Department Overview and Update

Prepared for the
House Transportation Committee

Whitney Brewster
Executive Director

March 2, 2017
Table of Contents

Overview of the Texas Department of Motor Vehicles ........................................................................................................... 2

Department Organizational Chart ........................................................................................................................................... 4

TxDMV Fund.................................................................................................................................................................................. 5

Recommendations to the 85th Legislature........................................................................................................................................ 6

Registration Code Changes (HB 2461 by Pickett, 85th Legislature) ......................................................................................... 6

Permanent Token Trailer Registration (HB 2433 by Pickett, 85th Legislature) ................................................................. 7

Motor Carrier Registration & Enforcement Changes (Not yet filed) .......................................................................................... 7

Title Act Changes (HB 2462 by Pickett, 85th Legislature) ........................................................................................................ 8

Lemon Law (HB 2070 by Smithee, 85th Legislature) ............................................................................................................. 8

Seized Disabled Parking Placard Process (HB 1790 by Pickett, 85th Legislature) ................................................................. 9

Vehicle Size & Weight Administrative Changes (Not yet filed) ................................................................................................. 9

Size & Weight Vehicle Specific Changes (HB 1789 by Pickett, 85th Legislature) ................................................................. 9

Notification to Demolish Vehicle Process Changes (Not yet filed) ......................................................................................... 9

TxDMV Own/Control Real Property (Not yet filed) ............................................................................................................. 10

Department Facilities ................................................................................................................................................................. 10

Automation System Projects Update ........................................................................................................................................ 11
Overview of the Texas Department of Motor Vehicles

The Texas Department of Motor Vehicles (TxDMV) manages the registering and titling of motor vehicles, grants operating authority to commercial motor carriers, issues oversize and overweight vehicle permits, and regulates the sales and distribution of motor vehicles. The TxDMV aims to provide user-friendly processes and excellent customer service to its regulated businesses and the motoring public. To perform these functions and duties, the TxDMV is organized into several program and support divisions, some of which are highlighted below.

The Vehicle Titles and Registration Division (VTR) provides vehicle title, registration, and related services. The division supports Texas’ 254 county tax assessor-collector (TAC) offices and their agents who, in turn, provide title and registration services to the general public. In addition, the division provides law enforcement personnel access to vehicle ownership information, facilitates the collection of motor vehicle sales tax, oversees specialty license plate issuance, and distributes disabled parking placards.

The Motor Vehicle Division (MVD) ensures a sound system of distributing and selling vehicles through licensing and regulating manufacturers, distributors, converters, leasing companies, and franchised (new), independent (used), and salvage motor vehicle dealers. MVD facilitates the processing and mediation of disputes between franchised dealers and manufacturers and dealer-to-dealer protests.

The division also determines if licensing is required to sell certain motor vehicles and trailers, responds to licensing inquiries, and determines license eligibility. MVD also oversees the processing and distribution of license plates to eligible dealers, manufacturers, distributors, and converters and authorizes participation in motor vehicle industry trade shows and displays in Texas.
The **Motor Carrier Division** (MCD) is responsible for regulating the motor carrier industry and promoting the safe, effective, and efficient movement of people and goods. The division issues motor carrier operating authority credentials; issues permits for the operation of oversize and overweight (OS/OW) vehicles and loads on Texas roads; monitors compliance with financial responsibility reporting; operates the commercial fleet registration program; and provides apportioned registration of commercial vehicles engaged in interstate operation.

The **Enforcement Division** ensures compliance with the law by the motor vehicle distribution, salvage and motor carrier industries. Complaints from consumers, other agencies, law enforcement, and from within the department are received and investigated by staff investigators located throughout the state. If violations are found, administrative actions are initiated by the division’s staff attorneys. An integral part of the division’s enforcement activities focuses on education and training on the laws and rules regulating licensees to help improve compliance. The division oversees the state’s Lemon Law program, which assists hundreds of consumers with claims against manufacturers concerning alleged defects with new motor vehicles. The department’s Office of Administrative Hearings also provides assistance to customers with Lemon Law and warranty performance complaints by conducting hearings throughout the state.

