		
C.1.1. Central Administration	\$	9,103,553
C.1.2. Information Resources	\$	24,702,082
C.1.3. Other Support Services	\$	5,899,283
Total, Goal C: Indirect Administration	\$	39,704,918
Grand Total TxDMV Appropriation Budget	\$	151,124,715
Other Adjustments		
Unexpended Balances (UB) Carried Forward from FY 2022		
• Capital Appropriations		
- TxDMV Automation Systems	\$	3,992,902
- HQ Maintenance	\$	2,400,000
• HB 2 Supplemental Appropriations		
- Web Salvage	\$	2,400,000
- Accounts Receivable Systems	\$	3,200,000
Total, Other Adjustments	\$	11,992,902
Total TxDMV Operating Budget	\$	163,117,617
Method of Finance		
General Revenue Fund	\$	17,408,576
TxDMV Fund 0010	\$	144,965,291
Federal Reimbursements	\$	743,750
Total, Method of Finance	\$	163,117,617
Total Authorized FTEs		808.0

Part III: FY 2023 Revenues

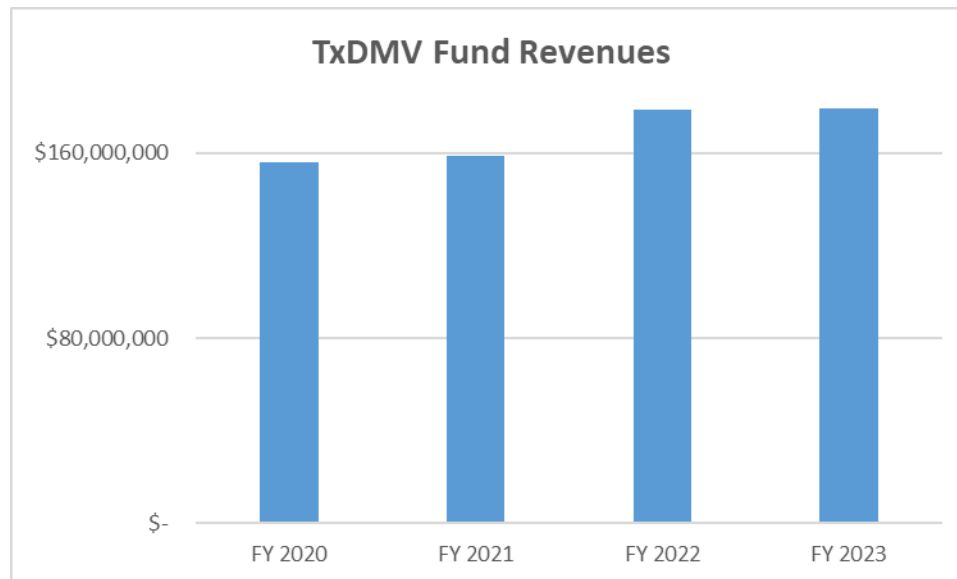
FY 2022-2023 Revenue Summary

TxDMV collects revenue from registrations, dealer licenses, titles, permits and credentials and some miscellaneous revenue, and deposits those revenues into three funds, as follows:

- State Highway Fund (Fund 0006)
- General Revenue Fund (Fund 0001)
- TxDMV Fund 0010 (Fund 0010)

TxDMV Fund 0010 Revenue

TxDMV Fund 0010 was created in FY 2017 to support the department's operations. TxDMV Fund 0010 revenue collections are projected to total \$178.6 million in FY 2022 and \$179.2 million in FY 2023. The FY 2022-2023 biennial total of \$357.86 million is a 13.6% increase over the FY 2020–2021 biennium.



All Funds Revenue

In FY 2021, TxDMV collected \$1.96 billion in total revenue. This consists of \$1.68 billion to the State Highway Fund, \$118.79 million to the General Revenue Fund and \$158.84 million to TxDMV Fund 0010. The total is 6.3% higher than FY 2020 revenue primarily due to the expiration in FY 2021 of COVID-related waivers and deferrals of certain registration and title fees.

In FY 2022, revenues continued to increase, such that now, in FY 2023, State Highway Fund collections are expected to be \$1.72 billion; General Revenue Fund collections are expected to be \$122.1 million; and TxDMV Fund 0010 revenue collections are expected to be \$179.2 million.

Actual revenue collections for FY 2020 and 2021, as well as estimated revenues for FY 2022 and 2023 are shown in the table below.

FY 2020-2023 Revenue Summary				
<i>Revenue Fund and Fee Categories</i>	<i>FY 2020 Actual</i>	<i>FY 2021 Actual</i>	<i>FY 2022 Estimated</i>	<i>FY 2023 Estimated</i>
General Revenue Fund 0001				
Motor Vehicle Certificates of Title	\$ 33,394,011	\$ 36,469,259	\$ 37,158,000	\$ 36,956,000
Motor Vehicle Registration	\$ 17,644,163	\$ 24,299,770	\$ 26,412,000	\$ 26,940,000
Motor Carrier - Oversize/Overweight	\$ 46,001,885	\$ 47,926,460	\$ 47,000,000	\$ 47,705,000
Motor Carrier Credentialing	\$ 5,889,314	\$ 6,297,803	\$ 6,294,000	\$ 6,330,000
Miscellaneous Revenue	\$ 2,917,541	\$ 3,800,138	\$ 4,092,000	\$ 4,186,000
Total Fund 0001 Revenue	\$ 105,846,913	\$ 118,793,431	\$ 120,956,000	\$ 122,117,000
State Highway Fund 0006				
Motor Vehicle Certificates of Title	\$ 7,932,000	\$ 8,183,200	\$ 9,406,000	\$ 9,876,000
Motor Vehicle Registration	\$ 1,457,312,903	\$ 1,578,489,142	\$ 1,593,722,000	\$ 1,609,660,000
Motor Carrier - Oversize/Overweight	\$ 112,763,886	\$ 92,494,947	\$ 101,397,000	\$ 102,918,000
Total Fund 0006 Revenue	\$ 1,578,008,790	\$ 1,679,167,289	\$ 1,704,525,000	\$ 1,722,454,000
Texas Department of Motor Vehicles Fund 0010				
Motor Vehicle Certificates of Title	\$ 36,964,892	\$ 32,225,292	\$ 50,173,000	\$ 51,067,000
Motor Vehicle Registration	\$ 35,044,378	\$ 40,855,465	\$ 41,840,000	\$ 40,547,000
Motor Carrier - Oversize/Overweight	\$ 14,711,609	\$ 13,412,579	\$ 13,635,000	\$ 13,839,000
Motor Vehicle Business Licenses	\$ 7,390,831	\$ 8,091,110	\$ 7,378,000	\$ 7,230,000
Miscellaneous Revenue	\$ 9,442,352	\$ 8,108,900	\$ 9,550,000	\$ 9,839,000
Processing and Handling Fee	\$ 52,707,612	\$ 56,147,878	\$ 56,100,000	\$ 56,661,000
Total Fund 0010 Revenue	\$ 156,261,675	\$ 158,841,224	\$ 178,676,000	\$ 179,183,000
TOTAL REVENUE DEPOSITS TO FUNDS 0001, 0006, AND 0010	\$ 1,840,117,378	\$ 1,956,801,944	\$ 2,004,157,000	\$ 2,023,754,000

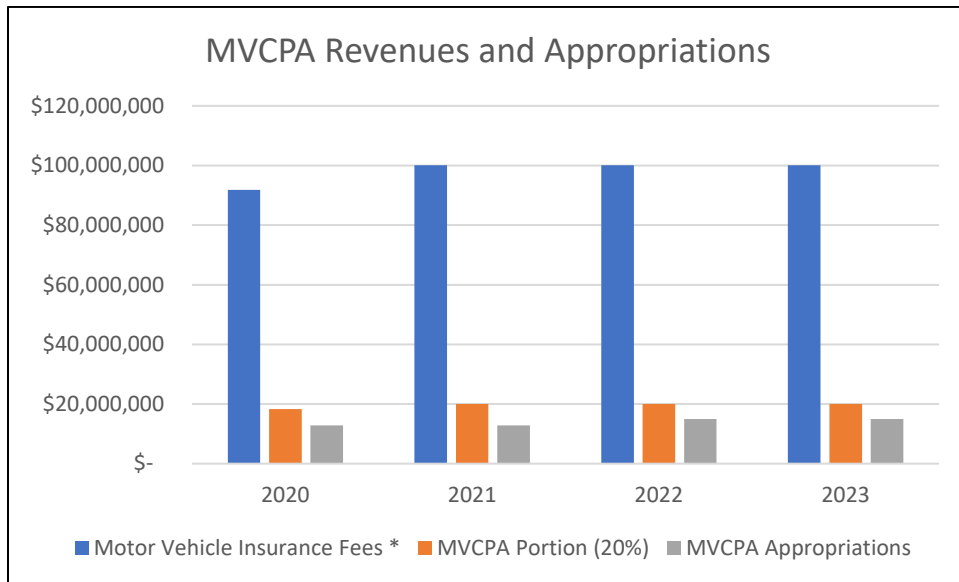
Motor Vehicle Crime Prevention Authority Revenues

The Motor Vehicle Crime Prevention Authority (MVCPA) is a division of TxDMV, governed by a five member, gubernatorial-appointed board. MVCPA is funded by statutorily directed fees deposited to the General Revenue (GR) Fund. (Transportation Code, Sec. 1006.153).

MVCPA is required to collect a \$4 fee on all motor vehicles covered by any form of motor vehicle insurance sold in Texas. The funds collected are statutorily directed as follows:

- 20% to the MVCPA to carry out the purposes of Transportation Code, Chapter 1006;
- 20% to the credit of the general revenue fund, to be used only for criminal justice purposes; and
- 60% deposited to the credit of the designated trauma facility and emergency medical services account.

The table below shows total revenues collected pursuant to Transportation Code, Sec. 1006.153, compared to the 20% of revenue directed to MVCPA and MVCPA appropriations.



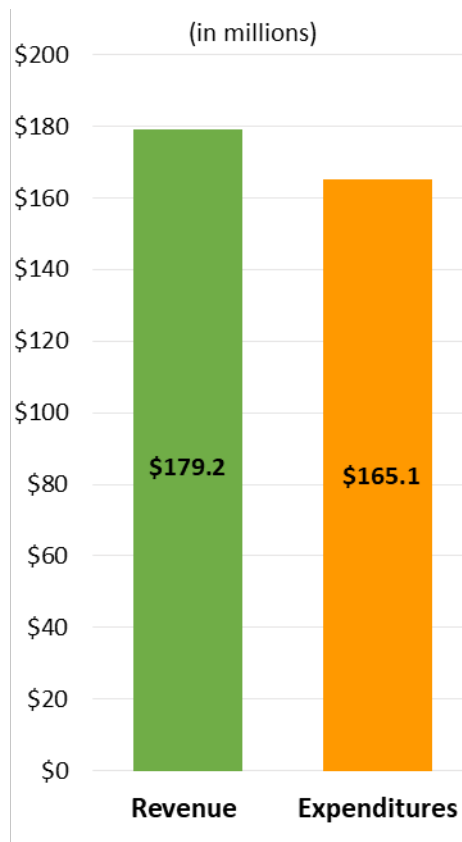
* Amounts collected pursuant to Transportation Code, Sec. 1006.153

Part IV – Revenues vs. Obligations

FY 2023 TxDMV Estimated Revenues vs. Obligations

In FY 2023, estimated revenues for TxDMV Fund 0010 total \$179.2 million.

The chart below shows that estimated revenues will be sufficient to cover TxDMV obligations of \$165.1 million for FY 2023. Obligations include the recommended operating budget by strategy of \$163.1 million, plus estimated payroll benefits that are not included in the department's GAA appropriation pattern, but which are funded from TxDMV Fund 0010. The chart excludes adjustments for the capital projects funding that carries forward from FY 2022.



Part V: Contracts

Fiscal Year 2023 Contract Summary

The department executes contracts that enable it to perform its duties. The Board's approval of the operating budget constitutes approval of any contracts listed in the operating budget. The Board's Contract Approval Procedures are included in this document.

The Fiscal Year 2023 budget currently includes 22 contracts that have a value of more than \$200,000, as listed on the following pages.

Note: The listed contracts are subject to change based on the final terms and conditions negotiated.

Contracts Greater Than \$200,000 Requiring Board Approval

The contracts listed below require Board approval for the initial award or renewal.

Division	Vendor	Purpose	Contract Award Date	Contract End Date	FY 2023 Amount	Total Lifetime Contract Amount Through FY 2023
MCD	SOUTHWEST RESEARCH INSTITUTE	CVIEW – Maintenance Support	2/01/2020	8/31/2023	\$ 600,000	\$ 6,000,000
VTR	AMERICAN ASSOCIATION OF MOTOR VEHICLE ADMINISTRATION	Information systems title check through AAMVA	10/1/2018	8/31/2023	\$ 420,428	\$ 2,582,909

Additional contracts requiring board approval may be negotiated during the fiscal year and will be presented to the board individually as they occur.

Contracts Greater than \$200,000 Excluded from Board Approval Requirement

The following contracts have a cumulative cost of more than \$200,000. They are provided for informational purposes because the board has either already approved the contracts or the contracts are excluded from the Board's approval requirement in accordance with the Board's Contract Approval Procedures. Contracts are listed from largest to smallest by the FY 2023 Amount.

