

AN ACT

relating to the sale and use of unregistered vehicles, including the issuance and use of temporary tags on vehicles.

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

SECTION 1. Subsection (d), Section 501.022, Transportation Code, is amended to read as follows:

(d) Subsection (c) does not apply to a motor vehicle operated on a public highway in this state with a metal dealer's license plate or a dealer's or buyer's temporary [~~cardboard~~] tag attached to the vehicle as provided by Chapter 503.

SECTION 2. Subsections (a) and (c), Section 503.038, Transportation Code, are amended to read as follows:

(a) The department may cancel a dealer's general distinguishing number if the dealer:

(1) falsifies or forges a title document, including an affidavit making application for a certified copy of a title;

(2) files a false or forged tax document, including a sales tax affidavit;

(3) fails to take assignment of any basic evidence of ownership, including a certificate of title or manufacturer's certificate, for a vehicle the dealer acquires;

(4) fails to assign any basic evidence of ownership, including a certificate of title or manufacturer's certificate, for a vehicle the dealer sells;

- 1           (5) uses or permits the use of a metal dealer's license  
2 plate or a dealer's temporary [~~cardboard~~] tag on a vehicle that the  
3 dealer does not own or control or that is not in stock and offered  
4 for sale;
- 5           (6) makes a material misrepresentation in an  
6 application or other information filed with the department;
- 7           (7) fails to maintain the qualifications for a general  
8 distinguishing number;
- 9           (8) fails to provide to the department within 30 days  
10 after the date of demand by the department satisfactory and  
11 reasonable evidence that the person is regularly and actively  
12 engaged in business as a wholesale or retail dealer;
- 13           (9) has been licensed for at least 12 months and has  
14 not assigned at least five vehicles during the previous 12-month  
15 period;
- 16           (10) has failed to demonstrate compliance with  
17 Sections 23.12, 23.121, and 23.122, Tax Code;
- 18           (11) uses or allows the use of the dealer's general  
19 distinguishing number or the location for which the general  
20 distinguishing number is issued to avoid the requirements of this  
21 chapter;
- 22           (12) misuses or allows the misuse of a temporary  
23 [~~cardboard~~] tag authorized under this chapter;
- 24           (13) refuses to show on a buyer's temporary  
25 [~~cardboard~~] tag the date of sale or other reasonable information  
26 required by the department; or
- 27           (14) otherwise violates this chapter or a rule adopted

1 under this chapter.

2 (c) A person whose general distinguishing number is  
3 canceled under this chapter shall surrender to a representative of  
4 the department each license, license plate, temporary [~~cardboard~~]  
5 tag, sticker, and receipt issued under this chapter not later than  
6 the 10th day after the date the general distinguishing number is  
7 canceled. The department shall direct any peace officer to secure  
8 and return to the department any plate, tag, sticker, or receipt of  
9 a person who does not comply with this subsection.

10 SECTION 3. The heading to Section 503.062, Transportation  
11 Code, is amended to read as follows:

12 Sec. 503.062. DEALER'S TEMPORARY [~~CARDBOARD~~] TAGS.

13 SECTION 4. Subsections (a), (b), and (d), Section 503.062,  
14 Transportation Code, are amended to read as follows:

15 (a) A dealer may issue a temporary [~~cardboard~~] tag for use  
16 on an unregistered vehicle by the dealer or the dealer's employees  
17 only to:

18 (1) demonstrate or cause to be demonstrated to a  
19 prospective buyer the vehicle for sale purposes only;

20 (2) convey or cause to be conveyed the vehicle:

21 (A) from one of the dealer's places of business  
22 in this state to another of the dealer's places of business in this  
23 state;

24 (B) from the dealer's place of business to a  
25 place the vehicle is to be repaired, reconditioned, or serviced;

26 (C) from the state line or a location in this  
27 state where the vehicle is unloaded to the dealer's place of

1 business;

2 (D) from the dealer's place of business to a  
3 place of business of another dealer;

4 (E) from the point of purchase by the dealer to  
5 the dealer's place of business; or

6 (F) to road test the vehicle; or

7 (3) use the vehicle for or allow its use by a  
8 charitable organization.

9 (b) Subsection (a)(1) does not prohibit a dealer from  
10 permitting:

11 (1) a prospective buyer to operate a vehicle while the  
12 vehicle is being demonstrated; or

13 (2) a customer to operate a vehicle temporarily while  
14 the customer's vehicle is being repaired.