The **Auto Burglary and Theft Prevention Authority** (ABTPA) provides grants to entities working to combat auto burglaries and thefts. The ABTPA has a seven-member board appointed by the governor to represent law enforcement, consumers, and the insurance industry. The ABTPA fosters a statewide, cooperative network of law enforcement groups, prosecutors, insurance industry representatives, tax assessor-collectors, and citizens to combat vehicle theft and burglary through enforcement, prevention, and public awareness. The Authority also analyzes the methods used by criminals who commit auto burglaries and thefts, then shares the information with law enforcement and the public.

---

**TxDMV by the Numbers**

**VTR Division FY 2016**
- 24,053,612 Vehicles registered
- 8,242,349 Vehicle Titles issued
- $1.4+ billion to Fund 6 from Reg.
- $4.3+ billion in Vehicle Sales Taxes

**Motor Vehicle Division FY 2016**
- 32,292 Active Licenses, of which:
  - 2,834 are Franchise Dealers
  - 17,098 are Independent Dealers
  - 284 are Manufacturers/Distributors
  - 9,685 are Salvage Vehicle Dealers

**Motor Carrier Division FY 2016**
- $153,063,901 Revenue from OS/OW Permits
- 665,578 OS/OW permits issued
- 49,950 Active Intrastate Carriers
- 414,195 Active Intrastate Vehicles
- 245,709 Phone Calls Handled

**Enforcement Division FY 2016**
- $1,161,408 MV civil penalties collected
- $339,640 Reimbursed to consumers through Lemon Law mediation
- $1,321,889 MC civil penalties collected
- $938,369 OS/OW civil penalties collected
- 13,036 Complaints investigated
Department Organizational Chart

Governor of Texas
Greg Abbott

Texas Department of Motor Vehicles (TxDMV)
Board of Directors

Executive Director
Whitney Brewster

Executive Assistants
Stacy Steensken
Vacant

Board Liaison
Terri Tuttle

Deputy Executive Director
Shelly Mellott

Automobile Burglary & Theft
Prevention Authority (ABTPA)
Board of Directors

Automobile Burglary & Theft
Prevention Authority (ABTPA)
Bryan Wilson

Consumer Relations
Ginny Booton

Enforcement
Bill Harbeson

Motor Carrier
Jimmy Archer

Motor Vehicle
Daniel Avitia

Vehicle Titles & Registration
Jeremiah Kuntz

*Position reports to Executive Director and Board of Directors.
**TxDMV Fund**

Effective at the start of Fiscal Year 2017 (September 1, 2016), SB 1512 from the 84th Legislative Session reestablished the TxDMV Fund as a separate fund from the General Revenue (GR) Fund and State Highway Fund (Fund 6). The fund had originally been created by HB 2202 from the 83rd Legislature but not was exempted from that session’s fund consolidation bill, resulting in it being abolished before it actually came into effect. It ensures statutorily dedicated fees are being used for their intended purposes, and provides more transparency in department funding. TxDMV is still subject to the legislative appropriations process.

The department’s method of finance for FY 2017 and for the upcoming biennium is 100% from the TxDMV Fund (except for the ABTPA, which is still funded from GR where its revenues are currently deposited). The revenue streams redirected for deposit to the TxDMV Fund are sufficient to cover a large majority of the department’s annualized average appropriation. Additionally, state law requires the TxDMV Fund to pay for the department’s employee benefits (e.g., employer pension, health insurance, social security contributions), which adds approximately $14 million a year to the amount the fund needs to cover departmental obligations.

HB 2202 (83R) also gave the TxDMV Board authority to set a processing and handling fee for vehicle registrations. This fee is intended to work together with the TxDMV Fund revenues to provide the funds necessary to separate TxDMV from Fund 6, to provide compensation for county tax-assessor collectors for their work in processing registration transactions, and to more transparently show the true cost of providing registration services. Per statute, the fee must be set in an amount sufficient to cover the expenses of the state and counties in providing registration services. The processing and handling fee includes the existing automation, mail-in, and online fees. Because the fee now covers a county’s compensation for registration transactions versus the county being paid out of the registration fee as has been done historically, all registration fee collections are directly deposited to the State Highway Fund and dedicated for roads. This leads to a permanent increase of more than $48 million a year in revenue to the State Highway Fund.

