

By: Carona

S.B. No. 1786

A BILL TO BE ENTITLED

1 AN ACT

2 relating to temporary cardboard tags on vehicles; providing
3 penalties.

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

5 SECTION 1. Section 501.021(a), Transportation Code, is
6 amended to read as follows:

7 (a) A motor vehicle certificate of title is an instrument
8 issued by the department that includes:

9 (1) the name and address of the purchaser and seller at
10 the first sale or the transferee and transferor at a subsequent
11 sale;

12 (2) the make of the motor vehicle;

13 (3) the body type of the vehicle;

14 (4) the manufacturer's permanent vehicle
15 identification number of the vehicle or the vehicle's motor number
16 if the vehicle was manufactured before the date that stamping a
17 permanent identification number on a motor vehicle was universally
18 adopted;

19 (5) the serial number for the vehicle;

20 (6) the number on the vehicle's current Texas license
21 plates, if any;

22 (7) a statement:

23 (A) that no lien on the vehicle is recorded; or

24 (B) of the name and address of each lienholder

1 and the date of each lien on the vehicle, listed in the
2 chronological order in which the lien was recorded;

3 (8) a space for the signature of the owner of the
4 vehicle;

5 (9) a statement indicating rights of survivorship
6 under Section 501.031;

7 (10) if the vehicle has an odometer, the odometer
8 reading indicated by the application for the certificate of title;
9 ~~and~~

10 (11) a statement that the purchaser received the
11 notice required under Section 503.0632; and

12 (12) any other information required by the department.

13 SECTION 2. Section 503.005, Transportation Code, is amended
14 by adding Subsections (c) and (d) to read as follows:

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

19 (d) The notice required under this section is in addition to
20 the application for vehicle registration a dealer is required to
21 submit under Section 501.0234.

22 SECTION 3. Section 503.062(d), Transportation Code, is
23 amended to read as follows:

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

27 (1) the specifications, form, and color of a dealer

1 temporary cardboard tag; [~~and~~]

2 (2) procedures for a dealer to generate a
3 vehicle-specific number using the database developed under Section
4 503.0626 and assign it to each tag;

5 (3) procedures to clearly display the
6 vehicle-specific number on the tag; and

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

9 SECTION 4. Section 503.0625(e), Transportation Code, is
10 amended to read as follows:

11 (e) The department may not issue a converter temporary
12 cardboard tag or contract for the issuance of a converter temporary
13 cardboard tag but shall prescribe:

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

16 (2) procedures for a converter to generate a
17 vehicle-specific number using the database developed under Section
18 503.0626 and assign it to each tag; and

19 (3) procedures to clearly display the
20 vehicle-specific number on the tag.

21 SECTION 5. Subchapter C, Chapter 503, Transportation Code,
22 is amended by adding Section 503.0626 to read as follows:

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

1 the department.

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

6 (c) A dealer or converter shall determine and enter the time
7 that a dealer's or converter's temporary tag is to expire but may
8 change this expiration date in the database at its discretion. A
9 dealer or converter may enter information into fields prescribed by
10 the department relating to any bailment agreements the dealer or
11 converter has entered into with potential buyers.

12 (d) Before a dealer's or converter's temporary cardboard tag
13 may be displayed on a vehicle, the dealer or converter must enter
14 into the database through the Internet information on the vehicle
15 and information about the dealer or converter as prescribed by the
16 department. The department may not deny access to the database to
17 any dealer who holds a general distinguishing number issued under
18 this chapter or who is licensed under Chapter 2301, Occupations
19 Code, or to any converter licensed under Chapter 2301, Occupations
20 Code.

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

23 SECTION 6. Section 503.063, Transportation Code, is amended
24 by amending Subsections (a), (e), and (f) and adding Subsections
25 (g) and (h) to read as follows:

26 (a) Except as provided by this section, a dealer shall ~~may~~
27 issue to a person who buys a a ~~[an unregistered]~~ vehicle one temporary

1 cardboard buyer's tag for the vehicle.

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

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

6 (2) procedures for a dealer to:

7 (A) generate a vehicle-specific number using the
8 database developed under Section 503.0631 and assign it to each
9 tag;

10 (B) generate a vehicle-specific number using the
11 database developed under Section 503.0631 for future use for when a
12 dealer is unable to access the Internet at the time of sale; and

13 (C) clearly display the vehicle-specific number
14 on the tag.

15 (f) The department shall ensure that a dealer may generate
16 in advance a sufficient amount of vehicle-specific numbers under
17 Subsection (e)(2)(B) in order to continue selling vehicles for a
18 period of up to two weeks in which a dealer is unable to access the
19 Internet due to an emergency.

