

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Paddie, Canales, Nevárez, Landgraf

H.B. No. 1711

A BILL TO BE ENTITLED

AN ACT

relating to the issuance of digital license plates; authorizing a fee.

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

SECTION 1. Chapter 504, Transportation Code, is amended by adding Subchapter B-1 to read as follows:

SUBCHAPTER B-1. DIGITAL LICENSE PLATES

Sec. 504.151. DEFINITIONS. In this subchapter:

(1) "Digital license plate" means an electronic display that is designed to:

(A) display the information required to be included on a physical license plate; and

(B) be placed on the rear of a vehicle registered under Chapter 502 in lieu of a physical license plate issued under this chapter.

(2) "Digital license plate provider" means a person engaged in the business of providing digital license plate hardware and services to vehicle owners, including the sale or lease of and issuance of digital license plates.

Sec. 504.152. APPLICABILITY OF OTHER LAW. Except as otherwise provided by this subchapter or a rule adopted under this subchapter, a digital license plate issued under this subchapter is subject to the laws of this state applicable to a physical license plate.

1       Sec. 504.153. RULES. The board shall adopt rules as  
2 necessary to implement and administer this subchapter.

3       Sec. 504.154. DIGITAL LICENSE PLATES AUTHORIZED. (a) The  
4 board by rule shall allow a vehicle registered under Chapter 502 to  
5 be equipped with a digital license plate that is placed on the rear  
6 of the vehicle in lieu of a physical license plate issued under this  
7 chapter. The rule must require the owner of a vehicle issued a  
8 digital license plate to obtain a physical license plate to be  
9 placed on the front of the vehicle unless the vehicle is of a class  
10 of vehicles that is not required to display two license plates, as  
11 provided by other law.

12       (b) The department may contract with digital license plate  
13 providers for the issuance of digital license plates, including any  
14 services related to the issuance of digital license plates.

15       (c) Notwithstanding any other law, a rule adopted under this  
16 subchapter may:

17           (1) authorize the display of the vehicle's  
18 registration insignia on a digital license plate issued for the  
19 vehicle in lieu of attaching the registration insignia to the  
20 inside of the vehicle's windshield as required by Section 502.059;

21           (2) establish a fee in an amount necessary to cover any  
22 administrative costs incurred that relate to the issuance of a  
23 digital license plate and exceed the administrative costs incurred  
24 for the issuance of a physical license plate; or

25           (3) prohibit a digital license plate provider from  
26 contracting with the department under Subchapter J.

27       Sec. 504.155. DIGITAL LICENSE PLATES REQUIREMENTS AND

1 PERMISSIVE FUNCTIONALITY. (a) The board by rule shall set the  
2 specifications and requirements for digital license plates,  
3 including requirements for the placement of digital license plates.  
4 The design of and information displayed on a digital license plate  
5 must be approved by the department.

6 (b) A digital license plate issued under this subchapter  
7 must:

8 (1) meet the specifications and requirements adopted  
9 under Subsection (a);

10 (2) include the information required to be included on  
11 a physical license plate and legibly display that information at  
12 all times and in all light conditions, provided that the license  
13 plate may display the information in a smaller typeface when the  
14 vehicle is parked; and

15 (3) have wireless connectivity capability.

16 (c) In adopting rules under Subsection (a), the board shall  
17 consult with the Department of Public Safety. Except as otherwise  
18 provided by this subsection and Section 2001.036, Government Code,  
19 a rule adopted under Subsection (a) takes effect on the 31st day  
20 after the date on which the rule is filed in the office of the  
21 secretary of state. A rule adopted under Subsection (a) does not  
22 take effect if, not later than the 30th day after the date on which  
23 the rule is filed in the office of the secretary of state, the  
24 public safety director of the Department of Public Safety submits  
25 to the office of the secretary of state written notification  
26 invalidating the rule.

27 (d) A rule adopted under this subchapter may:

1           (1) authorize the use of a digital license plate for  
2 electronic toll collection or to display a parking permit; or

3           (2) establish procedures for displaying on a digital  
4 license plate:

5                   (A) an emergency alert or other public safety  
6 alert issued by a governmental entity, including an alert  
7 authorized under Subchapter L, M, or P, Chapter 411, Government  
8 Code;

9                   (B) vehicle manufacturer safety recall notices;

10                   (C) static logo displays, including unique  
11 displays for fleet vehicles; or

12                   (D) advertising approved by the department.