The processing and handling fee was adopted last summer by the board after several months of meetings with stakeholders and state leadership. The fee went into effect for registrations expiring on or after January 1, 2017. The fee is $4.75, with a $1 discount if the registration is renewed online. The county and the state each receives a portion of the processing and handling fee to cover expenses. The portion of the fee received is intended to correspond with the amount of resources involved in processing a particular transition type. For example, walk-in and mail-in transactions generally require more resources to process and are therefore more costly for a county. Counties receive a higher portion of the processing and handling fee on these transactions than an online renewal to ensure proper compensation for the services provided. Please refer to the chart on the next page for a breakdown of the processing and handling fee structure.
Old Fee Structure for Typical Vehicle (through 12/31/16) Without $4.75 Processing and Handling Fee

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Old Fee</th>
<th>New Fee</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online</td>
<td>$54.75</td>
<td>$54.50</td>
<td>(includes $1 discount off Processing &amp; Handling fee)</td>
</tr>
<tr>
<td>Walk-In</td>
<td>$51.75</td>
<td>$55.50</td>
<td></td>
</tr>
<tr>
<td>Mail-In</td>
<td>$52.75</td>
<td>$55.50</td>
<td></td>
</tr>
<tr>
<td>Limited Service and Dealer Deputies</td>
<td>$52.75</td>
<td>$55.50</td>
<td></td>
</tr>
<tr>
<td>Full Service Deputies</td>
<td>$56.75</td>
<td>$64.50</td>
<td>(includes max $9 convenience fee)</td>
</tr>
</tbody>
</table>

New Fee Structure for Typical Vehicle (beginning 1/1/17) With $4.75 Processing and Handling Fee

*The above excludes the $1 DPS fee and other local fees, and assumes the most common registration fee of $50.75.

Recommendations to the 85th Legislature

On November 3, 2016 the TxDMV Board considered and approved the department’s recommended statutory changes for the 85th Legislature. The board is charged with making such recommendations under Transportation Code 1001.025 which reads “Sec. 1001.025. RECOMMENDATIONS TO LEGISLATURE. (a) The board shall consider ways in which the department’s operations may be improved and may periodically report to the legislature concerning potential statutory changes that would improve the operation of the department. (b) On behalf of the board, the chair shall report to the governor, the lieutenant governor, the speaker of the house of representatives, and the presiding officers of relevant legislative committees on legislative recommendations adopted by the board and relating to the operation of the department.”

Several of the adopted measures were also recommended by the board to the 84th Legislature. Two omnibus bills from the 84th Legislative Session, HB 2701 by Pickett and SB 1043 by Nichols, contained many of the items being recommended by the TxDMV Board to the 85th Legislature. There was no known opposition to the bills, but there was not sufficient momentum behind the measures to overcome legislative timing issues. Many of the items contained below are repeat recommendations from what was adopted by the board in 2014 and are noted as such.

Registration Code Changes (HB 2461 by Pickett, 85th Legislature)

- The department has the ability to register multiple vehicles for one entity through a fleet program, but participation in the program has been limited. To make the program, which is much more efficient for both the department and the customer, more appealing, a recommendation, also made last session, to change the “fleet fee” from an annual $10 per vehicle fee to a one-time $10 per vehicle set-up fee upon initial registration in the fleet program. It is recommended that the amended “fleet fee” and the fleet related license plate fees, which are administrative fees separate and apart from registration fees that are deposited to the credit of the State Highway Fund, be deposited to the TxDMV fund to cover the costs of administering this program.
- Streamlines the process for when a closed or potentially closed county tax assessor-collector office’s transactions can be performed by a different county to allow for continuity of services for customers. A conforming change for this item is also in the Title Act grouping.
• Allow for printed receipts from online vehicle registration renewal transactions to serve as proof of registration for 30 days (to allow the actual sticker time to be received through the mail). It is anticipated that this change will help reduce lines at the end and beginning of every month at tax assessor-collector and deputy offices as customers will also be allowed to use their receipt as proof of registration before their sticker expires at the end of the month.
• There is a recommendation, also made last session, to remove the ability for an owner of multiple vehicles to align vehicle registration renewal dates.
• There are also changes resulting from an internal audit recommendation associated with when counties remit registration fees to the state. Language is recommended to align the statute to correspond with when fees are processed by the system currently and adjust the time frames accordingly.

Permanent Token Trailer Registration (HB 2433 by Pickett, 85th Legislature)
A recommendation that was also made to the 84th Legislature that is currently being recommended is to allow the option to purchase a permanent token trailer license plate for a one-time fee of $80 in addition to the current token trailer plate, which carries an annual $15 fee. The new license plate option will be required to bear the word “Permanent” and will last until the token trailer is removed from service or sold. Based upon feedback from stakeholders and industry trends, this program should increase Texas’ competitiveness nationally as other states offer similar programs.

Motor Carrier Registration & Enforcement Changes (Not yet filed)
H.B. 2701 and S.B. 1043 from the 84th Legislative Session contained the following changes now being recommended, which will promote greater efficiency and safety of the motoring public in TxDMV operations as it relates to motor carriers and regulation of the industry. In this section, motor carrier registration refers to the credentialed or operating authority a carrier needs to legally operate in the state as a motor carrier.

• Chameleon carriers (i.e., a carrier that changes names or operates under various aliases to continue operations without remedying previous penalties or sanctions, often related to safety), continue to be an issue. The changes will give the department the ability to revoke or deny motor carrier registration of a carrier that is, or affiliates with, a chameleon carrier.
• A limit of 180 days is proposed for when a motor carrier registration can be renewed after it has expired without having to obtain a new registration.
• For household goods movers, the requirement to file all tariffs (i.e., what the mover charges a consumer) with the TxDMV, rather than just the current requirement to file tariffs for moves between municipalities.
• Additional recommendations: clarify TxDMV does not issue United States Department of Transportation numbers for carriers and allowing revocation, suspension, or denial of a motor carrier registration as a possible penalty for violating the size and weight and permitting chapters.
Title Act Changes (HB 2462 by Pickett, 85th Legislature)

- To both the 84th and the 85th Legislature, the TxDMV Board recommended changing statute to allow the “Certified Copy of Original Title” (CCO) to serve as the only valid proof of ownership. Texas is one of the only states allowing multiple CCOs to all be evidence of ownership simultaneously, which can lead to confusion and fraud for motorists and lending institutions. Unlike the language included in last session’s legislation, there is no recommended change to the current CCO fee structure.

- Other initiatives from last session, which did not become law but are included in the 85th Legislative Agenda, include: changing the definition of “travel trailer” and “house trailer” from 40 feet in length to 45 feet in length to conform to the reality of such vehicles being sold and operated; only requiring each seller’s legal name, state and city to be on the title rather than the legal address due to system programming and space limits on titles; clarifying the exemption from mandatory titling for certain farm trailer/semitrailers with weight limited to 34,000 lbs. to conform to current practice (result of a legislatively mandated study on trailer titling); and allowing for permissive titling of farm trailers below 34,000 lbs. and semitrailers below 4,000 lbs. but requiring that once a trailer/semitrailer is permissively titled, all subsequent purchasers of that vehicle must title it.

- New recommendations include changing statute to reference and conform to the appropriate Code of Federal Regulations regarding odometer disclosure statement requirements. Providing this reference will assist with recent and ongoing changes to these requirements at the federal level.

- Another recommendation aligns Vehicle Identification Number (VIN) assignments and inspections with current practice and will allow for the expansion of the number of people authorized to perform VIN inspections to decrease fraud, streamline processes and improve the customer experience.

- Language is recommended to clean up the salvage titling statutes and to ensure accurate information is captured on such vehicles for purposes of reporting to the National Motor Vehicle Title Information System (NMVTIS). NMVTIS is a federal database that houses vehicle history information and contains information reported by states, insurance companies and the salvage industry.

Lemon Law (HB 2070 by Smithee, 85th Legislature)

In research of other states Lemon Law qualifications, TxDMV staff has found that the Lemon Law process has been simplified when it comes to the number of required repair attempts within the warranty period to qualify for Lemon Law relief. The TxDMV Board recommends allowing for the repair attempts of a vehicle to simply occur within the first 24 months or 24,000 miles of the vehicle warranty.