Division	Vendor	Purpose	Contract Award Date	Contract End Date	FY 2023 Amount	Total Lifetime Contract Amount Through FY 2023
FAS	TEXAS DEPARTMENT OF CRIMINAL JUSTICE	License Plates Manufacture	9/1/2019	8/31/2023	\$ 16,627,750	\$ 34,460,482
VTR	PITNEY BOWES	Postage	9/1/2016	8/31/2023	\$ 15,916,045	\$ 79,278,631
IT	TEXAS DEPARTMENT OF INFORMATION RESOURCES	Data Center Services	9/1/2020	8/31/2023	\$ 10,112,632	\$ 10,112,632
VTR	TAYLOR CORPORATION	Vehicle Registration Decals	9/1/2020	8/31/2023	\$ 5,324,868	\$ 31,993,790
FAS	OPEN TEXT	Digital Imaging	9/1/2020	8/31/2023	\$3,015,785	\$20,757,457
IT	CARAHSOFT	eLicensing	8/31/2022	8/31/2023	\$ 1,295,231	\$ 1,295,231
FAS	TBD	Camp Hubbard 6 Data Center	9/1/2021	8/31/2023	\$ 1,250,000	\$ 1,250,000
FAS	ENVIRO-MASTER SERVICES	Preventive Disinfectant fogging (HQ-RSC)	9/01/2020	8/31/2023	\$ 522,251	\$ 1,194,559
VTR	WORKQUEST	Specialty Plates Mailing	8/26/2014	8/31/2023	\$ 820,518	\$ 2,020,567
FAS	WALDEN SECURITY	Security Guard Services - Austin	9/01/2020	8/31/2023	\$ 808,192	\$ 1,479,044
FAS	WORKQUEST	Freight/Small Package Shipping	9/1/2020	8/31/2023	\$ 646,000	\$ 646,000

Contracts Greater than \$200,000 Excluded from Board Approval Requirement (continued)

Division	Vendor	Purpose	Contract Award Date	Contract End Date	FY 2023 Amount	Total Lifetime Contract Amount Through FY 2023
MCD	PROMILES	Annual Support and Hosting Fees	9/1/2016	8/31/2023	\$ 603,180	\$ 3,015,900
VTR	RR DONNELLY	Title & Registration Forms	3/6/2015	8/31/2023	\$ 550,245	\$ 3,937,250
FAS	ENVIRO-MASTER SERVICES	Preventive Disinfectant fogging-(HQ-RSC)	9/01/2020	8/31/2023	\$ 522,251	\$ 1,194,559
IT	CDW GOVERNMENT	Cisco Smartnet	11/1/2020	8/31/2023	\$ 473,303	\$ 946,606
FAS	TBD	CH-7 Chiller/Cooling Tower Transition	9/1/2021	8/31/2023	\$ 468,000	\$ 468,000
FAS	TBD	Camp Hubbard Security System Enhancements Building 2, 4 and 6.	9/1/2021	8/31/2023	\$ 462,000	\$ 462,000
FAS	JOHNSON CONTROLS	JCI Controls	9/1/2021	8/31/2023	\$ 313,223	\$ 313,223
FAS	RAGSDALE-BROOKWOOD VENTURE	Lease 20399 Houston	11/1/2016	8/31/2023	\$ 284,678	\$ 2,733,010
FAS	WORKQUEST	Janitorial Services – Camp Hubbard	9/1/2020	8/31/2023	\$ 273,560	\$ 1,962,942

BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES CONTRACT APPROVAL PROCEDURES

Revised February 10, 2022

The Board of the Texas Department of Motor Vehicles (Board) finds it necessary to adopt procedures relating to contracts executed on behalf of the Texas Department of Motor Vehicles (department). The Executive Director (or designee) has the authority to sign and/or approve contracts on behalf of the department without Board approval, to the extent the contract approval procedures do not require prior Board approval and Board approval is not required by law. The Board authorizes the Executive Director to adopt separate internal procedures to assist with the implementation of these contract approval procedures.

Procurement Process:

The department may enter into the procurement process to acquire goods and/or services without consultation or prior Board approval provided that the department complies with the General Contract Approval procedures below.

General Contract Approval:

Department contracts must be submitted to the Board by the Executive Director (or designee) for review and approval prior to execution and/or award if:

- the contract or contract renewal exceeds \$200,000.
- a change order, individually or in combination with other change orders (other than the exercise of available renewal options), increases the original contract by twenty-five percent or more, as long as the dollar amount of the change order is \$50,000 or more.
- any change order, individually or in combination with any other change orders (other than the exercise of available renewal options), increases the original contract by \$100,000 or more.

At the discretion of the Executive Director (or designee), the department may request the Board consider any contract of any amount.

Exclusion:

The department is not required to obtain approval for any grants awarded to the department or awarded by the department or any contracts which do not obligate the department to pay, such as the contract for the TexasSure program.

The following department contracts are for routine operations and are excluded from the contract approval procedures listed above:

Statewide Procurement Division (SPD) Contracts	Lawn Services
Department of Information Resources (DIR) Contracts	Janitorial Services

Council on Competitive Government (CCG) Contracts	Vehicles
Hardware/Software Maintenance	Leased Copiers
Vehicle Registration Renewal Notices	Copier Maintenance
Vehicle Titles	Trash Disposal and Recycling
TxMAS Contracts ¹	Interagency/Interlocal Agreements
Registration Stickers	Software – Off-the-Shelf
Equipment Maintenance	Set-Aside Contracts ²
Temporary Staff Services	Postage
Security Services	Elevator Services and Needs
Fire and Safety Services and Needs	Utility-Related Services and Needs
Heating and Cooling System Services and Needs	Real Estate Leases for Same Location ³

Emergency Procurements:

In the event a contract is needed on an emergency basis, the Executive Director (or designee) will contact the Board Chairman or the Finance and Audit Committee Chairman for approval to execute such a contract and will brief the full Board at the next regularly scheduled Board meeting.

An emergency procurement is an unforeseeable situation requiring a procurement and the possible execution and/or award of a contract to:

- prevent a hazard to life, health, safety, welfare or property;
- avoid undue additional costs to the state; or
- avoid undue delay to any department operations.

Budgeting and Reporting:

Even though the routine contracts listed above are excluded from Board review, the Executive Director (or designee) must still ensure that all contracts are within budget guidelines and adhere to all established procurement and contract laws, rules, regulations, and policies of oversight agencies.

No later than August 31st of each fiscal year, the Chief Financial Officer (or designee) shall submit to the Board an annual report which identifies all agency contracts which are expected to exceed \$200,000 in the next fiscal year. This report shall include, but not be limited to, vendor name, contract purpose, contract amount, and contract duration. Additionally, the Chief Financial Officer (or designee) shall state whether sufficient funds are available in the agency's proposed operating budget for such contracts.

¹Texas Multiple Award Schedule (TXMAS) contracts are contracts that have been developed from contracts awarded by the federal government or any other governmental entity of any state.

²Set-aside contracts are a specific set of contracts for which a competitive procurement is not required, such as contracts for commodities or services that are available from Texas Correctional Industries and the Central Nonprofit Agency under contract with the Texas Workforce Commission (TWC). Currently, WorkQuest is the Central Nonprofit Agency under contract with TWC.

³ This exclusion only applies to renewals and amendments to existing leases, as well as new leases for the same real estate that the department occupied under a prior lease.

Contract Approval Procedures:

Funds for the department's contracts are first considered when the Board reviews and approves the department's operating budget. The Board's approval of the operating budget constitutes approval of any contracts listed in the operating budget. After the Board approves the operating budget, the department's Executive Director (or designee) is authorized to execute such contracts according to established procurement and contract laws, rules, regulations and policies of oversight agencies.

IT IS THEREFORE ORDERED by the Board that these contract approval procedures are adopted. The contract approval procedures dated May 2, 2019, and titled *Board of the Texas Department of Motor Vehicles, Contract Approval Procedures* are rescinded, effective February 10, 2022.

The department is directed to take the necessary steps to implement the actions authorized in these contract approval procedures.

February 10, 2022

*Procedures approved by Board at its meeting on February 10, 2022.
(See Excerpt from Meeting Transcript, below)*

Charles Bacarisse, Chair
Board of the Texas Department of Motor Vehicles

Part VI: Appendices

Appendix I: Budget Category Details

FY 2023 Recommended Operating Budget by Budget Category

The table below outlines the FY 2023 recommended operating budget by budget category.

Expenditure Area	FY 2023 Recommended Operating Budget
Salaries and Wages	\$ 45,036,569
Other Personnel Costs	\$ 1,410,583
Professional Fees and Services	\$ 27,187,165
Fuels & Lubricants	\$ 73,550
Consumable Supplies	\$ 1,430,168
Utilities	\$ 4,224,274
Travel In-State	\$ 312,489
Travel Out-of-State	\$ 81,000
Rent - Building	\$ 850,131
Rent - Machine and Other	\$ 355,458
Purchased Contract Services	\$ 28,271,115
Advertising & Promotion	\$ 203,242
Computer Equipment Software	\$ 2,250,922
Fees & Other Charges	\$ 5,184,491
Freight	\$ 988,653
Maintenance & Repair	\$ 6,565,602
Memberships & Training	\$ 304,000
Other Expenses	\$ 4,343,566
Postage	\$ 12,022,250
Reproduction & Printing	\$ 5,567,641
Services	\$ 2,196,850
Grants	\$ 14,119,773
Other Capital	\$ 138,125
Total	\$ 163,117,617

Budget Category Definitions

Salary – Includes staff compensation and interns, longevity pay, health insurance contributions and retirement contributions. Does not include contract workers who are not a part of the organization's normal payroll.

Other Personnel – Includes office furniture and equipment and miscellaneous non-categorized costs such as employee awards, publication purchases, parts, promotional items, and non-capitalized tools.

Professional Fees – Work, requiring specific expertise, provided by third party professionals holding specific certifications and qualifications.

Fuels and Lubricants – Fleet maintenance and operation costs related to oil changes and refueling fleet vehicles.

Consumables – Standard consumable costs required to run the day-to-day operations of the department such as paper, pens, pencils, media discs and USB drives, paper clips and staples.

Utilities – Costs associated with providing services at facility locations and/or HQ such as electricity, telephone, water, and natural gas.

Travel (In-State/Out-of-State) – that which has official state business purpose, attending approved job-related training, working on behalf of or officially representing the department. Includes transportation, meals and accommodations and travel per-diems.

Rent – Building/Rent – Machine, Other – Costs associated with procurement of project facilities such as office rental, off-site training rooms; and costs associated with the rental of office equipment such as postage meters and copy machines.

Purchased Contract Services – Services outsourced to third party entities for the benefit of the department such as License Plates of Texas, LLC and Standard Register.

Advertising and Promotion – Includes radio/media ads, posters, signage, brochures, flyer production and other promotional items.

Computer Equipment – The purchase and replacement of personal information technology equipment and peripherals such as workstations, monitors, keyboards, and laptops.

Fees and Other Charges – Credit card processing fees, employee health insurance fees, State Office of Risk Management insurance charges and court filing fees.

Freight – Goods transported in bulk by truck, train, ship, or aircraft. For example, the costs to transport license plates to county tax offices.

Maintenance and Repair – Expenditures related to the upkeep of TxDMV facilities, equipment and software used on the department's systems for annual application support such as e-Tags and International Registration Plan (IRP).

Memberships and Training – Fees for training courses and conference registrations for TxDMV staff. Also included are expenditures for memberships for the department's personnel such as Texas

Association of Public Purchasers, American Association of Motor Vehicle Administrators (AAMVA) and the National Board of Motor Vehicle Boards and Commissions.

Other Expenses – Includes office furniture and equipment and miscellaneous, non-categorized costs such as employee awards, publication purchases, parts, promotional items, and non-capitalized tools.

Postage – Includes costs of metered mailing for license plates, registration renewal notices and titles; and includes the cost of the rental of TxDMV post office boxes.

Reproduction and Printing – Includes all TxDMV printed materials primarily used in registration renewal notices and titles such as notification inserts, envelopes, and title paper.

Services – Includes costs associated with services provided to TxDMV through subscription such as National Motor Vehicle Title Information System (NMVTIS) and LexisNexis.

Grants – Pass-through funds designated for use by city, county, and other state agencies for a specific, contractual requirement.

Capital – Expenditures related to the acquisitions, lease-purchase, or ancillary cost (including contracts) associated with a capital items/projects over \$100,000.

Appendix II – Capital Project Details

Capital Project Details

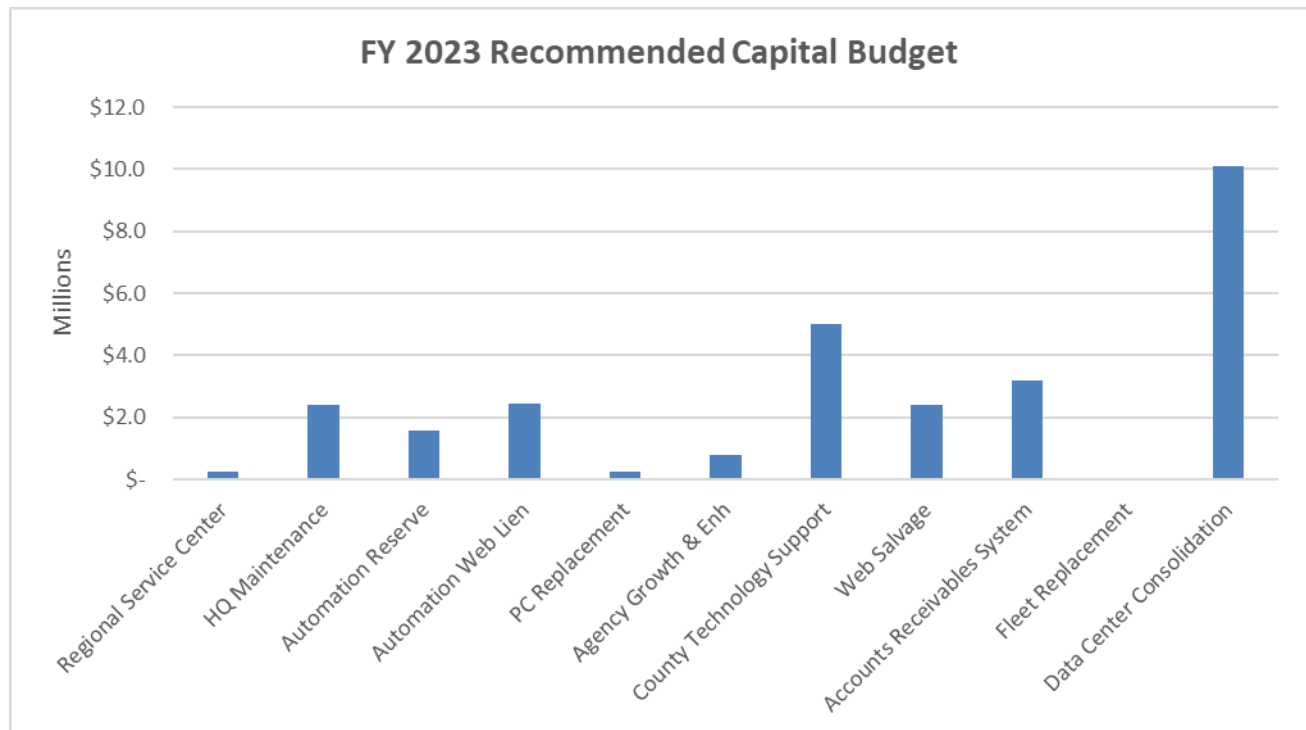
TxDMV FY 2023 Capital Budget

TxDMV Capital Project Appropriations		FY 2023
Fiscal Year 2023 Appropriation	\$	16,485,930
Estimated Unexpended Balance Carry-Forward	\$	11,992,902
Total Capital Appropriations	\$	28,478,832
Facilities		
Regional Service Center Maintenance	\$	250,000
HQ Maintenance ²	\$	2,400,000
Acquisition of Information Resource Technologies		
TxDMV Automation System ¹		
Web Lien	\$	2,428,971
Unallocated	\$	1,563,931
TxDMV Automation System Subtotal	\$	3,992,902
PC Replacement	\$	270,800
Growth and Enhancements - Agency Operations Support	\$	807,498
Technology Replacement & Upgrades - County Support	\$	5,000,000
Web Salvage ²	\$	2,400,000
Accounts Receivable System ²	\$	3,200,000
Transportation – Replacement Vehicles		
Vehicle Replacement	\$	45,000
Data Center Consolidation		
Data Center Consolidation	\$	10,112,632
TxDMV Total Capital Budget	\$	28,478,832

¹Includes projects that will be funded from balances remaining at the end of FY 2022.

²Project funded through Unexpended Balance (UB) carry-forward from FY 2022, originally funded by the Legislature in House Bill 2, the supplemental appropriations bill.

The chart below depicts the uses and allocations of the capital budget.



Regional Service Center Maintenance (\$250,000)

Funding is provided in FY 2023 to complete renovations to the Midland-Odessa Regional Service Center. That project began in FY 2022.

HQ Maintenance (\$2.4 million)

The TxDMV HQ Maintenance and Repair (carryover from FY 2022) project includes funding for several major projects such as weatherization, roof replacement and internal and external upgrades for the building, including several hard-wall office constructions complete with HVAC, electrical and cabling needs.

TxDmv Automation Systems Project (\$4.0 million)

TxDmv is developing information technology assets to improve customer service and provide public access to department programs. This project encompasses entire departmental operations to take advantage of operational efficiencies. For FY 2023 this includes funding for the Web Lien Project and future projects.

PC Replacement (\$0.3 million)

This project includes replacement of desktop computers, desktop printers and laptops.

Agency Growth and Enhancements (\$0.8 million)

This line item includes replacement of peripheral devices; telephone system replacements and upgrades; replacement and upgrades of network equipment; the development of a VOIP (Voice over Internet Protocol) infrastructure; and the software licenses for enterprise applications. Additionally, the project includes division-level imaging and document management in the development of workgroup applications.

Technology Replacement & Upgrades for Counties (\$5.0 million)

This appropriation provides funding to maintain printers, computers, monitors, laptops, cash drawers and other related equipment deployed at county tax assessor-collector offices throughout the state. Additionally, it provides funding to support point-to-point connectivity to the department's Registration and Titling System for all 254 counties and their 508 primary and substation locations.

web SALVAGE (\$2.4 million)

This project will modify the department's web SALVAGE application to extend capabilities to insurance companies and salvage dealers, including the electronic title functionality that exists for licensed Texas dealers.

Accounts Receivable System (\$3.2 million)

The Accounts Receivable project, which began in FY 2022, will automate and centralize the collection and monitoring of receivable accounts currently performed through 18 different applications.

Fleet Replacement (\$45,000)

The fleet will be increased by two vehicles that will support investigation activities in the Enforcement Division (ENF)

Data Center Consolidation (\$10.1 million)

This appropriation supports information technology infrastructure assets and functions through statutorily required participation in the State Data Center maintained by the Department of Information Resources. Also included are costs for printing and mailing of registration processed online. This allows TxDMV to fund data center services resulting from continued efforts to build an IT infrastructure and the implementation of the RTS enhancements.

*Appendix III: Finance and Administrative Services
Contacts*

Finance and Administrative Services Contacts

Glenna Bowman, Chief Financial Officer
512-465-4125

Chris Hayden, Deputy Chief Financial Officer
512-465-1216

Brad Payne, Purchasing Director
512-465-1257

Eric Horn, Accounting Operations Director
512-465-4203

Ann Pierce, Assistant Division Director, Administrative Services
512-465-4100

Budget Analysts

John Ralston, Budget Director
512-465-4182

Nagwa Tadros, Budget Analyst
512-465-1401

Enrique Flores, Budget Analyst
512-465-4195

Myron Alexander, Budget Analyst
512-465-5178

Dawna Rooks, Budget Analyst
512-465-5831

Revenue Forecasting

Brian Kline, Revenue Forecasting Team Lead
512-465-4194

Laura Fowler, Financial Analyst
512-465-5851

Steve Sandoval, Financial Analyst
512-465-1448

Planning

Lisa Conley, Planner
512-465-4186

To: Texas Department of Motor Vehicles Board
From: Eric Horn, Director of Accounting Operations
Agenda Item: 9.D
Subject: Accounts Receivable Study

RECOMMENDATION

Briefing item with no recommendation.

PURPOSE AND EXECUTIVE SUMMARY

This item provides an update on the Accounts Receivable Study funded by the 87th Legislature.

FINANCIAL IMPACT

This project is funded with \$3.5 million in supplemental appropriations (HB 2, 87th Legislature, Regular S).

BACKGROUND AND DISCUSSION

The department received \$3.5 million in supplemental appropriations in HB 2 from the 87th legislative session for the deployment of an Accounts Receivable system to ensure revenue collections are tracked accurately and consistently across the department. The system will allow for better tracking of accounts receivable balances and improve the ability to monitor and conduct accounts receivable activities. TxDMV contracted with Gartner, Inc. on February 5, 2022, to complete the first phase of the project, which is a study of the current decentralized process and to determine recommendations for available software that will best fit the department's needs.

Gartner delivered two separate reports to TxDMV in this study. The first report contained business process diagrams of the current state, recommendations to improve current processes, and an alternatives analysis to determine a direction for the future state. The result of the alternatives analysis was to move away from a decentralized process for accounts receivables and toward a hybrid model. In this hybrid model, the accounts receivable activities will be centrally directed by Finance and Administrative Services (FAS) staff, but locally executed by each of the program areas.

The second report included a future state plan including integration with current TxDMV systems and a market scan of vendors offering solutions that could potentially support TxDMV's needs. The market scan concluded that two types of software options exist that TxDMV should consider, along with a list of vendors and high-level cost estimates for each. The first option is an accounts receivable module within a Financial Management Solution (FMS) system. The second option is an Invoice to Cash (I2C) application. While both options could potentially support the needs of the department, Gartner recommends pursuing a Request for Information (RFI) with the vendor community to convey TxDMV's unique system environment and requirements. The RFI would also provide TxDMV with more precise cost information for each solution, which will assist in making an informed decision on which option to consider moving forward with in the procurement process.

FAS staff have begun the RFI process with the vendor community and will have additional information in early FY 2023.

TxDMV Accounts Receivable Study Project

Study Report #1

Prepared for: Texas Department of Motor Vehicles
(TxDMV)

June 8, 2022

Engagement Number: 330070916 | Version: 2 – FINAL

Introduction

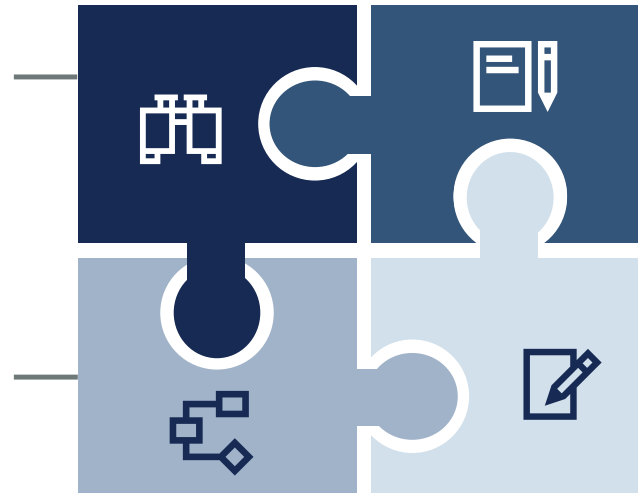
The team conducted 4 key activities to understand the current state of A/R and identify potential improvement opportunities

1. Background Documentation Review

Gathered and reviewed relevant background information provided by the Agency and through the survey. This was a key input for the current state analysis and process flows.

2. Business Processes Diagrams

Conducted 13 business process workshops to identify supporting technology, capabilities, and reports as well as collect pain points and improvement opportunities. As a result, Gartner developed eight (8) current state A/R process diagrams.



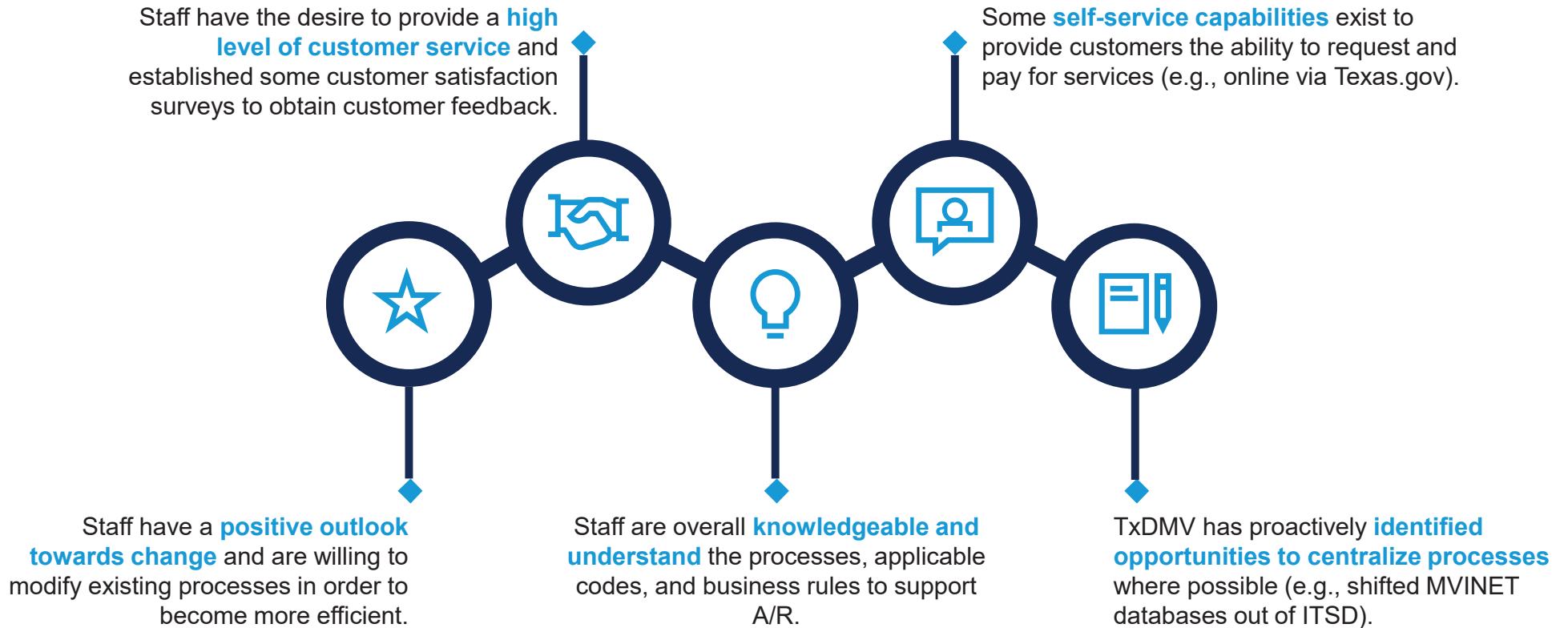
3. Current State Analysis

Led five (5) peer outreach discussions to understand best practices and lessons learned from other agencies. In addition, developed the current state analysis leveraging Gartner's A/R Maturity Models and industry best practices.

4. Future State and Alternatives Analysis

Conducted an Alternatives Analysis to compare the 3 models to manage A/R and led the Future State working session to discuss recommendations.

TxDMV has multiple strengths that can be leveraged in the future state



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Gartner identified several key current state issues and opportunities for improvement



Customer Accounts are managed in multiple systems/databases, which limits visibility into the warrant hold process and customer information.



Limited Reporting Capabilities to support A/R, as data is managed in separate Excel spreadsheets and MS databases.



Manual Data Entry and processes required to support A/R, which increases the risk of data entry errors and likelihood of duplicative work.



Inconsistent Processes (e.g., collections), which reduces collaboration and efficiency as process steps vary by divisions.



Complex Technology landscape to support A/R across divisions. Currently, TxDMV leverages ~18 discrete systems and databases to support A/R, which is higher than peer agencies we interviewed.



Communication is managed by email and phone across divisions, which is often inefficient and requires multiple steps and touchpoints for both TxDMV staff and customers.

Despite the challenges related to decentralized activities, TxDMV staff understand their processes and are willing to go above and beyond to meet customer needs.