13           Sec. 504.156. DIGITAL LICENSE PLATE PROVIDER POWERS AND  
14 DUTIES. A digital license plate provider with whom the department  
15 contracts under Section 504.154:

16                   (1) shall maintain an inventory of the digital license  
17 plates issued by the provider in this state;

18                   (2) shall make available a digital version of each  
19 specialty license plate authorized by this chapter, other than  
20 personalized license plates authorized for marketing and sale under  
21 Subchapter J, provided that:

22                           (A) each issuance of a specialty license plate  
23 with restricted distribution, including a license plate authorized  
24 under Subchapter C, D, E, or F, must be approved by the department;  
25 and

26                           (B) the provider shall remit to the department in  
27 the manner prescribed by the department all money:

1                   (i) payable to the department; or

2                   (ii) required to be used or deposited in the  
3 manner prescribed by the law establishing the license plate;

4                   (3) may contract with the private vendor under  
5 Subchapter J to make available a digital version of a personalized  
6 license plate authorized for marketing and sale under that  
7 subchapter, provided that the contract shall conform with any  
8 applicable requirements of Subchapter J and the terms of the  
9 private vendor's contract with the department;

10                   (4) shall, if a digital license plate displays a  
11 registration insignia as authorized by a rule adopted under Section  
12 504.154(c)(1), promptly update the display of the registration  
13 insignia to reflect the current registration period for the vehicle  
14 and, on request of the department, suspend the display of the  
15 registration insignia or indicate on the license plate that the  
16 registration insignia for the vehicle is expired;

17                   (5) may provide any service related to the issuance of  
18 a digital license plate that is authorized by board rule, including  
19 the sale, lease, and installation of and customer service for a  
20 digital license plate; and

21                   (6) may charge a fee, payable in installments, for the  
22 issuance of a digital license plate or any additional services  
23 provided by the provider for that license plate.

24                   Sec. 504.157. DEFENSE TO PROSECUTION OF CERTAIN OFFENSES.

25 It is a defense to prosecution of an offense involving the operation  
26 of a motor vehicle and relating to the placement of a license plate  
27 or the display of a registration insignia that the vehicle was

1 operated in compliance with rules issued under this subchapter  
2 governing the placement of a digital license plate or the display of  
3 a registration insignia on a digital license plate, as applicable.

4 SECTION 2. Not later than December 31, 2019, the board of  
5 the Texas Department of Motor Vehicles shall adopt the rules  
6 required by Subchapter B-1, Chapter 504, Transportation Code, as  
7 added by this Act, and any other rules necessary to implement and  
8 administer that subchapter.

9 SECTION 3. This Act takes effect immediately if it receives  
10 a vote of two-thirds of all the members elected to each house, as  
11 provided by Section 39, Article III, Texas Constitution. If this  
12 Act does not receive the vote necessary for immediate effect, this  
13 Act takes effect September 1, 2019.

ADOPTED

MAY 19 2019

*Debra Spaw*  
Secretary of the Senate

By: Paddie/Paxton

H.B. No. 1711

Substitute the following for H.B. No. 1711:

By: *Kelly*

C.S. H.B. No. 1711

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the issuance of digital license plates; authorizing a  
3 fee.

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

5 SECTION 1. Chapter 504, Transportation Code, is amended by  
6 adding Subchapter B-1 to read as follows:

7 SUBCHAPTER B-1. DIGITAL LICENSE PLATES

8 Sec. 504.151. DEFINITIONS. In this subchapter:

9 (1) "Digital license plate" means an electronic  
10 display that is designed to:

11 (A) display the information required to be  
12 included on a physical license plate; and

13 (B) be placed on the rear of a vehicle in lieu of  
14 a physical license plate issued under this chapter.

15 (2) "Digital license plate provider" means a person  
16 engaged in the business of providing digital license plate hardware  
17 and services to vehicle owners, including the sale or lease of and  
18 issuance of digital license plates.

19 Sec. 504.152. APPLICABILITY OF OTHER LAW. Except as  
20 otherwise provided by this subchapter or a rule adopted under this  
21 subchapter, a digital license plate issued under this subchapter is  
22 subject to the laws of this state applicable to a physical license  
23 plate.

24 Sec. 504.153. RULES. The board shall adopt rules as

1 necessary to implement and administer this subchapter.

