

BILL ANALYSIS

C.S.H.B. 2806
By: Phillips
Transportation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that some portions of the law relating to authorizing a private vendor to sell certain license plates are in need of clarification to assist implementation. C.S.H.B. 2806 provides this clarifying language.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the board of the Texas Department of Motor Vehicles in SECTIONS 8, 10, 11, and 12 of this bill.

ANALYSIS

C.S.H.B. 2806 amends the Transportation Code to adjust the date of application of provisions setting fees for personalized and not personalized souvenir license plates from such plates issued before September 1, 2009, to such plates issued before November 19, 2009. The bill requires the Texas Department of Motor Vehicles (TxDMV) to issue personalized license plates, including personalized license plates sold by the private vendor under a contract with TxDMV as provided by provisions relating to a contract with a private vendor.

C.S.H.B. 2806, in provisions relating to specialty license plates for general distribution, authorizes the sponsor of a specialty license plate, rather than the sponsor of a specialty license plate authorized to be issued before September 1, 2009, to contract with the private vendor authorized to market and sell specialty license plates. The bill authorizes the sponsor of a specialty license plate authorized to be issued before November 19, 2009 and sold through a private vendor to reestablish its specialty license plate under provisions of law applicable to specialty license plates for general distribution and specialty license plates authorized after January 1, 1999, and to be credited the sponsor's previous deposit with TxDMV if a contract entered into by the sponsor terminates. The bill authorizes a public entity that receives money from the issuance of professional sports team license plates to contract with the private vendor to distribute the entity's portion of the money in a manner other than that described in provisions of law governing professional sports team license plates.

C.S.H.B. 2806, in provisions of law relating to the creation of new specialty license plates by the department, specifies that fees for issuance of the license plates under such provisions apply to license plates issued before November 19, 2009, rather than to license plates issued before September 1, 2009. The bill authorizes the sponsor of a specialty license plate created under provisions relating to the development of new specialty license plates, rather than the sponsor of a specialty license plate created under those provisions before September 1, 2009, to contract with the private vendor authorized to market and sell specialty license plates. The bill requires TxDMV, as an alternative to depositing a portion of the fee from the issuance of a license plate to the credit of the specialty license plate fund if the sponsor nominated a state agency to receive the funds, or to the credit of the general revenue fund if the sponsor did not nominate a state agency to receive the funds, to deposit a portion of the fee for a license plate issued under provisions relating to professional sports team license plates to the public entity that provides or

provided funds for the professional sports team's facility. The bill authorizes a sponsor of a specialty license plate to reestablish its specialty license plate under provisions of law applicable to specialty license plates for general distribution and specialty license plates authorized after January 1, 1999 and to be credited its previous deposit with TxDMV if a contract entered into by the sponsor terminates.

C.S.H.B. 2806, in provisions relating to the marketing of specialty license plates through a private vendor, makes the provisions apply to a specialty license plate created under provisions relating to the development of new specialty license plates and specialty license plates for general distribution that are created on or after November 19, 2009, rather than those license plates created on or after September 1, 2009, and authorizes the license plates to be personalized. The bill authorizes TxDMV to contract with the private vendor for the vendor to host all or some of the specialty plates on the vendor's website, process the purchase of specialty license plates hosted on the vendor's website and pay any additional transaction cost, and share in the personalization fee for the license plates hosted on the vendor's website. The bill includes license plates hosted on the private vendor's website in provisions authorizing the board of TxDMV by rule to establish the fees for the issuance or renewal of specialty license plates. The bill prohibits the state's portion of the fee for souvenir or specialty license plates that are personalized and marketed and sold by the private vendor from being less than \$40 for each year the plates are issued and makes provisions requiring fees to be reasonable and cover certain costs apply to fees other than those fees. The bill authorizes TxDMV to approve new design and color combinations for specialty license plates that are marketed and sold by the private vendor. The bill authorizes TxDMV to disapprove a license plate design if the department determines that the disapproval is in the best interest of this state or the motoring public. The bill authorizes TxDMV, if the private vendor ceases operation, to operate the specialty license plate program temporarily under new agreements with the license plate sponsors until another vendor is selected and begins operation. The bill specifies that in such a case, the private vendor's share of the revenue is deposited to the credit of the general revenue fund.

C.S.H.B. 2806 makes provisions relating to personalized license plates issued before September 1, 2009 apply instead to personalized or specialty license plates issued before November 19, 2009. The bill establishes that, unless the board by rule adopts a higher fee or the license plate is not renewed annually, the fee for issuance of a specialty license plate issued before November 19, 2009 is \$30, as set forth in general provisions applicable to specialty license plates for general distribution, and \$40 for a personalized plate. The bill makes provisions relating to the deduction of an amount from each fee collected to defray administrative costs apply to the fee collected for a personalized license plate, rather than to the fee collected under provisions relating to personalized license plates issued before September 1, 2009, and specifies that the deducted amount is required to be used by TxDMV to defray administrative costs. The bill repeals provisions relating to certification of costs to the comptroller of public accounts for personalized or specialty license plates that are marketed and sold by the private vendor.

