

1-1 By: Carona S.B. No. 1786
1-2 (In the Senate - Filed March 9, 2007; March 21, 2007, read
1-3 first time and referred to Committee on Transportation and Homeland
1-4 Security; April 23, 2007, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;
1-6 April 23, 2007, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1786 By: Carona

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to temporary cardboard tags on vehicles; providing
1-11 penalties.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 503.005, Transportation Code, is amended
1-14 by adding Subsections (c) and (d) to read as follows:

1-15 (c) A dealer who submits information to the database under
1-16 Section 503.0631 satisfies the requirement for the dealer to notify
1-17 the department of the sale or transfer of a motor vehicle, trailer,
1-18 or semitrailer under this section.

1-19 (d) The notice required under this section is in addition to
1-20 the application for vehicle registration and certificate of title a
1-21 dealer is required to submit under Section 501.0234.

1-22 SECTION 2. Subsection (d), Section 503.062, Transportation
1-23 Code, is amended to read as follows:

1-24 (d) The department may not issue a dealer temporary
1-25 cardboard tag or contract for the issuance of a dealer temporary
1-26 cardboard tag but shall prescribe:

1-27 (1) the specifications, form, and color of a dealer
1-28 temporary cardboard tag; ~~and~~

1-29 (2) procedures for a dealer to generate a
1-30 vehicle-specific number using the database developed under Section
1-31 503.0626 and assign it to each tag;

1-32 (3) procedures to clearly display the
1-33 vehicle-specific number on the tag; and

1-34 (4) the period for which a tag may be used for or by a
1-35 charitable organization.

1-36 SECTION 3. Subsection (e), Section 503.0625,
1-37 Transportation Code, is amended to read as follows:

1-38 (e) The department may not issue a converter temporary
1-39 cardboard tag or contract for the issuance of a converter temporary
1-40 cardboard tag but shall prescribe:

1-41 (1) the specifications, form, and color of a converter
1-42 temporary cardboard tag;

1-43 (2) procedures for a converter to generate a
1-44 vehicle-specific number using the database developed under Section
1-45 503.0626 and assign it to each tag; and

1-46 (3) procedures to clearly display the
1-47 vehicle-specific number on the tag.

1-48 SECTION 4. Subchapter C, Chapter 503, Transportation Code,
1-49 is amended by adding Section 503.0626 to read as follows:

1-50 Sec. 503.0626. DEALER'S AND CONVERTER'S TEMPORARY TAG
1-51 DATABASE. (a) The department shall develop and maintain a secure,
1-52 real-time database of information on vehicles to which dealers and
1-53 converters have affixed temporary cardboard tags. The database
1-54 shall be managed by the motor vehicle titles and registration
1-55 division of the department.

1-56 (b) The database must allow law enforcement agencies to use
1-57 the vehicle-specific number assigned to and displayed on the tag as
1-58 required by Section 503.062(d) or Section 503.0625(e) to obtain
1-59 information about the dealer or converter that owns the vehicle.

1-60 (c) Before a dealer's or converter's temporary cardboard tag
1-61 may be displayed on a vehicle, the dealer or converter must enter
1-62 into the database through the Internet information on the vehicle
1-63 and information about the dealer or converter as prescribed by the

2-1 department. The department may not deny access to the database to
 2-2 any dealer who holds a general distinguishing number issued under
 2-3 this chapter or who is licensed under Chapter 2301, Occupations
 2-4 Code, or to any converter licensed under Chapter 2301, Occupations
 2-5 Code.

2-6 (d) The department shall adopt rules and prescribe
 2-7 procedures as necessary to implement this section.

2-8 SECTION 5. Section 503.063, Transportation Code, is amended
 2-9 by amending Subsections (a), (e), and (f) and adding Subsections
 2-10 (g) and (h) to read as follows:

2-11 (a) Except as provided by this section, a dealer shall ~~may~~
 2-12 issue to a person who buys a ~~[an unregistered]~~ vehicle one temporary
 2-13 cardboard buyer's tag for the vehicle.

2-14 (e) The department may not issue a buyer's tag or contract
 2-15 for the issuance of a buyer's tag but shall prescribe:

2-16 (1) the specifications, color, and form of a buyer's
 2-17 tag; and

2-18 (2) procedures for a dealer to:

2-19 (A) generate a vehicle-specific number using the
 2-20 database developed under Section 503.0631 and assign it to each
 2-21 tag;

2-22 (B) generate a vehicle-specific number using the
 2-23 database developed under Section 503.0631 for future use for when a
 2-24 dealer is unable to access the Internet at the time of sale; and

2-25 (C) clearly display the vehicle-specific number
 2-26 on the tag.

2-27 (f) The department shall ensure that a dealer may generate
 2-28 in advance a sufficient amount of vehicle-specific numbers under
 2-29 Subsection (e)(2)(B) in order to continue selling vehicles for a
 2-30 period of up to one week in which a dealer is unable to access the
 2-31 Internet due to an emergency. The department shall establish an
 2-32 expedited procedure to allow affected dealers to apply for
 2-33 additional vehicle-specific numbers so they may remain in business
 2-34 during an emergency.

2-35 (g) Using the same vehicle-specific number generated under
 2-36 Subsection (e)(2)(A), a ~~[A]~~ dealer may issue an additional
 2-37 temporary cardboard buyer's tag to a person after the expiration of
 2-38 20 working ~~[21]~~ days after the issue of a temporary cardboard
 2-39 buyer's tag, and the person may operate the vehicle for which the
 2-40 tag was issued on the additional temporary cardboard buyer's tag if
 2-41 the dealer has been unable to obtain on behalf of the vehicle's
 2-42 owner the necessary documents to obtain permanent metal license
 2-43 plates because the documents are in the possession of a lienholder
 2-44 who has not complied with the terms of Section 501.115(a) ~~[of this~~
 2-45 code]. An additional tag issued under the terms of this subsection
 2-46 is valid for a maximum of 20 working ~~[21]~~ days after the date of
 2-47 issue.

2-48 (h) For each buyer's temporary cardboard tag other than an
 2-49 additional temporary cardboard buyer's tag under Subsection (g), a
 2-50 dealer shall charge the buyer a registration fee of not more than \$5
 2-51 as prescribed by the department to be sent to the comptroller for
 2-52 deposit to the credit of the state highway fund.

2-53 SECTION 6. Subchapter C, Chapter 503, Transportation Code,
 2-54 is amended by adding Sections 503.0631 and 503.0632 to read as
 2-55 follows:

2-56 Sec. 503.0631. BUYER'S TEMPORARY TAG DATABASE. (a) The
 2-57 department shall develop and maintain a secure, real-time database
 2-58 of information on persons to whom temporary buyer's tags are issued
 2-59 that may be used by a law enforcement agency in the same manner that
 2-60 the agency uses vehicle registration information. The database
 2-61 shall be managed by the motor vehicle titles and registration
 2-62 division of the department.

2-63 (b) The database must allow law enforcement agencies to use
 2-64 a vehicle-specific number assigned to and displayed on the tag as
 2-65 required by Section 503.063(e)(2) to obtain information about the
 2-66 person to whom the tag was issued.

2-67 (c) Except as provided by Subsection (d), before a buyer's
 2-68 temporary cardboard tag may be displayed on a vehicle, a dealer must
 2-69 enter into the database through the Internet information about the

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

3-7 (d) A dealer shall obtain 24-hour Internet access at its
3-8 place of business, but if the dealer is unable to access the
3-9 Internet at the time of the sale of a vehicle, the dealer shall
3-10 complete and sign a form, as prescribed by the department, that
3-11 states the dealer has Internet access, but was unable to access the
3-12 Internet at the time of sale. The buyer shall keep the original
3-13 copy of the form in the vehicle until the vehicle is registered to
3-14 the buyer. Not later than the next business day after the time of
3-15 sale, the dealer shall submit the information required under
3-16 Subsection (c).

3-17 (e) The department shall adopt rules and prescribe
3-18 procedures as necessary to implement this section.

3-19 Sec. 503.0632. NOTICE TO BUYER. (a) Each dealer shall
3-20 provide a one-page written notice to a buyer that explains:

3-21 (1) the requirements of the law regarding a buyer's
3-22 temporary cardboard tag;

3-23 (2) any criminal penalties relating to a buyer's
3-24 temporary cardboard tag;

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

3-27 (4) any other information related to the process of
3-28 purchasing and registering a vehicle as prescribed by the
3-29 department.

3-30 (b) The dealer shall require the buyer to sign a statement
3-31 indicating the buyer received the notice under this section.

3-32 (c) The department shall adopt rules to:

3-33 (1) prescribe the specifications and form of the
3-34 written notice and statement used under this section; and

3-35 (2) establish a procedure to determine dealer
3-36 compliance with this section.

3-37 SECTION 7. The heading to Section 503.067, Transportation
3-38 Code, is amended to read as follows:

3-39 Sec. 503.067. UNAUTHORIZED REPRODUCTION, PURCHASE, USE, OR
3-40 SALE OF TEMPORARY CARDBOARD TAGS.

3-41 SECTION 8. Section 503.067, Transportation Code, is amended
3-42 by amending Subsection (a) and adding Subsections (c) and (d) to
3-43 read as follows:

3-44 (a) A person [~~other than a dealer~~] may not produce or
3-45 reproduce a [~~buyer's or dealer's~~] temporary cardboard tag or an item
3-46 represented to be a temporary cardboard tag for the purpose of
3-47 distributing the tag to someone other than a dealer or converter.

3-48 (c) A person other than a dealer or converter may not
3-49 purchase a temporary cardboard tag.

3-50 (d) A person may not sell or distribute a temporary
3-51 cardboard tag or an item represented to be a temporary cardboard tag
3-52 unless the person is:

3-53 (1) a dealer issuing the tag in connection with the
3-54 sale of a vehicle; or

3-55 (2) a printer or distributor engaged in the business
3-56 of selling temporary cardboard tags solely for uses authorized
3-57 under this chapter.

3-58 SECTION 9. Section 503.094, Transportation Code, is amended
3-59 by amending Subsection (b) and adding Subsection (d) to read as
3-60 follows:

3-61 (b) Except as otherwise provided by this section, an [~~A~~]
3-62 offense under this section is a misdemeanor punishable by a fine of
3-63 not less than \$50 or more than \$5,000.

3-64 (d) An offense involving a violation of:

3-65 (1) Section 503.067(b) or (c) is a Class C
3-66 misdemeanor;

3-67 (2) Section 503.067(d) is a Class A misdemeanor;

3-68 (3) Section 503.067(a) is a state jail felony; and

3-69 (4) Section 503.067(b), (c), or (d) is a state jail

4-1 felony if the person who committed the offense criminally conspired
4-2 to engage in organized criminal activity.

4-3 SECTION 10. Subsection (a), Section 2301.651, Occupations
4-4 Code, is amended to read as follows:

4-5 (a) The board may deny an application for a license, revoke
4-6 or suspend a license, place on probation a person whose license has
4-7 been suspended, or reprimand a license holder if the applicant or
4-8 license holder:

4-9 (1) is unfit under standards described in this chapter
4-10 or board rules;

4-11 (2) makes a material misrepresentation in any
4-12 application or other information filed under this chapter or board
4-13 rules;

4-14 (3) violates this chapter or a board rule or order;

4-15 (4) violates any law relating to the sale,
4-16 distribution, financing, or insuring of motor vehicles;

4-17 (5) fails to maintain the qualifications for a
4-18 license;

4-19 (6) wilfully defrauds a purchaser; [~~or~~]

4-20 (7) fails to fulfill a written agreement with a retail
4-21 purchaser of a motor vehicle; or

4-22 (8) violates the requirements of Section 503.0631,
4-23 Transportation Code.

4-24 SECTION 11. (a) As soon as practicable after the effective
4-25 date of this Act, the Texas Department of Transportation shall
4-26 adopt rules to implement Sections 503.0626 and 503.0631,
4-27 Transportation Code, as added by this Act.

4-28 (b) The Texas Department of Transportation may not enforce
4-29 Section 503.0626 or 503.0631, Transportation Code, as added by this
4-30 Act, until the rules adopted under Subsection (a) of this section
4-31 take effect and the databases are operational and available to
4-32 dealers with a general distinguishing number or a converter's
4-33 license issued under Chapter 2301, Occupations Code.

4-34 SECTION 12. The changes in law made by this Act to Sections
4-35 503.067 and 503.094, Transportation Code, apply to an offense
4-36 committed on or after the effective date of this Act. An offense
4-37 committed before the effective date of this Act is governed by the
4-38 law in effect when the offense was committed, and the former law is
4-39 continued in effect for that purpose. For purposes of this section,
4-40 an offense was committed before the effective date of this Act if
4-41 any element of the offense was committed before that date.

4-42 SECTION 13. This Act takes effect September 1, 2007.

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