2 Sec. 504.154. DIGITAL LICENSE PLATES AUTHORIZED;  
3 FUNCTIONALITY. (a) The board by rule shall allow a vehicle  
4 described by Subsection (b) to be equipped with a digital license  
5 plate that is placed on the rear of the vehicle in lieu of a physical  
6 license plate issued under this chapter. The rule must require the  
7 owner of a vehicle issued a digital license plate to obtain a  
8 physical license plate to be placed on the front of the vehicle  
9 unless the vehicle is of a class of vehicles that is not required to  
10 display two license plates, as provided by other law.

11 (b) A vehicle registered under Chapter 502 may be equipped  
12 with a digital license plate only if the vehicle:

13 (1) is part of a commercial fleet, as defined by  
14 Section 502.001;

15 (2) is owned or operated by a governmental entity; or

16 (3) is not a passenger vehicle.

17 (c) The department may contract with digital license plate  
18 providers for the issuance of digital license plates, including any  
19 services related to the issuance of digital license plates.

20 (d) Notwithstanding any other law, rules adopted under this  
21 subchapter:

22 (1) shall authorize the display of the vehicle's  
23 registration insignia on a digital license plate issued for the  
24 vehicle in lieu of attaching the registration insignia to the  
25 inside of the vehicle's windshield as required by Section 502.059;

26 (2) may establish a fee in an amount necessary to cover  
27 any administrative costs incurred that relate to the issuance of a

1 digital license plate and exceed the administrative costs incurred  
2 for the issuance of a physical license plate;

3 (3) shall prohibit a digital license plate provider  
4 from contracting with the department under Subchapter J;

5 (4) shall authorize the use of a digital license plate  
6 for electronic toll collection or to display a parking permit; and

7 (5) may establish procedures for displaying on a  
8 digital license plate:

9 (A) an emergency alert or other public safety  
10 alert issued by a governmental entity, including an alert  
11 authorized under Subchapter L, M, or P, Chapter 411, Government  
12 Code;

13 (B) vehicle manufacturer safety recall notices;

14 (C) static logo displays, including unique  
15 displays for fleet vehicles; or

16 (D) advertising approved by the department.

17 Sec. 504.155. DIGITAL LICENSE PLATE REQUIREMENTS. (a) The  
18 board by rule shall set the specifications and requirements for  
19 digital license plates, including requirements for the placement of  
20 digital license plates. The design of and information displayed on  
21 a digital license plate must be approved by the department.

22 (b) A digital license plate issued under this subchapter  
23 must:

24 (1) meet the specifications and requirements adopted  
25 under Subsection (a);

26 (2) include the information required to be included on  
27 a physical license plate and legibly display that information at

1 all times and in all light conditions, provided that the license  
2 plate may display the information in a smaller typeface when the  
3 vehicle is parked;

4 (3) have wireless connectivity capability; and

5 (4) provide benefits to law enforcement that meet or  
6 exceed the benefits provided by physical license plates as of the  
7 time of enactment of this subchapter and as determined by the  
8 Department of Public Safety.

9 (c) The Department of Public Safety may test digital license  
10 plates to ensure that the digital license plates comply with the  
11 requirements of Subsection (b).

12 Sec. 504.156. DIGITAL LICENSE PLATE PROVIDER POWERS AND  
13 DUTIES. A digital license plate provider with whom the department  
14 contracts under Section 504.154:

15 (1) shall maintain a database of the digital license  
16 plates issued by the provider in this state;

17 (2) shall make available a digital version of each  
18 specialty license plate authorized by this chapter, other than  
19 personalized license plates authorized for marketing and sale under  
20 Subchapter J, provided that:

21 (A) each issuance of a specialty license plate  
22 with restricted distribution, including a license plate authorized  
23 under Subchapter C, D, E, or F, must be approved by the department;  
24 and

25 (B) the provider shall remit to the department in  
26 the manner prescribed by the department all money:

27 (i) payable to the department; or

1                   (ii) required to be used or deposited in the  
2 manner prescribed by the law establishing the license plate;

3                   (3) may contract with the private vendor under  
4 Subchapter J to make available a digital version of a personalized  
5 license plate authorized for marketing and sale under that  
6 subchapter, provided that the contract shall conform with any  
7 applicable requirements of Subchapter J and the terms of the  
8 private vendor's contract with the department;

9                   (4) shall promptly update the display of the  
10 registration insignia to reflect the current registration period  
11 for the vehicle and, on request of the department, suspend the  
12 display of the registration insignia or indicate on the license  
13 plate that the registration insignia for the vehicle is expired;

14                   (5) may provide any service related to the issuance of  
15 a digital license plate that is authorized by board rule, including  
16 the sale, lease, and installation of and customer service for a  
17 digital license plate; and

18                   (6) may charge a fee, payable in installments, for the  
19 issuance of a digital license plate or any additional services  
20 provided by the provider for that license plate.