20 (g) A dealer may issue an additional temporary cardboard
21 buyer's tag to a person after the expiration of 21 days after the
22 issue of a temporary cardboard buyer's tag, and the person may
23 operate the vehicle for which the tag was issued on the additional
24 temporary cardboard buyer's tag if the dealer has been unable to
25 obtain on behalf of the vehicle's owner the necessary documents to
26 obtain permanent metal license plates because the documents are in
27 the possession of a lienholder who has not complied with the terms

1 of Section 501.115(a) of this code. An additional tag issued under
2 the terms of this subsection is valid for a maximum of 45 [~~21~~] days
3 after the date of issue.

4 (h) For each buyer's temporary cardboard tag other than an
5 additional temporary cardboard buyer's tag under Subsection (g), a
6 dealer shall charge the buyer a fee of not more than \$5 as
7 prescribed by the department to be sent to the comptroller for
8 deposit to the credit of the temporary tag database account in the
9 general revenue fund. Money deposited to the credit of that account
10 may be appropriated only to the department to administer this
11 section.

12 SECTION 7. Subchapter C, Chapter 503, Transportation Code,
13 is amended by adding Sections 503.0631 and 503.0632 to read as
14 follows:

15 Sec. 503.0631. BUYER'S TEMPORARY TAG DATABASE. (a) The
16 department shall develop and maintain a secure, real-time database
17 of information on persons to whom temporary buyer's tags are issued
18 that may be used by a law enforcement agency in the same manner that
19 the agency uses vehicle registration information. The database
20 shall be managed by the vehicle titles and registration division of
21 the department.

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

26 (c) Except as provided by Subsection (d), before a buyer's
27 temporary cardboard tag may be displayed on a vehicle, a dealer must

1 enter into the database through the Internet information about the
2 buyer of the vehicle for which the tag was issued as prescribed by
3 the department and generate a vehicle-specific number for the tag
4 as required by Section 503.063(e). The department may not deny
5 access to the database to any dealer who holds a general
6 distinguishing number issued under this chapter or who is licensed
7 under Chapter 2301, Occupations Code.

8 (d) A dealer shall obtain 24-hour Internet access at its
9 place of business, but if the dealer is unable to access the
10 Internet at the time of the sale of a vehicle, the dealer shall
11 complete and sign a form, as prescribed by the department, that
12 states the dealer has Internet access, but was unable to access the
13 Internet at the time of sale. The buyer shall keep the original
14 copy of the form in the vehicle until the vehicle is registered to
15 the buyer. Not later than five hours after the time of sale, the
16 dealer shall submit the information required under Subsection (c).

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

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

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

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

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

27 (4) any other information related to the process of

1 purchasing and registering a vehicle as prescribed by the
2 department.

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

5 (c) The department shall adopt rules to:

6 (1) prescribe the language of the written notice and
7 statement used under this section; and

8 (2) establish a procedure to determine dealer
9 compliance with this section.

10 SECTION 8. The heading to Section 503.067, Transportation
11 Code, is amended to read as follows:

12 Sec. 503.067. UNAUTHORIZED REPRODUCTION, PURCHASE, USE, OR
13 SALE OF TEMPORARY CARDBOARD TAGS.

14 SECTION 9. Section 503.067, Transportation Code, is amended
15 by amending Subsection (a) and adding Subsections (c) and (d) to
16 read as follows:

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

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

23 (d) A person may not sell or distribute a temporary
24 cardboard tag or an item represented to be a temporary cardboard tag
25 unless the person is:

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

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

4 SECTION 10. Section 503.094, Transportation Code, is
5 amended by amending Subsection (b) and adding Subsection (d) to
6 read as follows:

7 (b) Except as otherwise provided by this section, an [An]
8 offense under this section is a misdemeanor punishable by a fine of
9 not less than \$50 or more than \$5,000.

10 (d) An offense involving a violation of:

11 (1) Section 503.067(b) or (c) is a Class C
12 misdemeanor;

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

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

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

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

20 (a) The board may deny an application for a license, revoke
21 or suspend a license, place on probation a person whose license has
22 been suspended, or reprimand a license holder if the applicant or
23 license holder:

24 (1) is unfit under standards described in this chapter
25 or board rules;

26 (2) makes a material misrepresentation in any
27 application or other information filed under this chapter or board

1 rules;

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

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

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

7 (6) wilfully defrauds a purchaser; ~~or~~

8 (7) fails to fulfill a written agreement with a retail
9 purchaser of a motor vehicle; or

10 (8) violates the requirements of Section 503.0631,
11 Transportation Code.

12 SECTION 12. (a) As soon as practicable after the effective
13 date of this Act, the Texas Department of Transportation shall
14 adopt rules to implement Sections 503.0626 and 503.0631,
15 Transportation Code, as added by this Act.

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

22 SECTION 13. The changes in law made by this Act to Sections
23 503.067 and 503.094, Transportation Code, apply to an offense
24 committed on or after the effective date of this Act. An offense
25 committed before the effective date of this Act is governed by the
26 law in effect when the offense was committed, and the former law is
27 continued in effect for that purpose. For purposes of this section,

1 an offense was committed before the effective date of this Act if
2 any element of the offense was committed before that date.

3 SECTION 14. This Act takes effect September 1, 2007.