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Gartner

A key finding of the current state analysis is that TxDMV uses disparate systems to complete their A/R processes, which limits the ability to have a single view of A/R data for customers

TxDMV leverages ~18 discrete systems and databases to support accounts receivable



Local Databases (4)

- MS Access Databases:
 - Master Files/Weekly Files Database
 - Motor Vehicle Inquiry Network (MVINET) Database
 - Scofflaw Database
- Revenue Logging System (RLS)



Internal Systems (9)

- eLICENSING
- FOIAXpress
- Motor Carrier Credentialing System (MCCS)
- Texas International Registration Payment (TxIRP) System
- Texas Permitting & Routing Optimization System (TxPROS)
- webSALVAGE
- webDEALER
- Registration & Titling System (RTS)
- Revenue Logging Subsystem (RLS)



External Systems (5)

- Centralized Accounting and Payroll/Personnel System (CAPPS)
- International Registration Payment (IRP) Clearinghouse
- Uniform Statewide Accounting System (USAS)
- Texas.gov/Texas NIC
- Unified Carrier Registration (UCR)



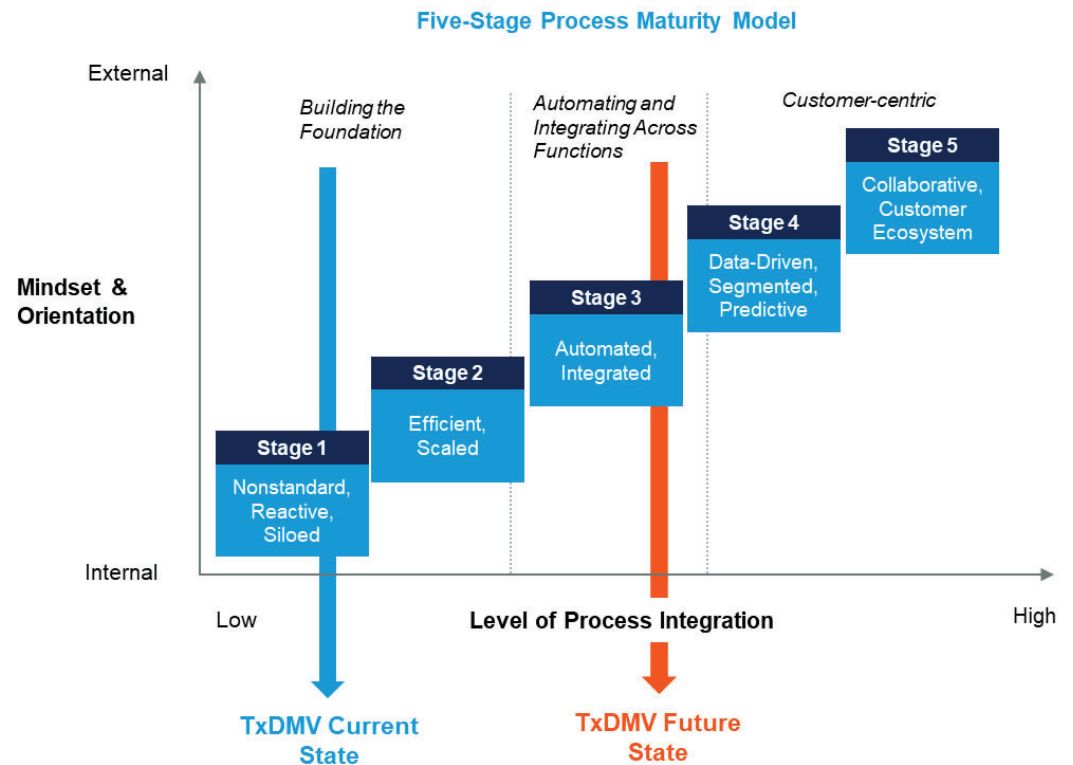
Other Tools

- MS Outlook
- MS Excel Spreadsheets
- File Transfer Protocol Server (FTP)

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In the future, TxDMV seeks to reach Stage 3 of process maturity (with the opportunity to further improve over time).



All processes can adhere to a hybrid/centralized model in order to support the agency's future state vision

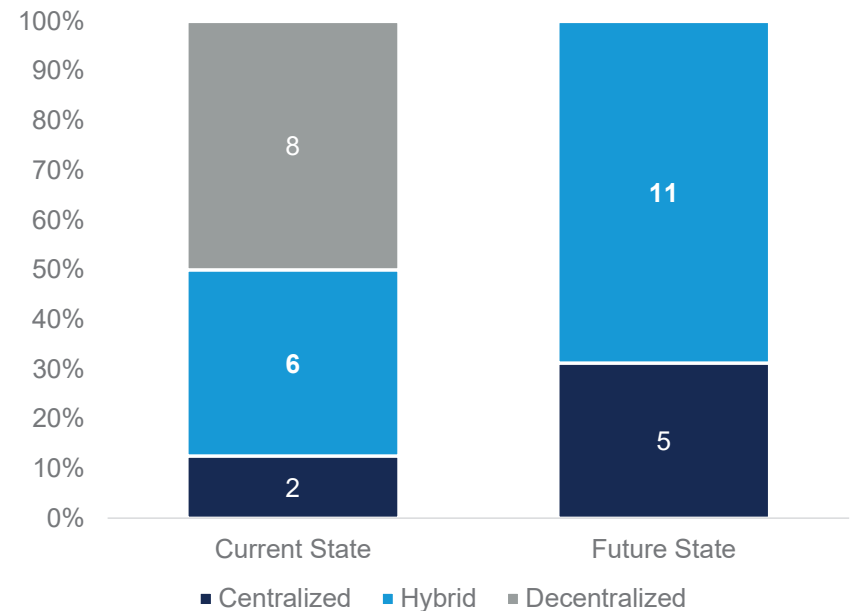
Currently, TxDMV's A/R processes are very decentralized (~50% of processes are decentralized).

During the Future State visioning session, TxDMV discussed how A/R process will be managed in the future. This discussion resulted in all activities **transitioning to a hybrid or centralized model**.

By transitioning to a hybrid model, the agency will be able to:

- Lay the groundwork for the development of a single system to track customer accounts across the agency
- Improve visibility and communications across divisions
- Reduce organizational complexity of processes through standardization

A/R Process Management



TxDMV Accounts Receivable Study Project

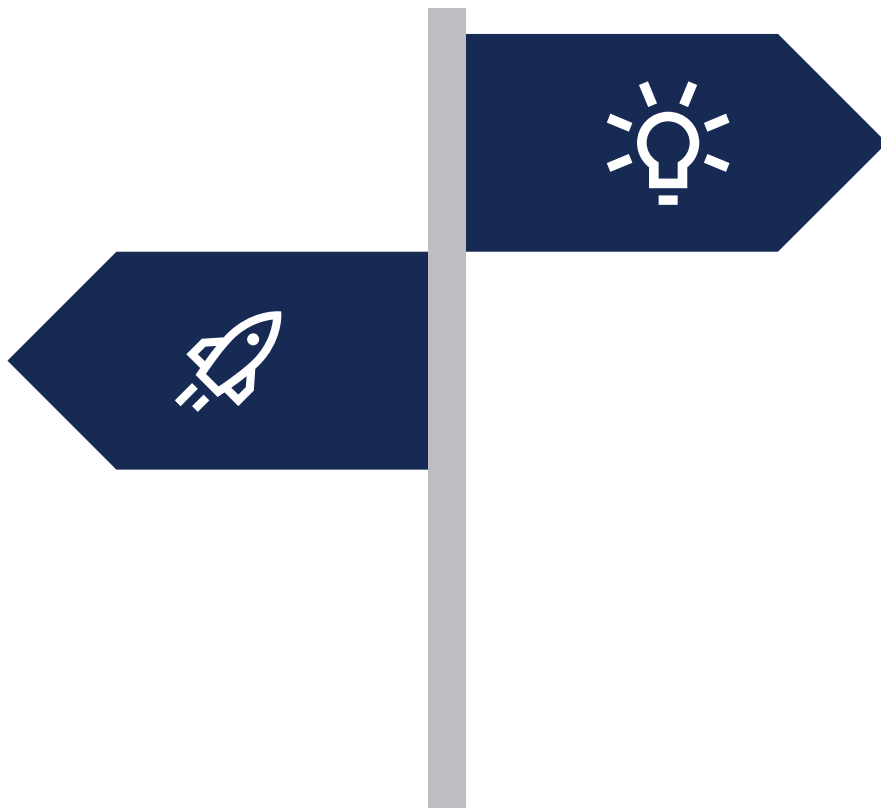
Study Report #2

Prepared for: Texas Department of Motor Vehicles
(TxDMV)

July 15, 2022

Engagement Number: 330070916 |

Future State Architecture Guiding Principles



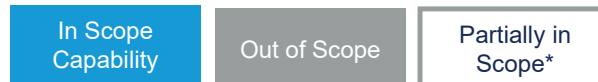
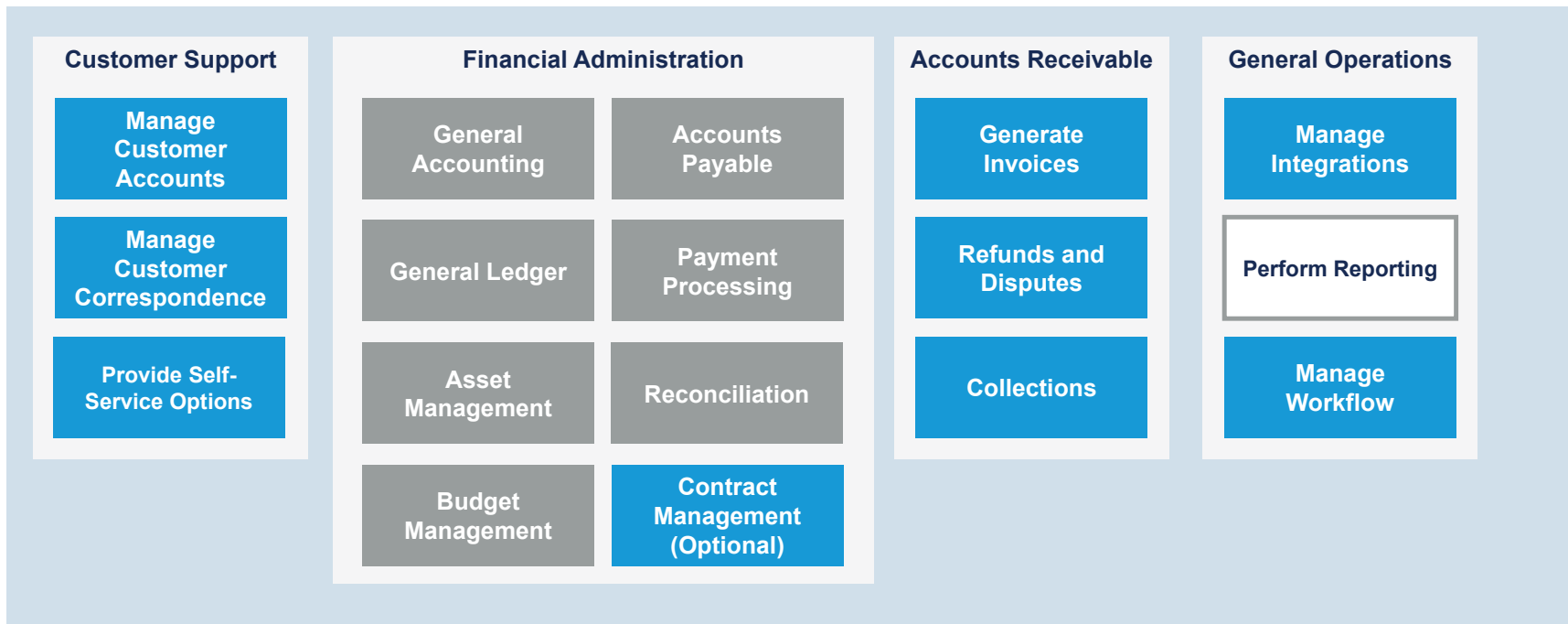
The Future State Solution will focus on **resolving the largest pain points** for the Agency regarding A/R; however, given the way DMV does business, some decentralization will remain.

Key Architectural Decisions

- Transactions processed through Texas.gov will continue as-is, as no receivables are created through these transactions.
- USAS is the system of record; ultimately, CAPPs will be the system of record for most future financial business processes.
- The new A/R solution will *not* serve as the source system to track all transactions, revenue, nor a Customer Master List for TxDMV.
- The new A/R system will serve as the system of record for A/R data that is currently manually data entered in Access databases, Excel spreadsheets, RLS information, transmittals, and other workarounds. It will track all refunds and invoices manually processed today.

The following A/R business capabilities must be supported by the future state technology solution

TxDMV Future State A/R Solution Capability Model



*TxDMV has an existing reporting solution in place. The new solution is not intended to replace this solution. However, the new solution should support reporting on data housed in that system.

Gartner has included two types of solutions in the market scan

Overview of Viable Solution Types

- The Gartner team has put together a list of solutions to support TxDMV's accounts receivable needs. To develop this Market Scan, the team leveraged our experience, Gartner Research (e.g., Magic Quadrant), and publicly available information to identify software options relevant to TxDMV. **This Market scan contains two types of solutions:**

1

Financial Management Solution (FMS), A/R Module + other modules as required

Leverage the accounts receivable module within a FMS to support accounting entries relating to customer invoices raised in external billing systems, process incoming cash, match cash to outstanding customer invoices, produce customer statements, and follow up on overdue invoices.

2

Invoice to Cash (I2C) Applications

Applications that enable small, medium and large enterprises to manage their customer invoicing, collections, deductions and disputes, credit monitoring, customer payments and cash applications in an integrated platform.

- Given DMV's broader application ecosystems and the fact that key finance functions are broken apart and reside in multiple systems, **it may be beneficial to conduct a Request for Information (RFI) that conveys to the market DMV's unique environment** and receive additional information from these vendors to inform DMV's decision of which solution type to consider. **Key areas to understand:**
 - To what extent can the modules within a FMS be broken apart so that DMV does not have to pay for modules they will not use?
 - Can an I2C application fully meet DMV's needs? What is their experience working with public sector clients?

To: Texas Department of Motor Vehicles Board
From: Salem Chuah, Internal Audit Division Director
Agenda Item: 9.E
Subject: Internal Audit Division Status Update: Internal and External Engagements

RECOMMENDATION

Briefing only – no recommendation.

PURPOSE AND EXECUTIVE SUMMARY

This status update provides information on current Internal Audit Division (IAD) activities on fraud, waste, and abuse; internal engagements; and external engagements.

FINANCIAL IMPACT

None.

BACKGROUND AND DISCUSSION

Fraud, Waste, and Abuse Complaints

From June 1, 2022 to July 31, 2022, the Internal Audit Division (IAD) received two complaints of fraud, waste, and abuse. Both complaints were referred to the Department from the State Auditor’s Office. One complaint was referred to Enforcement and the other complaint was closed.

Internal Engagements

The Business Continuity and Disaster Recovery Audit and Contract Development Audit continue to be in the planning phase. The objective of the Business Continuity and Disaster Recovery Audit is to determine if controls are in place to ensure plans for operational resiliency have been developed, implemented, and updated. The objective of the Contract Development Audit is to determine if the Department’s contract development processes meet legal and reporting requirements and if necessary deliverables are defined in the statement of work. IAD is reviewing requirements and interviewing Department staff to understand current processes.

