

AN ACT

relating to temporary cardboard tags on vehicles; providing penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 503.005, Transportation Code, is amended by adding Subsections (c) and (d) to read as follows:

(c) A dealer who submits information to the database under Section 503.0631 satisfies the requirement for the dealer to notify the department of the sale or transfer of a motor vehicle, trailer, or semitrailer under this section.

(d) The notice required under this section is in addition to the application for vehicle registration and certificate of title a dealer is required to submit under Section 501.0234.

SECTION 2. Subsection (d), Section 503.062, Transportation Code, is amended to read as follows:

(d) The department may not issue a dealer temporary cardboard tag or contract for the issuance of a dealer temporary cardboard tag but shall prescribe:

(1) the specifications, form, and color of a dealer temporary cardboard tag; ~~and~~

(2) procedures for a dealer to generate a vehicle-specific number using the database developed under Section 503.0626 and assign it to each tag;

(3) procedures to clearly display the

1 vehicle-specific number on the tag; and

2 (4) the period for which a tag may be used for or by a
3 charitable organization.

4 SECTION 3. Subsection (e), Section 503.0625,
5 Transportation Code, is amended to read as follows:

6 (e) The department may not issue a converter temporary
7 cardboard tag or contract for the issuance of a converter temporary
8 cardboard tag but shall prescribe:

9 (1) the specifications, form, and color of a converter
10 temporary cardboard tag;

11 (2) procedures for a converter to generate a
12 vehicle-specific number using the database developed under Section
13 503.0626 and assign it to each tag; and

14 (3) procedures to clearly display the
15 vehicle-specific number on the tag.

16 SECTION 4. Subchapter C, Chapter 503, Transportation Code,
17 is amended by adding Section 503.0626 to read as follows:

18 Sec. 503.0626. DEALER'S AND CONVERTER'S TEMPORARY TAG
19 DATABASE. (a) The department shall develop and maintain a secure,
20 real-time database of information on vehicles to which dealers and
21 converters have affixed temporary cardboard tags. The database
22 shall be managed by the motor vehicle titles and registration
23 division of the department.

24 (b) The database must allow law enforcement agencies to use
25 the vehicle-specific number assigned to and displayed on the tag as
26 required by Section 503.062(d) or Section 503.0625(e) to obtain
27 information about the dealer or converter that owns the vehicle.

1 (c) Before a dealer's or converter's temporary cardboard tag
2 may be displayed on a vehicle, the dealer or converter must enter
3 into the database through the Internet information on the vehicle
4 and information about the dealer or converter as prescribed by the
5 department. The department may not deny access to the database to
6 any dealer who holds a general distinguishing number issued under
7 this chapter or who is licensed under Chapter 2301, Occupations
8 Code, or to any converter licensed under Chapter 2301, Occupations
9 Code.

10 (d) The department shall adopt rules and prescribe
11 procedures as necessary to implement this section.

12 SECTION 5. Section 503.063, Transportation Code, is amended
13 by amending Subsections (a), (e), and (f) and adding Subsections
14 (g) and (h) to read as follows:

15 (a) Except as provided by this section, a dealer shall ~~may~~
16 issue to a person who buys a a ~~[an unregistered]~~ vehicle one temporary
17 cardboard buyer's tag for the vehicle.

18 (e) The department may not issue a buyer's tag or contract
19 for the issuance of a buyer's tag but shall prescribe:

20 (1) the specifications, color, and form of a buyer's
21 tag; and

22 (2) procedures for a dealer to:

23 (A) generate a vehicle-specific number using the
24 database developed under Section 503.0631 and assign it to each
25 tag;

26 (B) generate a vehicle-specific number using the
27 database developed under Section 503.0631 for future use for when a

1 dealer is unable to access the Internet at the time of sale; and

2 (C) clearly display the vehicle-specific number
3 on the tag.