During the 83rd Legislative Session, Lemon Law and warranty performance contested cases were moved from the State Office of Administrative Hearings jurisdiction and placed with TxDMV in what is now the Office of Administrative Hearings. However, several of the same sections of code relating to Lemon Law and hearings were amended by two different bills passed by the 83rd Legislature in slightly different ways. There is a recommendation to make it clear which wording of the two versions prevails and includes a few clean-up items to clarify procedures and responsibilities in Lemon Law cases. This effort was contained in recommendations by the TxDMV Board for consideration by the 84th Legislature, but did not become law.
Seized Disabled Parking Placard Process (HB 1790 by Pickett, 85th Legislature)
Language is recommended to clarify TxDMV’s role when disabled parking placards are seized by law enforcement. The current process requires that staff send letters to those whose placards have been seized and for those letters to be returned before the person can receive a replacement placard at their local tax assessor-collector’s office. The recommendation will be that instead of sending letters, the person will reapply for a placard at the tax assessor-collector’s office since they will need to go to that office regardless to gain a replacement placard.

Vehicle Size & Weight Administrative Changes (Not yet filed)
- It is again recommended that the person (including a business entity and others as defined in statute) named on an oversize/overweight permit issued by TxDMV be the one who actually moves the load.
- It is also recommended that a shipper must provide a certificate of weight if the person transporting the load requests one; and the certificate must be provided to the TxDMV by the person transporting a load in cases where the combined weight is greater than 200,000 lbs.
- Loading in excess of size limits is again recommended to be added to the existing ability to sanction for loading excessive weight.
- Currently the revenues retained by the TxDMV from oversize/overweight (OS/OW) permits varies by permit type. To help streamline the process and provide revenues to cover the costs associated with the operation of the program, a new recommendation is that 10% of each OS/OW permit fee be deposited to the TxDMV fund. This provision would apply only to those OS/OW permits established by the 85th Legislature or after and if not otherwise specified by the legislature. This specific provision is included in HB 1795 by Pickett, 85th Legislature.
- In addition, a new recommendation is to allow the department to deny an OS/OW permit if the carrier is currently placed “out-of-service” for safety reasons by the Federal Motor Carrier Safety Administration.

Size & Weight Vehicle Specific Changes (HB 1789 by Pickett, 85th Legislature)
There are new recommendations to conform Texas statutes with federal laws after passage of the recent Fixing America’s Surface Transportation (FAST) Act. Without these changes, Texas could be at risk of losing certain federal highway funds if state laws are not in compliance with these measures. These include: increasing the weight allowance for idle reduction technology; clarifying that the Annual Overlength permit authorized last session is only for loads that cannot reasonable be dismantled; clarifying the weight of emergency vehicles; cleaning up definitions for automobile transporter lengths and backhaul standards; and defining trailer transporter towing units. In addition, a recommendation is included to further clarify that OS/OW permits can be issued for both equipment and commodities.

Notification to Demolish Vehicle Process Changes (Not yet filed)
There is also new language to clarify the fee for a certificate of authority to dispose of a vehicle to a demolisher is $10, which also removes a redundant requirement that the department must send notice to an applicant who has been identified as the owner of a vehicle. This recommendation is based upon feedback from the industry and stakeholders.
**TxDMV Own/Control Real Property (Not yet filed)**

The department has been working closely with the Office of the Governor and the Texas Department of Transportation (TxDOT) to identify a solution for housing TxDMV headquarters operations. Language is recommended allowing TxDMV to accept specific property from TxDOT currently housing TxDMV headquarters staff, and for TxDMV to maintain, improve and have control over such property. The transfer from TxDOT would apply only to the Camp Hubbard location in Austin, where TxDMV headquarters is currently located.

**Department Facilities**

The TxDMV's headquarters is located on Camp Hubbard at 4000 Jackson Avenue in Austin. In that location, the department currently occupies two buildings owned by TxDOT. The department also occupies buildings on land previously owned by TxDOT on Bull Creek Road in Austin. TxDOT sold this land to a private developer in 2015 but included a provision allowing the TxDMV to remain on the property until February of 2018.

The department has met regularly with TxDOT, the Office of the Governor and other state leadership throughout the interim regarding TxDMV facility needs for headquarters operations. One result of those discussions is that the TxDMV personnel currently at the Bull Creek Road property will permanently relocate in early 2018 to the Camp Hubbard property. That building is currently occupied solely by TxDOT related personnel. This relocation will not only solve the problem of where to house departmental employees affected by the sale of the Bull Creek Road property, but will also allow the TxDMV's headquarters operations to be centralized on the same property.