IAD continues to follow up on recommendation implementation status. For the fourth quarter, there were two recommendations that were due. Both have been validated as implemented by IAD. IAD is validating seven other recommendations that were due in prior quarters that were validated as implemented by divisions.

External Engagements

The Comptroller of Public Accounts is still conducting its dual/multiple employment desk audit to determine whether applicable requirements are followed for employees with multiple concurrent employment with the State of Texas. TxDMV has one preliminary finding on not having an agreement with another state agency to monitor leave records. TxDMV has updated its processes and the Payroll team will coordinate with other state agencies to reach an agreement on which agency pays additional overtime, if eligible.

The Federal Highway Administration is currently conducting a triennial review of the State’s procedures for compliance with the Heavy Vehicle Use Tax (HVUT) regulations. This review is to ensure that the State is obtaining proof of payment of the HVUT by heavy trucks as required by federal regulations. The last review which was completed in July 2019 found

that TxDMV was in full compliance with HVUT enforcement and procedures under federal law and regulations and had six (6) recommendations.

The State Office of Risk Management (SORM) conducted an on-site consultation of the Pharr Regional Service Center (RSC) on August 9, 2022. The objective of this evaluation was to review TxDMV's risk management program to verify the extent of loss prevention actions by our Department, which includes determining if TxDMV is in compliance with the Texas Enterprise Risk Management (TERM) guidelines. The report and recommendations will be forthcoming.

The State Auditor's Office will be starting an audit in August 2022. The two objectives of the audit are to:

1. Determine whether the Motor Vehicle Crime Prevention Authority has processes in place to ensure that it awards, administers, and monitors grants in accordance with applicable requirements and if it complies with selected statutory requirements, including limitations on administrative expenses; and
2. Evaluate TxDMV's processes and controls related to ensuring the appropriate production and use of temporary vehicle tags.

SORM recently completed its on-site consultation of the Corpus Christi RSC. The objective of this evaluation was to review TxDMV's risk management program to verify the extent of loss prevention actions by our Department, which includes determining if TxDMV is in compliance with the Texas Enterprise Risk Management (TERM) guidelines. There were two recommendations. IAD facilitated management responses and have submitted the responses back to SORM.

Internal Audit Division Status

Internal Engagements



Planning

- Business Continuity and Disaster Recovery Audit
- Contract Development Audit



Fieldwork

- Recommendation Implementation Status



Reporting

N/A



Issued

N/A

External Engagements



In-Progress

- Comptroller of Public Accounts: Dual/Multiple Employment Desk Audit
- Federal Highway Administration: Triennial Heavy Vehicle Use Tax Review
- State Office of Risk Management: On-site Consultation (Pharr RSC)
- State Auditor's Office: MVCPA Grant Processes and Temporary Tags



Issued

- State Office of Risk Management: On-site Consultation (Corpus Christi RSC)

To: Texas Department of Motor Vehicles Board
From: Salem Chuah, Internal Audit Division Director
Agenda Item: 9.F
Subject: FY 2023 Internal Audit Plan (First Six Months)

RECOMMENDATION

Recommendation to approve the FY 2023 Internal Audit Plan (First Six Months).

PURPOSE AND EXECUTIVE SUMMARY

The Texas Department of Motor Vehicles Board approves an internal audit plan each year to be in compliance with the Texas Internal Auditing Act (Texas Government Code 2102.008). The FY 2023 Internal Audit Plan (First Six Months) provides information on risk-based audits, advisory services, required activities, value-added services, and division initiatives. The Internal Audit Plan was developed based on the risk assessment results.

FINANCIAL IMPACT

None.

BACKGROUND AND DISCUSSION

The Texas Internal Auditing Act (Texas Government Code 2102.008) states that the annual audit plan developed by the internal auditor must be approved by the state agency's governing board or by the administrator of a state agency if the state agency does not have a governing board.

The Fiscal Year (FY) 2023 Internal Audit Plan (First Six Months) (the "Plan") covering the period of September 1, 2022 to February 28, 2023, provides information on risk-based audits, advisory services, required activities, value-added services, and division initiatives for approval.

Audits, Advisory Services, and Required Activities

The Internal Audit Division (IAD) identified eight engagements that it will conduct during the first six months of the fiscal year. Out of the eight engagements, three engagements are risk-based audits, one engagement is an advisory service, and four engagements are required activities:

- **Business Continuity and Disaster Recovery Audit:** the objective is to determine if controls are in place to ensure plans for operational resiliency have been developed, implemented, and updated.
- **Contract Development Audit:** the objective is to determine if the Department's contract development processes meet legal and reporting requirements and if necessary deliverables are defined in the statement of work.
- **Onboarding Process Audit:** the objective is to determine if hiring practices are followed consistently, if controls exist around employee verification and eligibility, and the effectiveness and efficiency of the onboarding process.
- **webDEALER Advisory Service:** the objective is to identify weaknesses in webDEALER and associated systems.
- **FY 2022 Internal Audit Activities:** a report that summarizes IAD activities conducted in FY2022. This report will be submitted to the State Auditor's Office.

- **FY 2023 Risk Assessment and Internal Audit Plan (Second Six Months):** an enterprise-wide risk assessment to identify risk areas for the upcoming six months. This report will be submitted to the State Auditor's Office.
- **Quality Assurance and Improvement Program – Internal Assessment:** an internal assessment to determine IAD's compliance with audit standards and performance.
- **Audit Recommendation Implementation Status:** an engagement to verify if outstanding audit recommendations have been fully implemented.

Value-Added Services and Divisional Initiatives

IAD also conducts value-added services and work on division initiatives to further enhance organizational value and improve IAD's effectiveness and efficiency. Items in these categories include investigations on fraud, waste, and abuse, external audit/review coordination, workgroup participation, dashboard refinement, and staff development.



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Fiscal Year 2023 Internal Audit Plan (First Six Months)

Internal Audit Division

August 2023

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Executive Summary

The Internal Audit Division (IAD) audit plan fiscal year (FY) 2023 is divided into two six-month plans. The FY2023 Internal Audit Plan (Plan) for the first six months covers the period of September 2022 through February 2023. This Plan includes risk-based audits, advisory services, required activities, value-added services, and division initiatives as illustrated in Figure 1 below.

Figure 1. Summary of the FY2023 Internal Audit Plan (First Six Months):



Detailed Information

Risk-Based Engagements and Required Activities

Tables 1 and 2 provide information on the risk-based engagements and required activities that will be conducted in the first six months of FY2023. The information includes engagement name, engagement hours, division impacted (if applicable), and background/objective. Table 3 provides information on potential engagements that could be performed during the second six months of FY2023 or alternative engagements in place of the risk-based engagements presented from Table 1.

Table 1. Risk-Based Engagements for FY2023 (First Six Months)

Engagement	Hours	Division Impacted	Background/Objective
Business Continuity and Disaster Recovery Audit	600	Information Technology Services Division	Business continuity and disaster recovery are key processes to minimize the effect of outages and disruptions (e.g., from natural disasters or cyberattacks) on TxDMV operations. This audit will examine if controls to ensure operational resiliency have been developed, implemented, and updated to account for the expansion of telework.
Contract Development Audit	650	Finance & Administrative Services Division Office of the General Counsel	Contracts are the primary control to ensure that TxDMV receives deliverables from vendors that are timely and meet specifications. This audit will examine the contract development process, including collaboration between Purchasing and other Divisions, to determine if the processes and controls currently in place support the Department's objectives.
webDEALER Advisory Service	150	Information Technology Services Division	webDEALER is the online platform that is used by dealers to create buyer tags and process title applications. This advisory service will identify weaknesses in webDEALER and associated systems.
Employee Onboarding Process Audit	600	Human Resources Division	Onboarding refers to the processes in which new hires are integrated into the organization. This audit will examine if hiring policies and procedures are followed consistently, if controls exist around employee verification and eligibility, and the effectiveness and efficiency of the onboarding process.

Table 2. Required Engagements

Engagement	Hours	Description
FY2022 Internal Audit Activities	70	A report that summarizes the Internal Audit Division activities conducted in FY2022. This report will be submitted to the State Auditor's Office.
Quality Assurance and Improvement Program - Internal Assessment	100	An internal assessment to determine IAD's compliance with audit standards and performance.
Audit Recommendation Implementation Status Follow-up	60	An engagement to verify if outstanding audit recommendations have been fully implemented.
FY2023 Risk Assessment and Second Half Internal Audit Plan	250	An enterprise-wide risk assessment to identify risk areas for the upcoming six months. The Internal Audit Plan will be submitted to the State Auditor's Office.

Table 3. Contingency Engagements

Engagement	Hours	Division Impacted	Preliminary Engagement Information
Regional Service Center Audit	700	Vehicle Titles and Registration	The Vehicle Title and Registration (VTR) Division is the largest division at TxDMV. Regional Service Centers (RSCs) provide various motor-related services to TxDMV customers. This audit could determine whether selected RSCs are consistently following established procedures, evaluate the efficiency and effectiveness of the RSCs, and the culture of the RSCs.

Motor Carrier and Motor Vehicle Investigation Audit	600	Enforcement Division	The Criminal Investigations Division was merged into the Enforcement Division in 2021. This audit could examine processes and controls related to the investigation process.
Key Performance Indicators Audit	550	Department-wide	There are currently 81 key performance indicators (KPIs) that are reported to the Board on a monthly and/or quarterly basis. KPIs help the Board and Management determine whether the organization is meeting operational and strategic goals. This audit could determine the accuracy of the reported performance metrics and the adequacy of related control systems over the collection and reporting of selected performance metrics.
Information Technology Advisory Service	TBD	TBD	This engagement will be used to substitute one of the risk-based engagements. This engagement will only be conducted in consultation with the Finance & Audit Committee Chair and the Board Chair.

Value-Added Services and Division Initiatives

Value-Added Services

- **Investigations on Fraud, Waste, and Abuse:** Detecting, tracking, and reviewing any internal fraud, waste, and abuse allegations or State Auditor’s Office Hotline complaints. IAD investigates internal fraud, waste, and abuse allegations and also administers the Fraud Pulse Survey twice a year.
- **External Coordination Efforts:** Coordinating external audits or reviews by providing audit status updates and facilitating management responses to recommendations.
- **Workgroup Participation / Ad-hoc Advisory:** Participating in TxDMV workgroups, such as the Executive Steering Committee and the Governance Team, to help identify unforeseen risks in enterprise projects or activities. IAD also sets aside hours to address any short-term assessment or information requests by TxDMV staff.
- **Department Training:** Providing training to help TxDMV staff understand their responsibilities for audits, recommendation implementation, and prevention of fraud, waste, and abuse.

Division Initiatives

- **Communication and Dashboard Refinement:** Communicating audit and advisory results in a digestible manner with icons, pictures, and graphics. Also, continuing to refine dashboards to

show monthly and quarterly IAD metrics, maintain communication sites to show the Department's risk management, governance, and engagement information.

- **TeamMate+ Enhancements:** Enhancing the software's functionality by continuing to update the risks stored within the software, creating and automating reports, and staying current on best practices for optimized software functionality.
- **Staff Development & Hiring:** Taking the minimum required hours of training each year (40 hours) in accordance with auditing standards. This includes creating development plans to obtain required knowledge, skills, and abilities for audit and advisory services. Hiring internal audit staff to fill all IAD vacancies and providing training to integrate new hires into the office.

Scope and Methodology

Scope

The Internal Audit Plan covers engagements and activities for the first half of FY2023, September 2022 to February 2023.

Risk Assessment

Risk Methodology

The audit plan was developed using a risk-based methodology, which incorporated input from TxDMV Board members, Executive management, Division management, and risks identified by audit staff through previous engagements and observations. IAD also analyzed TxDMV information and reviewed internal audit and industry publications to identify and rank potential audit topics by risk. In addition, IAD collected information on the potential controls that were in place to mitigate the identified risks.

Each risk was reviewed using approved Department risk guidance that included the following factors:

- Financial impact
- Operational effectiveness and efficiency impact
- Legal or regulatory impact
- Brand or reputational impact
- Degree of change in the program, function, or process
- Degree of complexity
- Degree of centralization
- Control design strength

The risk assessment process identified 375 Department risks. Each risk identified was scored using the above factors to determine the engagements for the first six-month internal audit plan and contingency engagements.

The risk scores ranged from zero, which is the lowest risk score, to five, which is the highest risk score. Table 3 provides information on the risk scores and definitions for each category.

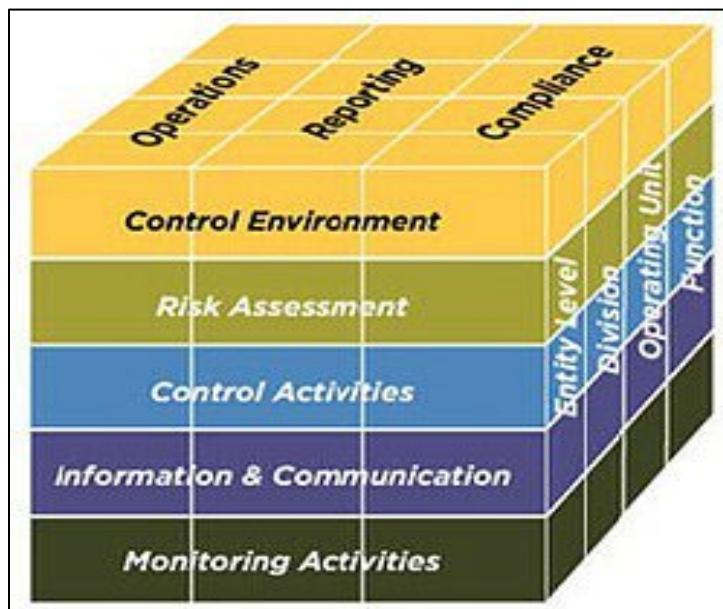
Table 3. Risk Scores

Risk Category	Scores	Definition
Very High	> 4.50	The risk may substantially hinder the Department's, division's, and/or function's achieving its objectives or goals.
High	3.50 – 4.49	The risk may significantly hinder to the Department, division, or function achieving its objectives or goals.
Medium	2.50 – 3.49	The risk should be monitored on a regular basis to ensure it does not become an issue; however, it is not currently hindering a Department, division, or function from achieving its objectives or goals.
Low	1.50 – 2.49	The risk is mostly mitigated and may not hinder the Department, division, or function from achieving its objectives or goals.
Very Low	< 1.50	The risk is mitigated and is not hindering the Department, division, or function from achieving its objectives or goals.

Committee of Sponsoring Organizations of the Treadway Commission (COSO) Methodology

Once all risks were reviewed and ranked, the audit team evaluated each risk using the COSO *Internal Control – Integrated Framework*. The framework integrates three broad objectives (Operations, Reporting, and Compliance) and ties those objectives to risks and controls through five internal control components and four structural levels as depicted in Figure 2, COSO cube. The COSO cube depicts how the internal controls framework has a direct relationship between objectives, the components needed to achieve objectives, and a typical organizational structure.

Figure 2. COSO Cube



The definition for the COSO Internal Control Components are as follows:

- **Control Environment:** The foundation for an internal control system. The Control Environment is a set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. It provides the discipline and structure to help an entity achieve its objectives. The TxDMV Board and executive management establish the tone at the top regarding the importance of internal control including expected standards of conduct.
- **Risk Assessment:** The processes used to determine how risk is to be managed. TxDMV management assesses the risks facing the entity as it seeks to achieve its objectives.
- **Control Activities:** The actions TxDMV management established through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes information systems.
- **Information and Communication:** The quality of information TxDMV management and staff generate and use to communicate and support the internal control system on an ongoing and iterative basis.
- **Monitoring:** The activities TxDMV management established to assess the quality of performance over time. The activities include ongoing evaluations, separate evaluations, or some combination of the two. The activities are used to ascertain whether each of the five components of internal control, are present and functioning.

Hour Analysis

Engagement hours were calculated using historical data and auditor's judgement. Hours are an estimate and could be adjusted at the beginning of an engagement. IAD identified 2,500 hours available for the first six months.

To: Texas Department of Motor Vehicles Board
From: Salem Chuah, Internal Audit Division Director
Agenda Item: 9.G
Subject: Internal Audit Charter

RECOMMENDATION

Recommendation to approve the TxDMV Internal Audit Charter.

PURPOSE AND EXECUTIVE SUMMARY

The Texas Department of Motor Vehicles (TxDMV) Internal Audit Charter (Charter) authorizes the range of services that can be provided by the Internal Audit Division, including but not limited to assurance services (audits), advisory services (consulting), and investigations of internal fraud, waste, and abuse. It further gives authority to the Internal Audit Division to have full access to records, personnel, and physical properties needed to successfully conduct services.

The Charter was last approved by the TxDMV Board on December 10, 2020 and was signed by the prior Board Chairman and Executive Management. The Charter for approval was updated based on the model template by the Institute of Internal Auditors.

FINANCIAL IMPACT

None.

BACKGROUND AND DISCUSSION

The Texas Internal Auditing Act (Texas Government Code 2102.008) requires that the Internal Audit Division adhere to the International Standards for the Professional Practice of Internal Auditing (Standards) from the Institute of Internal Auditors (IIA). Those standards require the Internal Audit Division have an Internal Audit Charter (Charter) that is reviewed periodically and updated. The Charter was last approved by the TxDMV Board on December 10, 2020 and was signed by the prior Board Chairman, the prior Executive Director, the prior Internal Audit Director, and the Finance & Committee Chair.

The Charter outlines the purpose, mission, professional standards, authority, independence, objectivity, scope, and responsibilities of the Internal Audit Division. It authorizes the range of services that can be provided by the Internal Audit Division, including but not limited to assurance services (audits), advisory services (consulting), and investigations of internal fraud, waste, and abuse. It further gives authority to the Internal Audit Division to have full access to records, personnel, and physical properties needed to conduct services.

The Charter is a formal document approved by the Board and agreed to by management. According to the IIA, the Charter provides the organization a blueprint for how internal audit will operate and helps the governing body to clearly signal the value it places on internal audit's independence. The IIA identified seven (7) key areas that support the overall strength and effectiveness of the internal audit function, all of which have been included in the Charter for approval.

The following pages include the draft Charter for approval and the IIA's position paper on the Charter.



Internal Audit Charter

PURPOSE AND MISSION

The purpose of the Texas Department of Motor Vehicle's (TxDMV or Department) Internal Audit Division is to provide independent, objective assurance and consulting services designed to add value and improve the Department's operations. The Internal Audit Division will also investigate suspected internal fraud, waste, or abuse allegations as necessary. The Internal Audit Division helps TxDMV accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

AUDITING STANDARDS

The Internal Audit Division will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. The Internal Audit Division will also follow the Generally Accepted Government Auditing Standards (GAGAS) as promulgated by the U.S. Government Accountability Office (GAO).

The Internal Audit Director will report periodically to the TxDMV Board (Board) and the TxDMV Executive Director (Executive Director) regarding the Internal Audit Division's conformance to the auditing standards.

AUTHORITY

The Internal Audit Director will report functionally to the Board and administratively to the Executive Director. The Board delegates management of the Internal Audit Division to the Internal Audit Director, who fulfills the activity's mission and objectives through authorization to:

- Communicate and interact directly with the Board and present any matter that may warrant immediate attention or action without management present.
- Present any matter and have direct access to the Executive Director and General Counsel that may warrant immediate attention or action.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain the necessary assistance of TxDMV personnel as appropriate, as well as other specialized services from within or outside of TxDMV for internal audit engagements in accordance with departmental policies and procedures.

The Board authorizes the Internal Audit Director and the Internal Audit Division staff to:

- Have unrestricted access to all TxDMV divisions, personnel, activities, confidential and non-confidential data and records, information systems, physical property, and contractors relevant to the performance of engagements and subject to applicable state and federal laws.
- Audit or review any function, activity, or unit of the TxDMV, including vendors, contractors, and subcontractors in accordance with contract terms
- Obtain timely reports from management on actions proposed and taken pertaining to audit recommendations.
- Be prudent in the use and safeguarding of information acquired in performing the engagements.

The Director and Internal Audit Division staff shall not direct the activities of any TxDMV employee not employed by the Internal Audit Division, except to the extent such personnel have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

SCOPE OF INTERNAL AUDIT DIVISION ACTIVITIES

The Internal Audit Division can provide a wide range of quality, independent assessments to the Board, management, and oversight entities which includes but is not limited to:

- **Assurance Objectives:** To provide independent assurance over TxDMV's governance, risk management, and control processes with the goal of safeguarding assets, enhancing operational efficiency, and complying with applicable laws and the Department's policies.
- **Consulting and Advisory Objectives:** To provide assessments and advice for improving TxDMV's governance, risk management, and control processes with management's agreement on the nature and scope of the service. Examples of advisory services include participating on internal workgroups or committees in a non-voting capacity, providing routine advice on policies and internal controls, and providing training.
- **Investigations:** To conduct or assist in the investigation of suspected internal fraud, waste, or abuse.

The Internal Audit Director also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

INDEPENDENCE AND OBJECTIVITY

The Internal Audit Division will remain independent and free from control on matters of audit selection, scope, procedures, frequency, timing, and report content. The Internal Audit Division will also perform its duties with objectivity so that opinions, conclusions, and recommendations are impartial and viewed as impartial by knowledgeable third parties.

Organizational Placement

To assure the independence of the Internal Audit Division, the Internal Auditor reports functionally to the Board and administratively to the Executive Director.

Operational Duties

The Internal Audit Division will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditors' independence. Internal auditors will not assess specific operations for which they had responsibility within the previous year.

Potential Impairment of Independence

The Internal Audit Director will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate TxDMV personnel, the Board, or agencies as appropriate.
- Exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

Where the Internal Audit Director has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

The Internal Audit Director will disclose to the Board any potential interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results. The Internal Audit Director will annually confirm to the Board the organizational independence of the Internal Audit Division.

ROLES AND RESPONSIBILITIES

Certain roles and responsibilities of the Internal Audit Director, Board, Finance & Audit Committee, and Management, and are critical to the success of the internal audit activity.

Internal Audit Director

The Internal Audit Director's responsibilities are defined by the Board as part of their oversight and include the following:

1. **Internal Audit Charter:** Reviewing the Internal Audit Division Charter periodically and proposing amendments for the Board's approval as necessary.
2. **Internal Audit Plan:** Submitting, at least annually, a risk-based internal audit plan for review and approval. This includes monitoring the progress of the plan, determining appropriate resources with regard to staff competency and skill, and communicating the impact of resource limitations and resources needed to complete the internal audit plan. The Internal Audit Director will also

review and adjust the internal audit plan as necessary in response to changes in TxDMV's business, risks, operations, programs, systems, and controls. These changes will be communicated to the Board and the Executive Director.

3. **Quality Assurance and Improvement Program:** Maintaining a quality assurance and improvement program that covers all aspects of the Internal Audit Division. The program will include (a) an evaluation on conformance with audit standards and an evaluation on whether internal auditors apply the IIA's Code of Ethics and (b) an assessment on the efficiency and effectiveness of the Internal Audit Division and identify opportunities for improvement. The Internal Audit Director will communicate to the Board and Executive Director on this program, including results of ongoing internal assessments and external assessments conducted at least once every three years.
4. **Risk assessment:** Working with the Board and management to review and refine risk appetite for strategic, operational, and fraud, waste, and abuse risks. The Internal Audit Division will keep a list of risks and their scores as well as any additional information provided by management on risk mitigation. The Internal Audit Director will alert the Board of any risk accepted by management which may be unacceptable. The Internal Audit Director will also communicate emerging trends and issues.
5. **External Liaison:** Acting as the external liaison for all external auditors and monitoring external engagements, including in the disposition of any external recommendations issued to the Department.
6. **Investigations:** Serving as the main contact for internal fraud, waste, and abuse allegations, including any complaints received from the State Auditor's Office, and take action as needed.
7. **Communication:** Communicating at least monthly to the Finance and Audit Committee, the Board Chair, and Executive Director and quarterly to the Board on internal audit activities. Significant risk exposures and control issues, such as fraud, waste, and abuse risks, governance issues, recommendation implementation status, and other matters requiring the attention of, or requested by the Board, will also be communicated. The Internal Audit Division will provide training to the Department and Board on the role and purpose of internal audit activities.

Board

The Board, as part of its role in overseeing the Internal Audit Division, is responsible for the following:

1. **Internal Audit Documents:** The Board will approve documents such as the internal audit charter, risk-based internal audit plan(s), and the annual internal audit budget and resource plan.
2. **Internal Audit Director:** The Board will approve decisions regarding the appointment and removal of the Internal Audit Director. The Board will also be responsible for providing an annual performance evaluation and approving the remuneration of the Internal Audit Director.
3. **Internal Audit Performance:** The Board will review and approve the budget and resources dedicated to the Internal Audit Division to adequately cover the activity's scope.

Finance & Audit Committee

The Board has charged the Finance and Audit Committee with oversight of the Internal Audit Division. As such, the Committee is responsible for the following:

1. **Internal Audit Performance:** The Committee will monitor and assess the Internal Audit Division's performance relative to the internal audit plan.
2. **Governance:** The Committee will review documents presented to them and stay abreast on all internal audit activities, including those that do not result in a report, and stay informed on all significant matters arising from work performed. The Committee can make inquiries to determine whether there is inappropriate scope or resource limitation that impact the results of the internal audit activities.
3. **Risk Assessment:** The Committee will review risk information and use the information to oversee the effectiveness of risk management and risk reporting.

Management

Management is responsible for the following:

1. Establishing and maintaining effective controls to ensure that goals and objectives are met, services are provided effectively, and assets are safeguarded.
2. Cooperating with the Internal Audit Division during the performance of internal audits and advisory projects by providing information as requested.
3. Reviewing draft reports from the Internal Audit Division and providing timely, written management responses to address issues and recommendations, including management actions planned.
4. Informing the Internal Audit Division of external reviews, evaluations, assessments, audits, or inspections and coordinating with the Internal Audit Division to respond to issues and recommendations contained in those reports.

APPROVALS

The charter was approved by the Board of the Texas Department of Motor Vehicles on August 11, 2022.

Charles Bacarisse
Chairman, TxDMV Board

Brett Graham, Chair
Chair, TxDMV Finance & Audit Committee

Daniel Avitia
TxDMV Executive Director

Salem Chuah
TxDMV, Internal Audit Director



IIA POSITION PAPER

The Internal Audit Charter

A Blueprint to Assurance Success

Introduction

One of the great challenges every organization faces is assuring efficient and effective risk management — those policies and processes designed to leverage or mitigate risks to the organization's advantage. When done well, internal audit provides that assurance as part of its role to protect and enhance organizational value.

For internal audit to operate at the highest levels, it must have clearly defined and articulated marching orders from the governing body and management. This is most easily achieved with a well-designed internal audit charter.

The IIA's Perspective

Every organization can benefit from internal audit, and an internal audit charter is vital to success of the activity (IIA Standard 1000). The charter is a formal document approved by the governing body and/or audit committee (governing body) and agreed to by management. It must define, at minimum:

- Internal audit's purpose within the organization.
- Internal audit's authority.
- Internal audit's responsibility.
- Internal audit's position within the organization.

The IIA has produced model charters available to IIA members [here](#) in eight languages.

Why the Internal Audit Charter Is Important

A charter provides the organization a blueprint for how internal audit will operate and helps the governing body to clearly signal the value it places on internal audit's independence.

Ideally it establishes reporting lines for the chief audit executive (CAE) that support that independence by reporting functionally to the governing body (or those charged with governance) and administratively to executive management. It also provides the activity the needed authority to achieve its tasks, e.g., unfettered access to records, personnel, and physical properties relevant to performing its work.

KEY TAKEAWAYS

The internal audit charter is vital to internal audit's success and should be reviewed annually by the governing body.

The internal audit charter should be approved by the governing body and agreed to by senior management.

The charter should at a minimum include internal audit's purpose and mission, authority, responsibility, its independent reporting relationships, scope and requirement to conform to IIA Standards.

The internal audit charter should include details of how the internal audit activity will assess and report on the quality of the internal audit activity.

A charter provides a blueprint for how internal audit will operate and allows the governing body to clearly signal the value it places on internal audit's independence.

Because internal audit can operate across the entire spectrum of industries, from financial services to chemical manufacturing to government, the audit charter allows the scope of internal audit activity to be defined specifically to unique needs of the organization.

The charter can provide — in great detail if desired — what work internal audit will undertake and the support it will receive from senior management and the governing body to achieve that work. Finally, the audit charter serves as a reference point to measure the effectiveness of the internal audit activity.

Vital Components of an Internal Audit Charter

The IIA has identified seven key areas that support the overall strength and effectiveness of the activity and should be covered in the internal audit charter. While some internal audit charters may not include all of these elements, any area the charter fails to address threatens to weaken it and, ultimately, the activity.

- **Mission and Purpose:**
 - Internal audit's **mission** is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.
 - Internal audit's **purpose** is to provide independent, objective assurance and consulting services designed to add value and improve the organization's operations.
- **International Standards for the Professional Practice of Internal Auditing:**
 - The internal audit activity will govern itself by adherence to the mandatory elements of The IIA's International Professional Practices Framework (IPPF) including its *Standards*, *Core Principles for the Professional Practice of Internal Auditing*, *Definition of Internal Auditing*, and *Code of Ethics*.
- **Authority – The charter should include:**
 - A statement on the CAE's functional and administrative reporting relationship in the organization.
 - A statement that the governing body will establish, maintain and assure that the internal audit activity has sufficient authority to fulfill its duties by:
 - Approving the internal audit charter.
 - Approving a timely, risk-based, and agile internal audit plan.
 - Approving the internal audit budget and resource plan.
 - Receiving timely communications from the CAE on performance relative to its internal audit plan.
 - Actively participating in discussions about and ultimately approving decisions regarding the appointment and removal of the CAE.

FIVE QUESTIONS

Stakeholders must send a clear and unambiguous message about internal audit's role in the organization.

Here are five key questions they should be asking:

- 1.**
Has the governing body created an internal audit charter that establishes the activity's purpose and mission, scope, authority, responsibility, and reporting relationships?
- 2.**
Does the charter address establishing reporting relationships that enable independence and objectivity of the CAE?
- 3.**
Does the charter clearly establish internal audit's right to complete and unfettered access to all records and people to the extent necessary to carry out its work?
- 4.**
Does the audit charter clearly define the responsibility of the CAE?
- 5.**
In addition to requiring internal audit to comply with IIA global internal audit standards, does the audit charter require the activity to report on its effectiveness?

- Actively participating in discussions about and ultimately approving the remuneration of the CAE.
 - Making appropriate inquiries of management and the CAE to determine if there are any inappropriate scope or resource limitations.
 - Developing and approving a statement that the CAE will have unrestricted access to, and communicate and interact directly with, the governing body without management present.
 - Developing and approving an authorization that the activity will have free and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Independence and Objectivity – The charter should include:
- A statement that the CAE will ensure that the internal audit activity remains free of conditions that threaten the ability of the activity to carry out its activities in an unbiased matter. If independence or objectivity is impaired in fact or appearance, the CAE will disclose the details of the impairment to the appropriate parties.
 - A statement that the internal audit activity will have no direct operational responsibility or authority over any of the activities audited.
 - A statement that if the CAE has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence and objectivity.
 - A requirement for the CAE to confirm at least annually the independence of the internal audit activity to the governing body.
- Scope of Internal Audit Activities – The charter should include:
- A statement that the scope of the internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments on the adequacy and effectiveness of governance, risk management, and control processes.
 - A statement that the CAE will report periodically to senior management and the governing body on the results of its department and the work the activity performs.
- Responsibility – The charter should include:
- Statements as to the responsibility for:
 - Submitting at least annually a risk-based internal audit plan.
 - Communicating with senior management and the governing body the impact of resource limitations on the plan.
 - Ensuring the internal audit activity has access to appropriate resources with regard to competency and skill.
 - Managing the activity appropriately for it to fulfill its mandate.
 - Ensuring conformance with IIA *Standards*.
 - Communicating the results of its work and following up on agreed-to corrective actions.
 - Coordination with other assurance providers.
- Quality Assurance and Improvement Program – The charter should include:
- A statement that the internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity including its evaluation of conformance to IIA *Standards*.
 - A requirement for the CAE to report periodically the results of its quality assurance and improvement program to senior management and the governing body and to obtain an external assessment of the activity at least once every five years.

Conclusion

The internal audit charter should be viewed by senior management and the governing body as an important board policy document that enables the CAE and internal audit activity to effectively carry out their roles in the organization. It establishes clarity among risk managers within the organization and among stakeholders of internal audit's role in the risk management process, and helps stakeholders to enable and measure internal audit's value to the organization.

A charter provides a blueprint for how internal audit will operate and allows the governing body to clearly signal the value it places on internal audit's independence.

About Position Papers

The IIA promulgates Position Papers on key issues of interest to stakeholders and practitioners with the aim of advocating for sound governance and educating those involved in it. The positions outlined offer insights into various aspects of the governance process and internal audit's vital role in improving governance at all levels and adding value to the organization. Position Papers are developed and reviewed through a rigorous process that solicits input and critique from practicing internal audit professionals and other IIA volunteers who serve on The IIA's Global Advocacy Committee, IIA Standards Board, and The IIA's Professional Responsibility and Ethics Committee.

About The IIA

The IIA is the internal audit profession's most widely recognized advocate, educator, and provider of standards, guidance, and certifications. Established in 1941, The IIA today serves more than 190,000 members from more than 170 countries and territories. The IIA's global headquarters are in Lake Mary, Fla. For more information, visit www.theiia.org.

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To: Texas Department of Motor Vehicles Board
From: Stefan Krisch, Director of Registration Services
Agenda Item: 10
Subject: Digital License Plate Demonstration

RECOMMENDATION

Briefing only.

PURPOSE AND EXECUTIVE SUMMARY

Briefing item to provide a demonstration of the department’s digital license plate program under Subchapter B-1, Chapter 504, Transportation Code, as enacted by Senate Bill (SB) 604, 86th Legislature, Regular Session, 2019.

FINANCIAL IMPACT

N/A

PURPOSE AND EXECUTIVE SUMMARY

SB 604 authorized the use of a digital license plate in Texas for commercial fleet vehicles, vehicles owned or operated by governmental entities, and vehicles not registered as passenger vehicles. The digital license plate program went live on June 1, 2022. The department’s vendor, ReviverMX, Inc. (Reviver), will sell and market digital license plates in Texas. Initially, the vendor will focus on commercial fleet vehicles.

A digital license plate is a wireless device that electronically provides the same information found on metal license plates. Information displayed includes the license plate number assigned by the department and the registration expiration month and year, in the upper-right hand corner of the plate and in the same font size as currently displayed on metal license plates. A registration sticker is not required to be displayed on vehicles that are equipped with a digital license plate.

Digital license plates may be purchased directly from the vendor after the vehicle is registered with a Texas metal license plate. Under state law, a metal license plate must continue to be displayed at the front of the vehicle, except for vehicles that are not required to display two plates, e.g., trailers, and semi-trailers.

A digital license plate has the capability to display governmental alerts and other information, including amber alerts and advertising approved by the department, when the vehicle is not being operated; however, the plate number must always remain visible for law enforcement. Additionally, the motor vehicle record will be updated with a digital license plate remark viewable in the Texas Law Enforcement Telecommunications System indicating when a vehicle is equipped with a digital license plate.

Digital license plate samples are available and will demonstrate each of the unique images that can potentially be displayed.

Board Policy Documents

Governance Process (10/13/11)

Strategic Planning (10/13/11)

Board Vision (4/7/16)

Agency Boundaries (9/13/12)

Texas Department of Motor Vehicles TxDMV Board Governance Policy

1. PURPOSE

The directives presented in this policy address board governance of the Texas Department of Motor Vehicles (TxDMV).

2. SCOPE

The directives presented in this policy apply to the TxDMV Board and TxDMV agency personnel who interact with the Board. The TxDMV Board Governance Policy shall be one that is comprehensive and pioneering in its scope.

3. POLICY

3.1. TxDMV Board Governing Style

The Board shall govern according to the following general principles: (a) a vision for the agency, (b) diversity in points of view, (c) strategic leadership, providing day-to-day detail as necessary to achieve the agency vision, (d) clear distinction of Board and Executive Director roles, (e) collective decision making, (f) react proactively rather than reactively and with a strategic approach. Accordingly:

- 3.1.1. The Board shall provide strategic leadership to TxDMV. In order to do this, the Board shall:
 - 3.1.1.1. Be proactive and visionary in its thinking.
 - 3.1.1.2. Encourage thoughtful deliberation, incorporating a diversity of viewpoints.
 - 3.1.1.3. Work together as colleagues, encouraging mutual support and good humor.
 - 3.1.1.4. Have the courage to lead and make difficult decisions.
 - 3.1.1.5. Listen to the customers and stakeholders needs and objectives.
 - 3.1.1.6. Anticipate the future, keeping informed of issues and trends that may affect the mission and organizational health of the TxDMV.
 - 3.1.1.7. Make decisions based on an understanding that is developed by appropriate and complete stakeholder participation in the process of identifying the needs of the motoring public, motor vehicle industries,

and best practices in accordance with the mission and vision of the agency.

- 3.1.1.8. Commit to excellence in governance, including periodic monitoring, assessing and improving its own performance.
- 3.1.2. The Board shall create the linkage between the Board and the operations of the agency, via the Executive Director when policy or a directive is in order.
- 3.1.3. The Board shall cultivate a sense of group responsibility, accepting responsibility for excellence in governance. The Board shall be the initiator of policy, not merely respond to staff initiatives. The Board shall not use the expertise of individual members to substitute for the judgment of the board, although the expertise of individual members may be used to enhance the understanding of the Board as a body.
- 3.1.4. The Board shall govern the agency through the careful establishment of policies reflecting the board's values and perspectives, always focusing on the goals to be achieved and not the day-to-day administrative functions.
- 3.1.5. Continual Board development shall include orientation of new Board members in the board's governance process and periodic board discussion of how to improve its governance process.
- 3.1.6. The Board members shall fulfill group obligations, encouraging member involvement.
- 3.1.7. The Board shall evaluate its processes and performances periodically and make improvements as necessary to achieve premier governance standards.
- 3.1.8. Members shall respect confidentiality as is appropriate to issues of a sensitive nature.

3.2. TxDMV Board Primary Functions/Characteristics

TxDMV Board Governance can be seen as evolving over time. The system must be flexible and evolutionary. The functions and characteristics of the TxDMV governance system are:

- 3.2.1. Outreach
 - 3.2.1.1. Monitoring emerging trends, needs, expectations, and problems from the motoring public and the motor vehicle industries.
 - 3.2.1.2. Soliciting input from a broad base of stakeholders.

3.2.2. Stewardship

- 3.2.2.1. Challenging the framework and vision of the agency.
- 3.2.2.2. Maintaining a forward looking perspective.
- 3.2.2.3. Ensuring the evolution, capacity and robustness of the agency so it remains flexible and nimble.

3.2.3. Oversight of Operational Structure and Operations

- 3.2.3.1. Accountability functions.
- 3.2.3.2. Fiduciary responsibility.
- 3.2.3.3. Checks and balances on operations from a policy perspective.
- 3.2.3.4. Protecting the integrity of the agency.

3.2.4. Ambassadorial and Legitimizing

- 3.2.4.1. Promotion of the organization to the external stakeholders, including the Texas Legislature, based on the vision of the agency.
- 3.2.4.2. Ensuring the interests of a broad network of stakeholders are represented.
- 3.2.4.3. Board members lend their positional, professional and personal credibility to the organization through their position on the board.

3.2.5. Self-reflection and Assessment

- 3.2.5.1. Regular reviews of the functions and effectiveness of the Board itself.
- 3.2.5.2. Assessing the level of trust within the Board and the effectiveness of the group processes.

3.3. Board Governance Investment

Because poor governance costs more than learning to govern well, the Board shall invest in its governance capacity. Accordingly:

- 3.3.1. Board skills, methods, and supports shall be sufficient to ensure governing with excellence.

- 3.3.1.1. Training and retraining shall be used liberally to orient new members, as well as maintain and increase existing member skills and understanding.
 - 3.3.1.2. Outside monitoring assistance shall be arranged so that the board can exercise confident control over agency performance. This includes, but is not limited to, financial audits.
 - 3.3.1.3. Outreach mechanisms shall be used as needed to ensure the Board's ability to listen to stakeholder viewpoints and values.
 - 3.3.1.4. Other activities as needed to ensure the Board's ability to fulfill its ethical and legal obligations and to represent and link to the motoring public and the various motor vehicle industries.
- 3.3.2. The Board shall establish its cost of governance and it will be integrated into strategic planning and the agency's annual budgeting process.

3.4. Practice Discipline and Assess Performance

The Board shall ensure the integrity of the board's process by practicing discipline in Board behavior and continuously working to improve its performance. Accordingly:

- 3.4.1. The assigned result is that the Board operates consistently with its own rules and those legitimately imposed on it from outside the organization.
 - 3.4.1.1. Meeting discussion content shall consist solely of issues that clearly belong to the Board to decide or to monitor according to policy, rule and law. Meeting discussion shall be focused on performance targets, performance boundaries, action on items of Board authority such as conduct of administrative hearings, proposal, discussion and approval of administrative rule-making and discussion and approval of all strategic planning and fiscal matters of the agency.
 - 3.4.1.2. Board discussion during meetings shall be limited to topics posted on the agenda.
 - 3.4.1.3. Adequate time shall be given for deliberation which shall be respectful, brief, and to the point.
- 3.4.2. The Board shall strengthen its governing capacity by periodically assessing its own performance with respect to its governance model. Possible areas of assessment include, but are not limited to, the following:
 - 3.4.2.1. Are we clear and in agreement about mission and purpose?

- 3.4.2.2. Are values shared?
 - 3.4.2.3. Do we have a strong orientation for our new members?
 - 3.4.2.4. What goals have we set and how well are we accomplishing them?
 - 3.4.2.5. What can we do as a board to improve our performance in these areas?
 - 3.4.2.6. Are we providing clear and relevant direction to the Executive Director, stakeholders and partners of the TxDMV?
- 3.4.3. The Board Chair shall periodically promote regular evaluation and feedback to the whole Board on the level of its effectiveness.