4 (f) The department shall ensure that a dealer may generate
5 in advance a sufficient amount of vehicle-specific numbers under
6 Subsection (e)(2)(B) in order to continue selling vehicles for a
7 period of up to one week in which a dealer is unable to access the
8 Internet due to an emergency. The department shall establish an
9 expedited procedure to allow affected dealers to apply for
10 additional vehicle-specific numbers so they may remain in business
11 during an emergency.

12 (g) Using the same vehicle-specific number generated under
13 Subsection (e)(2)(A), a [A] dealer may issue an additional
14 temporary cardboard buyer's tag to a person after the expiration of
15 20 working [21] days after the issue of a temporary cardboard
16 buyer's tag, and the person may operate the vehicle for which the
17 tag was issued on the additional temporary cardboard buyer's tag if
18 the dealer has been unable to obtain on behalf of the vehicle's
19 owner the necessary documents to obtain permanent metal license
20 plates because the documents are in the possession of a lienholder
21 who has not complied with the terms of Section 501.115(a) [~~of this~~
22 ~~code~~]. An additional tag issued under the terms of this subsection
23 is valid for a maximum of 20 working [21] days after the date of
24 issue.

25 (h) For each buyer's temporary cardboard tag other than an
26 additional temporary cardboard buyer's tag under Subsection (g), a
27 dealer shall charge the buyer a registration fee of not more than \$5

1 as prescribed by the department to be sent to the comptroller for
2 deposit to the credit of the state highway fund.

3 SECTION 6. Subchapter C, Chapter 503, Transportation Code,
4 is amended by adding Sections 503.0631 and 503.0632 to read as
5 follows:

6 Sec. 503.0631. BUYER'S TEMPORARY TAG DATABASE. (a) The
7 department shall develop and maintain a secure, real-time database
8 of information on persons to whom temporary buyer's tags are issued
9 that may be used by a law enforcement agency in the same manner that
10 the agency uses vehicle registration information. The database
11 shall be managed by the motor vehicle titles and registration
12 division of the department.

13 (b) The database must allow law enforcement agencies to use
14 a vehicle-specific number assigned to and displayed on the tag as
15 required by Section 503.063(e)(2) to obtain information about the
16 person to whom the tag was issued.

17 (c) Except as provided by Subsection (d), before a buyer's
18 temporary cardboard tag may be displayed on a vehicle, a dealer must
19 enter into the database through the Internet information about the
20 buyer of the vehicle for which the tag was issued as prescribed by
21 the department and generate a vehicle-specific number for the tag
22 as required by Section 503.063(e). The department may not deny
23 access to the database to any dealer who holds a general
24 distinguishing number issued under this chapter or who is licensed
25 under Chapter 2301, Occupations Code.

26 (d) A dealer shall obtain 24-hour Internet access at its
27 place of business, but if the dealer is unable to access the

1 Internet at the time of the sale of a vehicle, the dealer shall
2 complete and sign a form, as prescribed by the department, that
3 states the dealer has Internet access, but was unable to access the
4 Internet at the time of sale. The buyer shall keep the original
5 copy of the form in the vehicle until the vehicle is registered to
6 the buyer. Not later than the next business day after the time of
7 sale, the dealer shall submit the information required under
8 Subsection (c).

9 (e) The department shall adopt rules and prescribe
10 procedures as necessary to implement this section.

11 Sec. 503.0632. NOTICE TO BUYER. (a) Each dealer shall
12 provide a one-page written notice to a buyer that explains:

13 (1) the requirements of the law regarding a buyer's
14 temporary cardboard tag;

15 (2) any criminal penalties relating to a buyer's
16 temporary cardboard tag;

17 (3) any action the buyer is required to take
18 concerning a buyer's temporary cardboard tag; and

19 (4) any other information related to the process of
20 purchasing and registering a vehicle as prescribed by the
21 department.

22 (b) The dealer shall require the buyer to sign a statement
23 indicating the buyer received the notice under this section.

24 (c) The department shall adopt rules to:

25 (1) prescribe the specifications and form of the
26 written notice and statement used under this section; and

27 (2) establish a procedure to determine dealer

1 compliance with this section.