C.S.H.B. 2806, rather than authorizing the private vendor to sell at auction a license to display a unique alphanumeric pattern on a license plate, authorizes the board of TxDMV by rule to provide for the private vendor authorized to market and sell specialty license plates to take the following actions: sell at auction a license to display a unique alphanumeric pattern on a license plate for a period set by board rule; reserve an unissued alphanumeric pattern from TxDMV for purposes of auctioning a license to display the pattern for a period set by board rule; and purchase from a customer an unexpired license to display an alphanumeric pattern for purposes of auction by the vendor. The bill authorizes the board by rule to authorize a person who purchases a license to display an alphanumeric pattern for a period of five years or more to transfer the license and to establish a transfer fee to be distributed in accordance with the contract with the private vendor. The bill authorizes a license to display a unique alphanumeric pattern on a license plate that is purchased from the private vendor at auction to be transferred without payment of the transfer fee. The bill repeals a provision requiring a transferee to notify TxDMV of a transfer and authorizing TxDMV to set a fee for the transfer. The bill makes

nonsubstantive and conforming changes.

C.S.H.B. 2806 repeals the following provisions of the Transportation Code:

- Section 504.851(k)
- Section 504.854(c)

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2806 differs from the original by making provisions relating to the fee for souvenir license plates, souvenir license plates that are personalized, personalized or specialty license plates that are marketed and sold by a private vendor, and the fee for new specialty license plates created by the Texas Department of Motor Vehicles (TxDMV) apply to license plates issued before November 19, 2009, whereas the original makes those provisions apply to license plates issued before September 1, 2009. The substitute omits a provision included in the original authorizing TxDMV by rule to establish an implementation date for the specialty license plate program and setting the fee for the issuance of a specialty license plate after the implementation date is established.

C.S.H.B. 2806 differs from the original by requiring TxDMV, as an alternative to depositing a portion of the fee from the issuance of a new specialty license plate created by TxDMV to the credit of the specialty license fund if the sponsor nominated a state agency to receive the funds, or to the credit of the general revenue fund if the sponsor did not nominate a state agency to receive the funds, to deposit a portion of the fee for a license plate issued under provisions relating to professional sports team license plates to the public entity that provides or provided funds for the professional sports team's facility, whereas the original requires TxDMV to deposit a portion of the fee to the credit of the specialty license fund if the sponsor nominated a state agency or a public entity to receive the funds or to the general revenue fund if the sponsor did not nominate a state agency or a public entity to receive the funds.

C.S.H.B. 2806 differs from the original by making provisions relating to the deduction of an amount from each fee collected for the issuance of a personalized or specialty license plate to defray administrative costs apply to the fee collected for a personalized license plate, whereas the original makes the provisions apply to the fee collected for a personalized or specialty license plate.

C.S.H.B. 2806 differs from the original, in provisions authorizing the board of TxDMV by rule to provide for the private vendor to take certain actions, by including among the actions selling at auction a license to display a unique alphanumeric pattern on a license plate for a period set by board rule, whereas the original includes selling at auction a license to display a unique alphanumeric pattern on a license plate for a maximum period. The substitute differs from the original, in those same provisions, by including reserving an unissued alphanumeric pattern from TxDMV for purposes of auctioning a license to display the pattern for a period set by board rule, whereas the original includes reserving an unissued alphanumeric pattern from TxDMV for purposes of auction for a period set by the board. The substitute differs from the original, in those same provisions, by including purchasing from a customer an unexpired license to display an alphanumeric pattern for purposes of auction by the vendor, whereas the original includes purchasing an existing alphanumeric pattern from the customer to whom it is issued before its renewal date for purposes of auction. The substitute differs from the original by authorizing the board by rule to authorize a person who purchases a license to display an alphanumeric pattern for a period of five years or more to transfer the license and establish a transfer fee, whereas the original requires the board by rule to authorize any person who purchases a license plate that

displays an alphanumeric pattern for a period of five years or more to transfer the alphanumeric pattern and establish a transfer fee.

C.S.H.B. 2806 omits a provision included in the original repealing a provision requiring the board of TxDMV by rule to establish fees for the issuance or renewal of personalized license plates that are marketed and sold by the private vendor. The substitute omits a provision included in the original repealing a provision authorizing TxDMV to approve new design and color combinations for personalized license plates that are marketed and sold by the private vendor.

C.S.H.B. 2806 differs from the original in nonsubstantive ways by conforming to certain bill drafting conventions and making clarifying changes and technical corrections to the law.