Texas Department of Motor Vehicles Strategic Planning Policy

1. PURPOSE

The directives presented in this policy address the annual Strategic Planning process at the Texas Department of Motor Vehicles (TxDMV).

2. SCOPE

The directives presented in this policy apply to the TxDMV Board and TxDMV agency personnel who interact with the Board. TxDMV Strategic Planning Policy attempts to develop, document and expand its policy that is comprehensive in its scope in regards to the strategic planning process of the Board and the Department beyond that of the state strategic planning process.

3. POLICY

3.1. TxDMV Board Strategic Planning

This policy describes the context for strategic planning at TxDMV and the way in which the strategic plan shall be developed and communicated.

- 3.1.1. The Board is responsible for the strategic direction of the organization, which includes the vision, mission, values, strategic goals, and strategic objectives.
- 3.1.2. TxDMV shall use a 5-year strategic planning cycle, which shall be reviewed and updated annually, or as needed.
- 3.1.3. The 5-year strategic plan shall be informed by but not confined by requirements and directions of state and other funding bodies.
- 3.1.4. In developing strategic directions, the Board shall seek input from stakeholders, the industries served, and the public.
- 3.1.5. The Board shall:
 - 3.1.5.1. Ensure that it reviews the identification of and communication with its stakeholders at least annually.
 - 3.1.5.2. Discuss with agency staff, representatives of the industries served, and the public before determining or substantially changing strategic directions.

-
- 3.1.5.3. Ensure it receives continuous input about strategic directions and agency performance through periodic reporting processes.
 - 3.1.6. The Board is responsible for a 5-year strategic plan that shall identify the key priorities and objectives of the organization, including but not limited to:
 - 3.1.6.1. The creation of meaningful vision, mission, and values statements.
 - 3.1.6.2. The establishment of a Customer Value Proposition that clearly articulates essential customer expectations.
 - 3.1.6.3. A Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis, to be updated annually.
 - 3.1.6.4. An assessment of external factors or trends (i.e., customer needs, political factors, economic factors, industry trends, technology factors, uncertainties, etc.)
 - 3.1.6.5. Development of the specific goals and objectives the Department must achieve and a timeline for action.
 - 3.1.6.6. Identification of the key performance indicators to measure success and the initiatives that shall drive results.
 - 3.1.6.7. Engage staff at all levels of the organization, through the executive director, in the development of the strategic plan through surveys, interviews, focus groups, and regular communication.
 - 3.1.6.8. Ensure the strategic planning process produces the data necessary for LBB/GOBPP state required compliance while expanding and enhancing the strategic plan to support the needs of the TxDMV. The overall strategic plan shall be used as a tool for strategic management.
 - 3.1.7. The Board delegates to the Executive Director the responsibility for **implementing** the agency's strategic direction through the development of agency wide and divisional operational plans.
-

Texas Department of Motor Vehicles TxDMV Goals and Objectives

1. PURPOSE

The information presented in this policy addresses the goals and key objectives of the Board of the Texas Department of Motor Vehicles (TxDMV) as they relate to the mission, vision, and values of the TxDMV.

2. SCOPE

The scope of this policy is to define the desired state the TxDMV Board is working to achieve. This policy is designed to be inspirational in outlining the desired state of the agency that supports the TxDMV Board vision and meeting agency goals.

3. TxDMV MISSION

To serve, protect and advance the citizens and industries in the state with quality motor vehicle related services.

4. TxDMV VISION

The Texas Department of Motor Vehicles sets the standard as the premier provider of customer service in the nation.

5. TxDMV VALUES

To earn the trust and faith of all citizens of Texas with transparency, efficiency, excellence, accountability, and putting stakeholders first.

- 5.1. **Transparency** – Being open and inclusive in all we do.
- 5.2. **Efficiency** – Being good stewards of state resources by providing products and services in the most cost-effective manner possible.
- 5.3. **Excellence** – Working diligently to achieve the highest standards.
- 5.4. **Accountability** – Accepting responsibility for all we do, collectively and as individuals.
- 5.5. **Stakeholders** – Putting customers and stakeholders first, always.

6. TxDMV GOALS

6.1. GOAL 1 – Performance Driven

The TxDMV shall be a performance driven agency in its operations whether it is in customer service, licensing, permitting, enforcement or rule-making. At all times the TxDMV shall mirror in its performance the expectations of its customers and stakeholder by effective, efficient, customer-focused, on-time, fair, predictable and thorough service or decisions.

6.1.1. Key Objective 1

The TxDMV shall be an agency that is retail-oriented in its approach. To accomplish this orientation TxDMV shall concentrate the focus of the agency on:

- 6.1.1.1. Delivering its products and services to all of its customers and stakeholders in a manner that recognizes that their needs come first. These needs must be positively and proactively met. TxDMV works for and with its customers and stakeholders, not the other way around.
- 6.1.1.2. Operating the agency's licensing and registration functions in a manner akin to how a private, for-profit business. As a private, for-profit business, TxDMV would have to listen to its customers and stakeholders and implement best practices to meet their needs or its services would no longer be profitable or necessary. Act and react in a manner that understands how to perform without a government safety net and going out of business.
- 6.1.1.3. Simplify the production and distribution processes and ease of doing business with the TxDMV. Adapting and maintaining a business value of continuous improvement is central to TxDMV operations and processes.
- 6.1.1.4. All operations of the TxDMV shall stand on their own merits operationally and financially. If a current process does not make sense then TxDMV shall work within legislative and legal constraints to redesign or discard it. If a current process does not make or save money for the state and/or its customers or stakeholders then TxDMV shall work within legislative and legal constraints to redesign or discard it. TxDMV shall operate as efficiently and effective as possible in terms of financial and personnel needs. Divisions should focus on cost savings without sacrificing performance. Division directors are accountable for meeting these needs and applicable measures. All division directors are collectively responsible for the performance of TxDMV as a whole.
- 6.1.1.5. Focus on revenue generation for transportation needs as well as the needs of its customers.
- 6.1.1.6. Decisions regarding the TxDMV divisions should be based on the overriding business need of each division to meet or provide a specific service demand, with the understanding and coordination of overarching agency-wide needs.

- 6.1.1.7. Developing and regularly updating a long-range Statewide Plan describing total system needs, establishing overarching statewide goals, and ensuring progress toward those goals.
- 6.1.1.8. The TxDMV shall establish a transparent, well-defined, and understandable system of project management within the TxDMV that integrates project milestones, forecasts, and priorities.
- 6.1.1.9. The TxDMV shall develop detailed work programs driven by milestones for major projects and other statewide goals for all TxDMV divisions.
- 6.1.1.10. The TxDMV, with input from stakeholders and policymakers, shall measure and report on progress in meeting goals and milestones for major projects and other statewide goals.

6.2. GOAL 2 – Optimized Services and Innovation

The TxDMV shall be an innovative, forward thinking agency that looks for ways to promote the economic well-being and development of the industries it serves as well as the State of Texas within the legislative boundaries that have been established for the agency.

6.2.1. Key Objective 1

The TxDMV shall achieve operational, cultural, structural and financial independence from other state agencies.

- 6.2.1.1. Build the TxDMV identity. This means that TxDMV shall make customers aware of what services we offer and how they can take advantage of those services.
- 6.2.1.2. Build the TxDMV brand. This means that TxDMV shall reach out to the stakeholders, industries we serve and the public, being proactive in addressing and anticipating their needs.
- 6.2.1.3. Determine immediate, future, and long term facility and capital needs. TxDMV needs its own stand-alone facility and IT system as soon as possible. In connection with these needs, TxDMV shall identify efficient and effective ways to pay for them without unduly burdening either the state, its customers or stakeholders.
- 6.2.1.4. All regulations, enforcement actions and decision at TxDMV shall be made in a timely, fair and predictable manner.

6.2.2. Key Objective 2

Provide continuous education training on business trends in the industry with a particular emphasis on activities in Texas.

6.2.3. Key Objective 3

Provide continuous outreach services to all customers and stakeholders to access their respective needs and wants. This includes helping frame legislative or regulatory issues for consideration by other bodies including the legislature.

6.2.4. Key Objective 4

Examine all fees to determine their individual worth and reasonableness of amount. No fee shall be charged that cannot be defended financially and operationally.

6.3. GOAL 3 – Customer-centric

The TxDMV shall be a customer-centric agency that delivers today’s services and decisions in a positive, solution-seeking manner while ensuring continuous, consistent and meaningful public and stakeholder involvement in shaping the TxDMV of tomorrow.

6.3.1. Key Objective 1

The TxDMV shall seek to serve its customer base through a creative and retail oriented approach to support the needs of its industries and customers.

6.3.2. Key Objective 2

The TxDMV shall develop and implement a public involvement policy that guides and encourages meaningful public involvement efforts agency-wide.

6.3.3. Key Objective 3

The TxDMV shall develop standard procedures for documenting, tracking, and analyzing customer complaint data. Successful problem resolution metrics should be monitored to support continuous improvement activities that shall permanently improve customer facing processes.

6.3.4. Key Objective 4

The TxDMV shall provide a formal process for staff with similar responsibilities to share best practices information.

6.3.5. Key Objective 5

The TxDMV shall provide central coordination of the Department's outreach campaigns.

6.3.6. Key Objective 6

The TxDMV shall develop and expand user friendly, convenient, and efficient website applications.

6.3.7. Key Objective 7

TxDmv shall timely meet all legislative requests and mandates.

Agency Operational Boundaries as Defined by Department Policies of the TxDMV Board (Board)

The Board is responsible for the policy direction of the agency. The Board's official connection to the day-to-day operation of the Texas Department of Motor Vehicles (TxDMV) and the conduct of its business is through the Executive Director of the TxDMV (ED) who is appointed by the Board and serves at its pleasure. The authority and accountability for the day-to-day operations of the agency and all members of the staff, except those members who report directly to the Board, is the sole responsibility of the ED.

In accordance with its policy-making authority the Board has established the following policy boundaries for the agency. The intent of the boundaries is not to limit the ability of the ED and agency staff to manage the day-to-day operations of the agency. To the contrary, the intent of the boundaries is to more clearly define the roles and responsibilities of the Board and the ED so as to liberate the staff from any uncertainty as to limitations on their authority to act in the best interest of the agency. The ED and staff should have certainty that they can operate on a daily basis as they see fit without having to worry about prior Board consultation or subsequent Board reversal of their acts.

The ED and all agency employees shall act at all times in an exemplary manner consistent with the responsibilities and expectations vested in their positions. The ED and all agency employees shall act in a manner consistent with Board policies as well as with those practices, activities, decisions, and organizational circumstances that are legal, prudent, and ethical. It is the responsibility of the ED to ensure that all agency employees adhere to these boundaries.

Accordingly, the TxDMV boundaries are as follows:

1. The day-to-day operations of the agency should be conducted in a manner consistent with the vision, mission, values, strategic framework, and performance metrics as established by the Board. These elements must not be disregarded or jeopardized in any way.
2. A team-oriented approach must be followed on all enterprise-wide decisions to ensure openness and transparency both internally and externally.
3. The agency must guard against allowing any financial conditions and decision which risk adverse fiscal consequences, compromise Board financial priorities, or fail to

show an acceptable level of foresight as related to the needs and benefits of agency initiatives.

4. The agency must provide timely, accurate, and honest information that will afford the Board, public, stakeholders, executive branch and the legislature the best ability to evaluate all sides of an issue or opportunity before forming an opinion or taking action on it. Any information provided that is intentionally untimely, inaccurate, misleading or one-sided will not be tolerated.
5. The agency must take all reasonable care to avoid or identify in a timely manner all conflicts of interest or even the appearance of impropriety in awarding purchases, negotiating contracts or in hiring employees.
6. The agency must maintain adequate administrative policies and procedures that are understandable and aid in staff recruitment, development and retention.
7. The agency must maintain an organizational structure that develops and promotes the program areas from an enterprise-wide perspective. No organizational silos or sub-agencies will be allowed. We are the TxDMV.
8. The agency must empower its entire staff to deliver a positive customer experience to every TxDMV customer, stakeholder or vendor to reduce their effort and make it easier for them to do business with the TxDMV.
9. The agency must at all times look to flattening its organizational structure to reduce cost as technology advances allow.
10. Agency staff shall anticipate and resolve all issues timely.
11. The agency must maximize the deployment and utilization of all of its assets – people, processes and capital equipment – in order to fully succeed.
12. The agency must not waste the goodwill and respect of our customers, stakeholders, executive branch and legislature. All communication shall be proper, honest, and transparent with timely follow-up when appropriate.
13. The agency should focus its work efforts to create value, make sure that processes, programs, or projects are properly designed, budgeted and vetted as appropriate with outside stakeholders to ensure our assumptions are correct so positive value continues to be created by the actions of the TxDMV.
14. The ED through his or her staff is responsible for the ongoing monitoring of all program and fiscal activities and providing information to the Board to keep it apprised of all program progress and fiscal activities. This self-assessment must result in a product that adequately describes the accomplishment of all program

goals, objectives and outcomes as well as proposals to correct any identified problems.

15. In advance of all policy decisions that the Board is expected to make, the ED will provide pertinent information and ensure board members understand issues/matters related to the pending policy decision. Additionally, the ED or designee will develop a process for planning activities to be performed leading up to that particular policy decision and the timeframe for conducting these planning activities. It is imperative that the planning process describes not only when Board consideration will be expected but also when prior Board consultation and involvement in each planning activity will occur.
16. In seeking clarification on informational items Board members may directly approach the ED or his or her designee to obtain information to supplement, upgrade or enhance their knowledge and improve the Board's decision-making. Any Board member requests that require substantive work should come to the Board or Committee Chairs for direction.
17. The agency must seek stakeholder input as appropriate on matters that might affect them prior to public presentation of same to the Board.
18. The agency must measure results, track progress, and report out timely and consistently.
19. The ED and staff shall have the courage to admit a mistake or failure.
20. The ED and staff shall celebrate successes!

The Board expects the ED to work with agency staff to develop their written interpretation of each of the boundaries. The ED will then present this written interpretation to the Board prior to discussion between the Board and ED on the interpretation. The Board reserves the right to accept, reject or modify any interpretation. The intent is that the Board and the ED will come to a mutually agreeable interpretation of agency boundaries that will then form the basis of additional written thought on the part of the ED and staff as to how these boundaries will influence the actions of the agency.