2 SECTION 7. The heading to Section 503.067, Transportation
3 Code, is amended to read as follows:

4 Sec. 503.067. UNAUTHORIZED REPRODUCTION, PURCHASE, USE, OR
5 SALE OF TEMPORARY CARDBOARD TAGS.

6 SECTION 8. Section 503.067, Transportation Code, is amended
7 by amending Subsection (a) and adding Subsections (c) and (d) to
8 read as follows:

9 (a) A person [~~other than a dealer~~] may not produce or
10 reproduce a [~~buyer's or dealer's~~] temporary cardboard tag or an item
11 represented to be a temporary cardboard tag for the purpose of
12 distributing the tag to someone other than a dealer or converter.

13 (c) A person other than a dealer or converter may not
14 purchase a temporary cardboard tag.

15 (d) A person may not sell or distribute a temporary
16 cardboard tag or an item represented to be a temporary cardboard tag
17 unless the person is:

18 (1) a dealer issuing the tag in connection with the
19 sale of a vehicle; or

20 (2) a printer or distributor engaged in the business
21 of selling temporary cardboard tags solely for uses authorized
22 under this chapter.

23 SECTION 9. Section 503.094, Transportation Code, is amended
24 by amending Subsection (b) and adding Subsection (d) to read as
25 follows:

26 (b) Except as otherwise provided by this section, an [An]
27 offense under this section is a misdemeanor punishable by a fine of

1 not less than \$50 or more than \$5,000.

2 (d) An offense involving a violation of:

3 (1) Section 503.067(b) or (c) is a Class C
4 misdemeanor;

5 (2) Section 503.067(d) is a Class A misdemeanor;

6 (3) Section 503.067(a) is a state jail felony; and

7 (4) Section 503.067(b), (c), or (d) is a state jail
8 felony if the person who committed the offense criminally conspired
9 to engage in organized criminal activity.

10 SECTION 10. Subsection (a), Section 2301.651, Occupations
11 Code, is amended to read as follows:

12 (a) The board may deny an application for a license, revoke
13 or suspend a license, place on probation a person whose license has
14 been suspended, or reprimand a license holder if the applicant or
15 license holder:

16 (1) is unfit under standards described in this chapter
17 or board rules;

18 (2) makes a material misrepresentation in any
19 application or other information filed under this chapter or board
20 rules;

21 (3) violates this chapter or a board rule or order;

22 (4) violates any law relating to the sale,
23 distribution, financing, or insuring of motor vehicles;

24 (5) fails to maintain the qualifications for a
25 license;

26 (6) wilfully defrauds a purchaser; ~~[or]~~

27 (7) fails to fulfill a written agreement with a retail

1 purchaser of a motor vehicle; or

2 (8) violates the requirements of Section 503.0631,
3 Transportation Code.

4 SECTION 11. (a) As soon as practicable after the effective
5 date of this Act, the Texas Department of Transportation shall
6 adopt rules to implement Sections 503.0626 and 503.0631,
7 Transportation Code, as added by this Act.

8 (b) The Texas Department of Transportation may not enforce
9 Section 503.0626 or 503.0631, Transportation Code, as added by this
10 Act, until the rules adopted under Subsection (a) of this section
11 take effect and the databases are operational and available to
12 dealers with a general distinguishing number or a converter's
13 license issued under Chapter 2301, Occupations Code.

14 SECTION 12. The changes in law made by this Act to Sections
15 503.067 and 503.094, Transportation Code, apply to an offense
16 committed on or after the effective date of this Act. An offense
17 committed before the effective date of this Act is governed by the
18 law in effect when the offense was committed, and the former law is
19 continued in effect for that purpose. For purposes of this section,
20 an offense was committed before the effective date of this Act if
21 any element of the offense was committed before that date.

22 SECTION 13. This Act takes effect September 1, 2007.

S.B. No. 1786

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1786 passed the Senate on May 1, 2007, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1786 passed the House on May 17, 2007, by the following vote: Yeas 143, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor