

BILL ANALYSIS

S.B. 1616
By: Wentworth
Transportation
Committee Report (Unamended)

BACKGROUND AND PURPOSE

A number of matters have come to light since the awarding of a contract to a private vendor to market and sell personalized and other specialty license plates in Texas. Currently the personalized license plate program is limited in the variety of plates it may offer and in the prices it may set for those plates. The purpose of this legislation is to offer Texas drivers a wider variety of license plate options and increase revenue from the program.

S.B. 1616 prohibits the Texas Department of Transportation from issuing specialty, personalized, or souvenir license plates with background colors other than white unless the plates are marketed and sold by the private vendor. The bill requires specialty license plates marketed and sold by the private vendor to include an existing specialty license plate created before September 1, 2009, at the request of the specialty license plate sponsor. The bill authorizes the private vendor to sell at auction a license to display a unique alphanumeric pattern on a license plate and provides that only a license sold by the private vendor may be transferred to another person. The bill establishes that the fee for a personalized license plate issued before September 1, 2009, is \$40 unless the executive director of the department by rule adopts a higher fee. Otherwise, the fees for personalized license plates that are marketed and sold by the private vendor are established by rule of the Texas Transportation Commission.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the executive director of the Texas Department of Transportation in SECTION 8 of this bill.

ANALYSIS

S.B. 1616 adds provisions that affect a souvenir version of any specialty license plate. The bill establishes that the fee for a personalized souvenir license plate issued before September 1, 2009, is \$40 and the fee for a souvenir license plate issued on or after September 1, 2009, is the amount that the Texas Transportation Commission establishes by rule.

S.B. 1616 adds provisions relating to a specialty license plate that may be personalized. The bill repeals provisions requiring the Texas Department of Transportation to issue personalized license plates. The bill makes a conforming change to the provision authorizing any specialty license plate to be personalized.

S.B. 1616 makes general provisions establishing a \$30 fee for all specialty license plates for general distribution apply to certain specialty license plates for general distribution and establishes new provisions for specialty license plates for general distribution that are marketed and sold through a private vendor. The bill authorizes the sponsor of a specialty license plate for general distribution authorized to be issued before September 1, 2009, to contract with the private vendor under contract with the department for the marketing and sale of the specialty license plate, and provides that the fee for issuance of such a license plate is the amount that the commission establishes by rule. The bill requires the department to deduct \$8 from that fee to

defray administrative costs, to deposit the portion of the fee that the state would ordinarily receive under the contract with the private vendor to the credit of the account designated in the applicable law for the plate, and to pay to the private vendor the remainder of the fee.

S.B. 1616 adds provisions that relate to the development of new specialty license plates. The bill specifies that the fee for issuance of new specialty license plates created before September 1, 2009 is \$30, unless the department sets a higher fee, and specifies that this provision does not apply to a specialty license plate marketed and sold by a private vendor at the request of a specialty license plate sponsor. The bill specifies that the fee for issuance of new specialty license plates created on or after September 1, 2009, is the amount that the commission establishes by rule. The bill expands the exemption from provisions relating to the appropriation of unobligated funds and the use of dedicated revenue for new specialty license plates created by the department to include all new specialty license plates. The bill authorizes a sponsor of a specialty license plate created before September 1, 2009, to contract with the private vendor under contract with the department for the marketing and sale of the specialty license plate. The bill specifies that the fee for issuance of such a specialty plate is the amount that the commission establishes by rule. The bill requires the department to deduct \$8 from each fee to defray administrative costs, to deposit the portion of the fee that the state would ordinarily receive under the contract with the private vendor to the credit of the applicable specialty license plate fund, if the sponsor nominated a state agency to receive the funds, or the general revenue fund, if the sponsor did not nominate a state agency to receive the funds or if there is no sponsor, and to pay to the private vendor the remainder of the fee.

S.B. 1616 adds provisions that relate to the marketing of specialty license plates through a private vendor under contract with the department. The bill prohibits the department from issuing specialty, personalized, or souvenir license plates with background colors other than white, unless the plates are marketed and sold by the private vendor. The bill requires specialty license plates authorized for marketing and sale to include specialty license plates for general distribution and new specialty license plates on or after September 1, 2009, and, at the request of a specialty license plate sponsor, an existing specialty license plate in those categories created before that date. The bill makes provisions requiring the commission by rule to establish fees for the issuance or renewal of personalized license plates marketed and sold by the private vendor inapplicable to the sale at auction of a license to display an alphanumeric pattern and requires the amount of the fees to be not less than the greater of the amount necessary to allow the department to recover its costs or the amount set by the bill, rather than \$40.

S.B. 1616 authorizes a personalized license plate issued before September 1, 2009, to be issued for a subsequent registration period only if the applicant submits an application and pays the required fee for the applicable registration period. The bill establishes that a person who is issued a personalized license plate has first priority on that license plate for each subsequent registration period for which the person submits a new application for that plate. The bill specifies that the fee for issuance of a personalized license plate issued before September 1, 2009, is \$40, unless the executive director of the department adopts by rule a higher fee. The bill authorizes a person who is issued a personalized license plate by the department before September 1, 2009, to submit an application and pay the required fee for each subsequent registration period or purchase through the private vendor a license to display the alphanumeric pattern on a license plate for any term allowed by law. The bill prohibits the department from issuing a replacement set of personalized license plates to the same person before the sixth anniversary of the date of issuance unless the applicant for issuance of replacement plates pays an additional fee of \$30. The bill requires \$1.25 of each fee for a personalized license plate issued before September 1, 2009, to be used to defray administrative costs and the remainder to be deposited to the credit of the general revenue fund.

S.B. 1616 authorizes a private vendor to sell at auction a license to display a unique alphanumeric pattern on a license plate. The bill authorizes only a license to display an alphanumeric pattern purchased at auction or a license to display an alphanumeric pattern sold

by the private vendor to be transferred to another person. The bill entitles the transferee to the same rights and privileges as the transferor. The bill requires the transferee to file a form prescribed by the department to notify the department of the transfer. The bill authorizes the department to set a fee to be paid by the transferee to the department for the transfer.

S.B. 1616 repeals the following provisions of the Transportation Code:

- Section 504.101
- Section 504.851(m)

EFFECTIVE DATE

September 1, 2009.