15 (d) The department may not issue a dealer temporary  
16 [~~cardboard~~] tag or contract for the issuance of a dealer temporary  
17 [~~cardboard~~] tag but shall prescribe:

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

20 (2) procedures for a dealer to generate a  
21 vehicle-specific number using the database developed under Section  
22 503.0626 and assign it to each tag;

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

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

27 SECTION 5. The heading to Section 503.0625, Transportation

1 Code, is amended to read as follows:

2 Sec. 503.0625. CONVERTER'S TEMPORARY [~~CARDBOARD~~] TAGS.

3 SECTION 6. Subsections (b), (e), and (f), Section 503.0625,  
4 Transportation Code, are amended to read as follows:

5 (b) A converter may issue a temporary [~~cardboard~~] tag for  
6 use on an unregistered vehicle by the converter or the converter's  
7 employees only to:

8 (1) demonstrate or cause to be demonstrated to a  
9 prospective buyer who is an employee of a franchised motor vehicle  
10 dealer the vehicle; or

11 (2) convey or cause to be conveyed the vehicle:

12 (A) from one of the converter's places of  
13 business in this state to another of the converter's places of  
14 business in this state;

15 (B) from the converter's place of business to a  
16 place the vehicle is to be assembled, repaired, reconditioned,  
17 modified, or serviced;

18 (C) from the state line or a location in this  
19 state where the vehicle is unloaded to the converter's place of  
20 business;

21 (D) from the converter's place of business to a  
22 place of business of a franchised motor vehicle dealer; or

23 (E) to road test the vehicle.

24 (e) The department may not issue a converter temporary  
25 [~~cardboard~~] tag or contract for the issuance of a converter  
26 temporary [~~cardboard~~] tag but shall prescribe:

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

1 temporary [~~cardboard~~] tag;

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

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

7 (f) A converter or employee of a converter may not use a  
8 temporary [~~cardboard~~] tag issued under this section as  
9 authorization to operate a vehicle for the converter's or the  
10 employee's personal use.

11 SECTION 7. Subsections (a) and (c), Section 503.0626,  
12 Transportation Code, are amended to read as follows:

13 (a) The department shall develop and maintain a secure,  
14 real-time database of information on vehicles to which dealers and  
15 converters have affixed temporary [~~cardboard~~] tags. The database  
16 shall be managed by the vehicle titles and registration division of  
17 the department.

18 (c) Before a dealer's or converter's temporary [~~cardboard~~]  
19 tag may be displayed on a vehicle, the dealer or converter must  
20 enter into the database through the Internet information on the  
21 vehicle and information about the dealer or converter as prescribed  
22 by the department. The department may not deny access to the  
23 database to any dealer who holds a general distinguishing number  
24 issued under this chapter or who is licensed under Chapter 2301,  
25 Occupations Code, or to any converter licensed under Chapter 2301,  
26 Occupations Code.

27 SECTION 8. The heading to Section 503.063, Transportation

1 Code, is amended to read as follows:

2 Sec. 503.063. BUYER'S TEMPORARY [~~CARDBOARD~~] TAGS.

3 SECTION 9. Subsections (a), (b), (g), and (h), Section  
4 503.063, Transportation Code, are amended to read as follows:

5 (a) Except as provided by this section, a dealer shall issue  
6 to a person who buys a vehicle one temporary [~~cardboard~~] buyer's tag  
7 for the vehicle.

8 (b) Except as provided by this section, the buyer's tag is  
9 valid for the operation of the vehicle until the earlier of:

10 (1) the date on which the vehicle is registered; or

11 (2) the 60th [~~21st~~] day after the date of purchase.

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

24 [~~(h)~~] For each buyer's temporary [~~cardboard~~] tag [~~other~~  
25 ~~than an additional temporary cardboard buyer's tag under Subsection~~  
26 ~~(g)~~], a dealer shall charge the buyer a registration fee of not more  
27 than \$5 as prescribed by the department to be sent to the

1 comptroller for deposit to the credit of the state highway fund.

2 SECTION 10. Subsection (c), Section 503.0631,  
3 Transportation Code, is amended to read as follows:

4 (c) Except as provided by Subsection (d), before a buyer's  
5 temporary [~~cardboard~~] tag may be displayed on a vehicle, a dealer  
6 must enter into the database through the Internet information about  
7 the buyer of the vehicle for which the tag was issued as prescribed  
8 by the department and generate a vehicle-specific number for the  
9 tag as required by Section 503.063(e). The department may not deny  
10 access to the database to any dealer who holds a general  
11 distinguishing number issued under this chapter or who is licensed  
12 under Chapter 2301, Occupations Code.

13 SECTION 11. Subsection (a), Section 503.065,  
14 Transportation Code, is amended to read as follows:

15 (a) The department may issue or cause to be issued to a  
16 person a temporary license plate [~~made of cardboard or similar~~  
17 ~~material~~] authorizing the person to operate a new unregistered  
18 vehicle on a public highway of this state if the person:

19 (1) buys the vehicle from a dealer outside this state  
20 and intends to drive the vehicle from the dealer's place of  
21 business; or

22 (2) buys the vehicle from a dealer in this state but  
23 intends to drive the vehicle from the manufacturer's place of  
24 business outside this state.

25 SECTION 12. Section 503.067, Transportation Code, is  
26 amended to read as follows:

27 Sec. 503.067. UNAUTHORIZED REPRODUCTION, PURCHASE, USE, OR



1 SALE OF TEMPORARY [~~CARDBOARD~~] TAGS. (a) A person may not produce  
2 or reproduce a temporary [~~cardboard~~] tag or an item represented to  
3 be a temporary [~~cardboard~~] tag for the purpose of distributing the  
4 tag to someone other than a dealer or converter.

5 (b) A person may not operate a vehicle that displays an  
6 unauthorized temporary [~~cardboard~~] tag.

7 (c) A person other than a dealer or converter may not  
8 purchase a temporary [~~cardboard~~] tag.

9 (d) A person may not sell or distribute a temporary  
10 [~~cardboard~~] tag or an item represented to be a temporary  
11 [~~cardboard~~] tag unless the person is:

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

14 (2) a printer or distributor engaged in the business  
15 of selling temporary [~~cardboard~~] tags solely for uses authorized  
16 under this chapter.

17 SECTION 13. Subsections (a), (b), and (c), Section 503.068,  
18 Transportation Code, are amended to read as follows:

19 (a) A dealer or an employee of a dealer may not use a  
20 dealer's temporary [~~cardboard~~] tag as authorization to operate a  
21 vehicle for the dealer's or the employee's personal use.

22 (b) A person may not use a metal dealer's license plate or  
23 dealer's temporary [~~cardboard~~] tag on:

24 (1) a service or work vehicle; or

25 (2) a commercial vehicle that is carrying a load.

26 (c) For purposes of this section, a boat trailer carrying a  
27 boat is not a commercial vehicle carrying a load. A dealer

1 complying with this chapter may affix to the rear of a boat trailer  
2 the dealer owns or sells a metal dealer's license plate or temporary  
3 [~~cardboard~~] tag issued under Section 503.061, 503.062, or 503.063.

4 SECTION 14. Subsection (a), Section 503.069,  
5 Transportation Code, is amended to read as follows:

6 (a) A license plate, other than an in-transit license plate,  
7 or a temporary [~~cardboard~~] tag issued under this chapter shall be  
8 displayed in accordance with commission [~~board~~] rules.

9 SECTION 15. Subdivision (12), Section 601.002,  
10 Transportation Code, is amended to read as follows:

11 (12) "Vehicle registration" means:

12 (A) a registration certificate, registration  
13 receipt, or number plate issued under Chapter 502; or

14 (B) a dealer's license plate or temporary  
15 [~~cardboard~~] tag issued under Chapter 503.

16 SECTION 16. Subsection (a), Section 152.069, Tax Code, is  
17 amended to read as follows:

18 (a) The seller of a motor vehicle sold in a seller-financed  
19 sale shall apply for the registration of, and a Texas certificate of  
20 title for, the motor vehicle in the name of the purchaser to the  
21 appropriate county tax assessor-collector not later than the 45th  
22 day after the date the motor vehicle is delivered to the purchaser.

23 SECTION 17. Section 503.0632, Transportation Code, is  
24 repealed.

25 SECTION 18. The changes in law made by this Act to Section  
26 503.067, Transportation Code, apply to an offense committed on or  
27 after the effective date of this Act. An offense committed before

1 the effective date of this Act is governed by the law in effect when  
2 the offense was committed, and the former law is continued in effect  
3 for that purpose. For purposes of this section, an offense was  
4 committed before the effective date of this Act if any element of  
5 the offense was committed before that date.

6 SECTION 19. This Act takes effect September 1, 2009.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 1235 passed the Senate on April 9, 2009, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 29, 2009, by the following vote: Yeas 30, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 1235 passed the House, with amendment, on May 26, 2009, by the following vote: Yeas 94, Nays 53, one present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor