

1-1 By: Davis S.B. No. 1235  
1-2 (In the Senate - Filed March 2, 2009; March 17, 2009, read  
1-3 first time and referred to Committee on Transportation and Homeland  
1-4 Security; April 1, 2009, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;  
1-6 April 1, 2009, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1235 By: Davis

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

1-10 relating to the sale and use of unregistered vehicles, including  
1-11 the issuance and use of temporary tags on vehicles and the  
1-12 collection of sales taxes.

1-13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-14 SECTION 1. Subsection (d), Section 501.022, Transportation  
1-15 Code, is amended to read as follows:

1-16 (d) Subsection (c) does not apply to a motor vehicle  
1-17 operated on a public highway in this state with a metal dealer's  
1-18 license plate or a dealer's or buyer's temporary [~~cardboard~~] tag  
1-19 attached to the vehicle as provided by Chapter 503.

1-20 SECTION 2. Subsections (a) and (c), Section 503.038,  
1-21 Transportation Code, are amended to read as follows:

1-22 (a) The department may cancel a dealer's general  
1-23 distinguishing number if the dealer:

1-24 (1) falsifies or forges a title document, including an  
1-25 affidavit making application for a certified copy of a title;

1-26 (2) files a false or forged tax document, including a  
1-27 sales tax affidavit;

1-28 (3) fails to take assignment of any basic evidence of  
1-29 ownership, including a certificate of title or manufacturer's  
1-30 certificate, for a vehicle the dealer acquires;

1-31 (4) fails to assign any basic evidence of ownership,  
1-32 including a certificate of title or manufacturer's certificate, for  
1-33 a vehicle the dealer sells;

1-34 (5) uses or permits the use of a metal dealer's license  
1-35 plate or a dealer's temporary [~~cardboard~~] tag on a vehicle that the  
1-36 dealer does not own or control or that is not in stock and offered  
1-37 for sale;

1-38 (6) makes a material misrepresentation in an  
1-39 application or other information filed with the department;

1-40 (7) fails to maintain the qualifications for a general  
1-41 distinguishing number;

1-42 (8) fails to provide to the department within 30 days  
1-43 after the date of demand by the department satisfactory and  
1-44 reasonable evidence that the person is regularly and actively  
1-45 engaged in business as a wholesale or retail dealer;

1-46 (9) has been licensed for at least 12 months and has  
1-47 not assigned at least five vehicles during the previous 12-month  
1-48 period;

1-49 (10) has failed to demonstrate compliance with  
1-50 Sections 23.12, 23.121, and 23.122, Tax Code;

1-51 (11) uses or allows the use of the dealer's general  
1-52 distinguishing number or the location for which the general  
1-53 distinguishing number is issued to avoid the requirements of this  
1-54 chapter;

1-55 (12) misuses or allows the misuse of a temporary  
1-56 [~~cardboard~~] tag authorized under this chapter;

1-57 (13) refuses to show on a buyer's temporary  
1-58 [~~cardboard~~] tag the date of sale or other reasonable information  
1-59 required by the department; or

1-60 (14) otherwise violates this chapter or a rule adopted  
1-61 under this chapter.

1-62 (c) A person whose general distinguishing number is  
1-63 canceled under this chapter shall surrender to a representative of

2-1 the department each license, license plate, temporary [~~cardboard~~]  
2-2 tag, sticker, and receipt issued under this chapter not later than  
2-3 the 10th day after the date the general distinguishing number is  
2-4 canceled. The department shall direct any peace officer to secure  
2-5 and return to the department any plate, tag, sticker, or receipt of  
2-6 a person who does not comply with this subsection.

2-7 SECTION 3. The heading to Section 503.062, Transportation  
2-8 Code, is amended to read as follows:

2-9 Sec. 503.062. DEALER'S TEMPORARY [~~CARDBOARD~~] TAGS.

2-10 SECTION 4. Subsections (a), (b), and (d), Section 503.062,  
2-11 Transportation Code, are amended to read as follows:

2-12 (a) A dealer may issue a temporary [~~cardboard~~] tag for use  
2-13 on an unregistered vehicle by the dealer or the dealer's employees  
2-14 only to:

2-15 (1) demonstrate or cause to be demonstrated to a  
2-16 prospective buyer the vehicle for sale purposes only;

2-17 (2) convey or cause to be conveyed the vehicle:

2-18 (A) from one of the dealer's places of business  
2-19 in this state to another of the dealer's places of business in this  
2-20 state;

2-21 (B) from the dealer's place of business to a  
2-22 place the vehicle is to be repaired, reconditioned, or serviced;

2-23 (C) from the state line or a location in this  
2-24 state where the vehicle is unloaded to the dealer's place of  
2-25 business;

2-26 (D) from the dealer's place of business to a  
2-27 place of business of another dealer;

2-28 (E) from the point of purchase by the dealer to  
2-29 the dealer's place of business; or

2-30 (F) to road test the vehicle; or

2-31 (3) use the vehicle for or allow its use by a  
2-32 charitable organization.

2-33 (b) Subsection (a)(1) does not prohibit a dealer from  
2-34 permitting:

2-35 (1) a prospective buyer to operate a vehicle while the  
2-36 vehicle is being demonstrated; or

2-37 (2) a customer to operate a vehicle temporarily while  
2-38 the customer's vehicle is being repaired.

2-39 (d) The department may not issue a dealer temporary  
2-40 [~~cardboard~~] tag or contract for the issuance of a dealer temporary  
2-41 [~~cardboard~~] tag but shall prescribe:

2-42 (1) the specifications, form, and color of a dealer  
2-43 temporary [~~cardboard~~] tag;

2-44 (2) procedures for a dealer to generate a  
2-45 vehicle-specific number using the database developed under Section  
2-46 503.0626 and assign it to each tag;

2-47 (3) procedures to clearly display the  
2-48 vehicle-specific number on the tag; and

2-49 (4) the period for which a tag may be used for or by a  
2-50 charitable organization.

2-51 SECTION 5. The heading to Section 503.0625, Transportation  
2-52 Code, is amended to read as follows:

2-53 Sec. 503.0625. CONVERTER'S TEMPORARY [~~CARDBOARD~~] TAGS.

2-54 SECTION 6. Subsections (b), (e), and (f), Section 503.0625,  
2-55 Transportation Code, are amended to read as follows:

2-56 (b) A converter may issue a temporary [~~cardboard~~] tag for  
2-57 use on an unregistered vehicle by the converter or the converter's  
2-58 employees only to:

2-59 (1) demonstrate or cause to be demonstrated to a  
2-60 prospective buyer who is an employee of a franchised motor vehicle  
2-61 dealer the vehicle; or

2-62 (2) convey or cause to be conveyed the vehicle:

2-63 (A) from one of the converter's places of  
2-64 business in this state to another of the converter's places of  
2-65 business in this state;

2-66 (B) from the converter's place of business to a  
2-67 place the vehicle is to be assembled, repaired, reconditioned,  
2-68 modified, or serviced;

2-69 (C) from the state line or a location in this

3-1 state where the vehicle is unloaded to the converter's place of  
3-2 business;

3-3 (D) from the converter's place of business to a  
3-4 place of business of a franchised motor vehicle dealer; or

3-5 (E) to road test the vehicle.

3-6 (e) The department may not issue a converter temporary  
3-7 [~~cardboard~~] tag or contract for the issuance of a converter  
3-8 temporary [~~cardboard~~] tag but shall prescribe:

3-9 (1) the specifications, form, and color of a converter  
3-10 temporary [~~cardboard~~] tag;

3-11 (2) procedures for a converter to generate a  
3-12 vehicle-specific number using the database developed under Section  
3-13 503.0626 and assign it to each tag; and

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

3-16 (f) A converter or employee of a converter may not use a  
3-17 temporary [~~cardboard~~] tag issued under this section as  
3-18 authorization to operate a vehicle for the converter's or the  
3-19 employee's personal use.

3-20 SECTION 7. Subsections (a) and (c), Section 503.0626,  
3-21 Transportation Code, are amended to read as follows:

3-22 (a) The department shall develop and maintain a secure,  
3-23 real-time database of information on vehicles to which dealers and  
3-24 converters have affixed temporary [~~cardboard~~] tags. The database  
3-25 shall be managed by the vehicle titles and registration division of  
3-26 the department.

3-27 (c) Before a dealer's or converter's temporary [~~cardboard~~]  
3-28 tag may be displayed on a vehicle, the dealer or converter must  
3-29 enter into the database through the Internet information on the  
3-30 vehicle and information about the dealer or converter as prescribed  
3-31 by the department. The department may not deny access to the  
3-32 database to any dealer who holds a general distinguishing number  
3-33 issued under this chapter or who is licensed under Chapter 2301,  
3-34 Occupations Code, or to any converter licensed under Chapter 2301,  
3-35 Occupations Code.

3-36 SECTION 8. The heading to Section 503.063, Transportation  
3-37 Code, is amended to read as follows:

3-38 Sec. 503.063. BUYER'S TEMPORARY [~~CARDBOARD~~] TAGS.

3-39 SECTION 9. Subsections (a), (b), (g), and (h), Section  
3-40 503.063, Transportation Code, are amended to read as follows:

3-41 (a) Except as provided by this section, a dealer shall issue  
3-42 to a person who buys a vehicle one temporary [~~cardboard~~] buyer's tag  
3-43 for the vehicle.

3-44 (b) Except as provided by this section, the buyer's tag is  
3-45 valid for the operation of the vehicle until the earlier of:

3-46 (1) the date on which the vehicle is registered; or

3-47 (2) the 60th [~~21st~~] day after the date of purchase.

3-48 (g) [~~Using the same vehicle-specific number generated under~~  
3-49 ~~Subsection (c)(2)(A), a dealer may issue an additional temporary~~  
3-50 ~~cardboard buyer's tag to a person after the expiration of 20 working~~  
3-51 ~~days after the issue of a temporary cardboard buyer's tag, and the~~  
3-52 ~~person may operate the vehicle for which the tag was issued on the~~  
3-53 ~~additional temporary cardboard buyer's tag if the dealer has been~~  
3-54 ~~unable to obtain on behalf of the vehicle's owner the necessary~~  
3-55 ~~documents to obtain permanent metal license plates because the~~  
3-56 ~~documents are in the possession of a lienholder who has not complied~~  
3-57 ~~with the terms of Section 501.115(a). An additional tag issued~~  
3-58 ~~under the terms of this subsection is valid for a maximum of 20~~  
3-59 ~~working days after the date of issue.~~

3-60 [(h)] For each buyer's temporary [~~cardboard~~] tag [~~other~~  
3-61 ~~than an additional temporary cardboard buyer's tag under Subsection~~  
3-62 ~~(g)], a dealer shall charge the buyer a registration fee of not more~~  
3-63 ~~than \$5 as prescribed by the department to be sent to the~~  
3-64 ~~comptroller for deposit to the credit of the state highway fund.~~

3-65 SECTION 10. Subsection (c), Section 503.0631,  
3-66 Transportation Code, is amended to read as follows:

3-67 (c) Except as provided by Subsection (d), before a buyer's  
3-68 temporary [~~cardboard~~] tag may be displayed on a vehicle, a dealer  
3-69 must enter into the database through the Internet information about

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

4-7 SECTION 11. Subsection (a), Section 503.065,  
 4-8 Transportation Code, is amended to read as follows:

4-9 (a) The department may issue or cause to be issued to a  
 4-10 person a temporary license plate [~~made of cardboard or similar~~  
 4-11 ~~material~~] authorizing the person to operate a new unregistered  
 4-12 vehicle on a public highway of this state if the person:

4-13 (1) buys the vehicle from a dealer outside this state  
 4-14 and intends to drive the vehicle from the dealer's place of  
 4-15 business; or

4-16 (2) buys the vehicle from a dealer in this state but  
 4-17 intends to drive the vehicle from the manufacturer's place of  
 4-18 business outside this state.

4-19 SECTION 12. Section 503.067, Transportation Code, is  
 4-20 amended to read as follows:

4-21 Sec. 503.067. UNAUTHORIZED REPRODUCTION, PURCHASE, USE, OR  
 4-22 SALE OF TEMPORARY [~~CARDBOARD~~] TAGS. (a) A person may not produce  
 4-23 or reproduce a temporary [~~cardboard~~ tag or an item represented to  
 4-24 be a temporary [~~cardboard~~ tag for the purpose of distributing the  
 4-25 tag to someone other than a dealer or converter.

4-26 (b) A person may not operate a vehicle that displays an  
 4-27 unauthorized temporary [~~cardboard~~ tag.

4-28 (c) A person other than a dealer or converter may not  
 4-29 purchase a temporary [~~cardboard~~ tag.

4-30 (d) A person may not sell or distribute a temporary  
 4-31 [~~cardboard~~ tag or an item represented to be a temporary  
 4-32 [~~cardboard~~ tag unless the person is:

4-33 (1) a dealer issuing the tag in connection with the  
 4-34 sale of a vehicle; or

4-35 (2) a printer or distributor engaged in the business  
 4-36 of selling temporary [~~cardboard~~ tags solely for uses authorized  
 4-37 under this chapter.

4-38 SECTION 13. Subsections (a), (b), and (c), Section 503.068,  
 4-39 Transportation Code, are amended to read as follows:

4-40 (a) A dealer or an employee of a dealer may not use a  
 4-41 dealer's temporary [~~cardboard~~ tag as authorization to operate a  
 4-42 vehicle for the dealer's or the employee's personal use.

4-43 (b) A person may not use a metal dealer's license plate or  
 4-44 dealer's temporary [~~cardboard~~ tag on:

4-45 (1) a service or work vehicle; or

4-46 (2) a commercial vehicle that is carrying a load.

4-47 (c) For purposes of this section, a boat trailer carrying a  
 4-48 boat is not a commercial vehicle carrying a load. A dealer  
 4-49 complying with this chapter may affix to the rear of a boat trailer  
 4-50 the dealer owns or sells a metal dealer's license plate or temporary  
 4-51 [~~cardboard~~ tag issued under Section 503.061, 503.062, or 503.063.

4-52 SECTION 14. Subsection (a), Section 503.069,  
 4-53 Transportation Code, is amended to read as follows:

4-54 (a) A license plate, other than an in-transit license plate,  
 4-55 or a temporary [~~cardboard~~ tag issued under this chapter shall be  
 4-56 displayed in accordance with commission [~~board~~] rules.

4-57 SECTION 15. Subdivision (12), Section 601.002,  
 4-58 Transportation Code, is amended to read as follows:

4-59 (12) "Vehicle registration" means:

4-60 (A) a registration certificate, registration  
 4-61 receipt, or number plate issued under Chapter 502; or

4-62 (B) a dealer's license plate or temporary  
 4-63 [~~cardboard~~ tag issued under Chapter 503.

4-64 SECTION 16. Subsection (c), Section 152.041, Tax Code, is  
 4-65 amended to read as follows:

4-66 (c) Except as provided by Subsection (f) and Sections  
 4-67 152.0411 and [~~Section~~] 152.047, the tax imposed by Section 152.021  
 4-68 is due on the 20th working day after the date the motor vehicle is  
 4-69 delivered to the purchaser.

5-1 SECTION 17. Subsection (b), Section 152.0411, Tax Code, is  
5-2 amended to read as follows:

5-3 (b) The seller shall collect the tax from the purchaser and  
5-4 remit it to the tax assessor-collector in the [~~time and~~] manner  
5-5 provided by law not later than the 45th day after the date the motor  
5-6 vehicle is delivered to the purchaser.

5-7 SECTION 18. Subsection (a), Section 152.069, Tax Code, is  
5-8 amended to read as follows:

5-9 (a) The seller of a motor vehicle sold in a seller-financed  
5-10 sale shall apply for the registration of, and a Texas certificate of  
5-11 title for, the motor vehicle in the name of the purchaser to the  
5-12 appropriate county tax assessor-collector not later than the 45th  
5-13 day after the date the motor vehicle is delivered to the purchaser.

5-14 SECTION 19. Section 503.0632, Transportation Code, is  
5-15 repealed.

5-16 SECTION 20. The changes in law made by this Act to Section  
5-17 503.067, Transportation Code, apply to an offense committed on or  
5-18 after the effective date of this Act. An offense committed before  
5-19 the effective date of this Act is governed by the law in effect when  
5-20 the offense was committed, and the former law is continued in effect  
5-21 for that purpose. For purposes of this section, an offense was  
5-22 committed before the effective date of this Act if any element of  
5-23 the offense was committed before that date.

5-24 SECTION 21. This Act takes effect September 1, 2009.

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