The discussions have also resulted in a proposal for TxDOT to transfer the Camp Hubbard property to TxDMV. For this proposal to be implemented, TxDMV would need a statutory change to allow the department to own and maintain real property. The TxDMV Board recommends to the 85th Legislature that such authority be granted to the department. If the legislature amends the law, TxDMV will be able to accept ownership and control of the Camp Hubbard property, which would ensure the department’s headquarters operations would have a permanent home.

The TxDMV also operates 16 regional service centers around the state. Five of those centers (Dallas, Ft. Worth, Waco, El Paso, and Houston) are in commercially rented space, while the other 11 remain in TxDOT owned buildings. The 84th Legislature provided requested funding for the department to relocate two centers from TxDOT owned to commercially leased property.

The first regional service center to relocate will be Corpus Christi. The center serves Aransas, Bee, Calhoun, Duval, Goliad, Jackson, Jim Wells, Karnes, Kleberg, Live Oak, Matagorda, McMullen, Nueces, Refugio, San Patricio, Victoria, and Wharton counties.
The Corpus Christi Regional Service Center is expected to move to its new location around April 1.

The second regional service center to relocate will be San Antonio. The center serves Atascosa, Bandera, Bexar, Dimmit, Edwards, Frio, Kendall, Kerr, Kinney, La Salle, Maverick, Medina, Real, Uvalde, Val Verde, Wilson, and Zavala counties. The center is anticipated to move in summer 2017.

**Automation System Projects Update**

A primary strategic initiative of the TxDMV is to continuously improve services for all customers. Since its creation in 2009, the department has worked to enhance the way it does business internally and externally. Texas Transportation Code 502.356 authorizes the TxDMV Board to assess an automation fee on every registration to support or improve programs and necessary infrastructure related to registration and titling services, as well as licensing and enforcement procedures. The fee, which supports both county and state systems, can be set between $.50 - $1.00. It is currently set at $.50 for every registration as part of the processing & handling fee. There are many major enterprise projects in progress that are geared toward upgrading existing technology and making business process improvements. A few of these projects are highlighted below.

**Registration and Titling System Refactoring**

The Registration and Titling System (RTS) is TxDMV’s database of motor vehicle records. In 2013, the department began a “refactoring” project to modernize RTS and deploy a new point-of-sale system to all 254 tax assessor-collector offices along with transitioning RTS from a mainframe to a more modern platform. Rolling out the new system was done in a phased approach over several months with the final migration off of the mainframe occurring during Thanksgiving weekend of 2015. Since then, the agency has released numerous updates to the system that remedy inefficiencies and add enhancements. For example, TxDMV was able to provide counties with the long-awaited and much-requested “search by owner name” option. Search by owner name is one of the major benefits of converting RTS to a server-based system since the previous platform could not support this functionality and required the plate number or VIN to locate customer information.

**webDEALER**

webDEALER is the TxDMV’s nationally recognized electronic titling application program that allows dealers to process title applications and new registrations online. Since its inception in 2013, dealers and county tax assessor-collectors have continued to adopt this new way of doing business to reduce processing time and increase efficiency by eliminating data entry and the use of paper transactions. In fact, in December 2016 webDEALER achieved yet another milestone when the two millionth title application was approved through the system. The TxDMV is currently working on the next webDEALER phases, which will further build on the application’s utility.
eLICENSING
TxDMV is replacing its old, paper-based licensing system for motor vehicle and salvage vehicle dealer licensees. The new system, known as eLICENSING, will provide an online, self-service site for dealer licensing. Once implemented in March 2017, applications for dealer licenses, license renewals, license amendments, and promotional events can be submitted electronically at any time. Overall, the eLICENSING program will result in greater convenience and efficiency for stakeholders, the department, and the public.

Application Migration Server Infrastructure Transformation Project
The Application Migration and Server Infrastructure Transformation (AMSIT) project is the separation of TxDMV applications that currently reside on TxDOT servers and transition of these applications to the Consolidated State Data Center overseen by the Department of Information Resources (DIR). The project kicked off in early 2016 and the team is currently working with an IT services company to complete the migration later this year. As a part of this project, the TxDMV is also establishing a back-up network connection for use when there are service outages affecting TxDMV headquarters. This is one of the last remaining activities necessary to separate from TxDOT.