21                   Sec. 504.157. DEFENSE TO PROSECUTION OF CERTAIN OFFENSES.

22 It is a defense to prosecution of an offense involving the operation  
23 of a motor vehicle and relating to the placement of a license plate  
24 or the display of a registration insignia that the vehicle was  
25 operated in compliance with rules issued under this subchapter  
26 governing the placement of a digital license plate or the display of  
27 a registration insignia on a digital license plate, as applicable.

1           SECTION 2. Not later than December 31, 2019, the board of  
2 the Texas Department of Motor Vehicles shall adopt the rules  
3 required by Subchapter B-1, Chapter 504, Transportation Code, as  
4 added by this Act, and any other rules necessary to implement and  
5 administer that subchapter.

6           SECTION 3. This Act takes effect immediately if it receives  
7 a vote of two-thirds of all the members elected to each house, as  
8 provided by Section 39, Article III, Texas Constitution. If this  
9 Act does not receive the vote necessary for immediate effect, this  
10 Act takes effect September 1, 2019.

ADOPTED

MAY 19 2019

*Secretary of the Board*

*Angela Paxton*

FLOOR AMENDMENT NO. 1

BY: \_\_\_\_\_

1 Amend C.S.H.B. No. 1711 (senate committee printing) by  
2 striking all below the enacting clause and substituting the  
3 following:

4 SECTION 1. Chapter 504, Transportation Code, is amended by  
5 adding Subchapter B-1 to read as follows:

6 SUBCHAPTER B-1. DIGITAL LICENSE PLATES

7 Sec. 504.151. DEFINITIONS. In this subchapter:

8 (1) "Digital license plate" means an electronic  
9 display that is designed to:

10 (A) display the information required to be  
11 included on a physical license plate; and

12 (B) be placed on the rear of a vehicle in lieu of  
13 a physical license plate issued under this chapter.

14 (2) "Digital license plate provider" means a person  
15 engaged in the business of providing digital license plate hardware  
16 and services to vehicle owners, including the sale or lease of and  
17 issuance of digital license plates.

18 Sec. 504.152. APPLICABILITY OF OTHER LAW. Except as  
19 otherwise provided by this subchapter or a rule adopted under this  
20 subchapter, a digital license plate issued under this subchapter is  
21 subject to the laws of this state applicable to a physical license  
22 plate.

23 Sec. 504.153. RULES. The board shall adopt rules as  
24 necessary to implement and administer this subchapter.

25 Sec. 504.154. DIGITAL LICENSE PLATES AUTHORIZED. (a) The  
26 board by rule shall allow a vehicle described by Subsection (b) to  
27 be equipped with a digital license plate that is placed on the rear  
28 of the vehicle in lieu of a physical license plate issued under this  
29 chapter. The rule must require the owner of a vehicle issued a

1 digital license plate to obtain a physical license plate to be  
2 placed on the front of the vehicle unless the vehicle is of a class  
3 of vehicles that is not required to display two license plates, as  
4 provided by other law.

5 (b) A vehicle registered under Chapter 502 may be equipped  
6 with a digital license plate only if the vehicle:

7 (1) is part of a commercial fleet, as defined by  
8 Section 502.001;

9 (2) is owned or operated by a governmental entity; or

10 (3) is not a passenger vehicle.

11 (c) The department may contract with digital license plate  
12 providers for the issuance of digital license plates, including any  
13 services related to the issuance of digital license plates.

14 (d) Notwithstanding any other law, a rule adopted under this  
15 subchapter may:

16 (1) authorize the display of the vehicle's  
17 registration insignia on a digital license plate issued for the  
18 vehicle in lieu of attaching the registration insignia to the  
19 inside of the vehicle's windshield as required by Section 502.059;

20 (2) establish a fee in an amount necessary to cover any  
21 administrative costs incurred that relate to the issuance of a  
22 digital license plate and exceed the administrative costs incurred  
23 for the issuance of a physical license plate; or

24 (3) prohibit a digital license plate provider from  
25 contracting with the department under Subchapter J.

26 Sec. 504.155. DIGITAL LICENSE PLATES REQUIREMENTS AND  
27 PERMISSIVE FUNCTIONALITY. (a) The board by rule shall set the  
28 specifications and requirements for digital license plates,  
29 including requirements for the placement of digital license plates.  
30 The design of and information displayed on a digital license plate  
31 must be approved by the department.

1           (b) A digital license plate issued under this subchapter  
2 must:

3                   (1) meet the specifications and requirements adopted  
4 under Subsection (a);

5                   (2) include the information required to be included on  
6 a physical license plate and legibly display that information at  
7 all times and in all light conditions, provided that the license  
8 plate may display the information in a smaller typeface when the  
9 vehicle is parked; and

10                   (3) have wireless connectivity capability.

11           (c) In adopting rules under Subsection (a), the board shall  
12 consult with the Department of Public Safety. Except as otherwise  
13 provided by this subsection and Section 2001.036, Government Code,  
14 a rule adopted under Subsection (a) takes effect on the 31st day  
15 after the date on which the rule is filed in the office of the  
16 secretary of state. A rule adopted under Subsection (a) does not  
17 take effect if, not later than the 30th day after the date on which  
18 the rule is filed in the office of the secretary of state, the  
19 public safety director of the Department of Public Safety submits  
20 to the office of the secretary of state written notification  
21 invalidating the rule.

22           (d) A rule adopted under this subchapter may:

23                   (1) authorize the use of a digital license plate for  
24 electronic toll collection or to display a parking permit; or

25                   (2) establish procedures for displaying on a digital  
26 license plate:

27                           (A) an emergency alert or other public safety  
28 alert issued by a governmental entity, including an alert  
29 authorized under Subchapter L, M, or P, Chapter 411, Government  
30 Code;

31                           (B) vehicle manufacturer safety recall notices;

1                   (C) static logo displays, including unique  
2 displays for fleet vehicles; or

3                   (D) advertising approved by the department.

4           Sec. 504.156. DIGITAL LICENSE PLATE PROVIDER POWERS AND  
5 DUTIES. A digital license plate provider with whom the department  
6 contracts under Section 504.154:

7                   (1) shall maintain an inventory of the digital license  
8 plates issued by the provider in this state;

9                   (2) shall make available a digital version of each  
10 specialty license plate authorized by this chapter, other than  
11 personalized license plates authorized for marketing and sale under  
12 Subchapter J, provided that:

13                   (A) each issuance of a specialty license plate  
14 with restricted distribution, including a license plate authorized  
15 under Subchapter C, D, E, or F, must be approved by the department;  
16 and

17                   (B) the provider shall remit to the department in  
18 the manner prescribed by the department all money:

19                           (i) payable to the department; or

20                           (ii) required to be used or deposited in the  
21 manner prescribed by the law establishing the license plate;

22                   (3) may contract with the private vendor under  
23 Subchapter J to make available a digital version of a personalized  
24 license plate authorized for marketing and sale under that  
25 subchapter, provided that the contract shall conform with any  
26 applicable requirements of Subchapter J and the terms of the  
27 private vendor's contract with the department;

28                   (4) shall, if a digital license plate displays a  
29 registration insignia as authorized by a rule adopted under Section  
30 504.154(d)(1), promptly update the display of the registration  
31 insignia to reflect the current registration period for the vehicle

1 and, on request of the department, suspend the display of the  
2 registration insignia or indicate on the license plate that the  
3 registration insignia for the vehicle is expired;

4 (5) may provide any service related to the issuance of  
5 a digital license plate that is authorized by board rule, including  
6 the sale, lease, and installation of and customer service for a  
7 digital license plate; and

8 (6) may charge a fee, payable in installments, for the  
9 issuance of a digital license plate or any additional services  
10 provided by the provider for that license plate.

11 Sec. 504.157. DEFENSE TO PROSECUTION OF CERTAIN OFFENSES.

12 It is a defense to prosecution of an offense involving the operation  
13 of a motor vehicle and relating to the placement of a license plate  
14 or the display of a registration insignia that the vehicle was  
15 operated in compliance with rules issued under this subchapter  
16 governing the placement of a digital license plate or the display of  
17 a registration insignia on a digital license plate, as applicable.

18 SECTION 2. Not later than December 31, 2020, the board of  
19 the Texas Department of Motor Vehicles shall adopt the rules  
20 required by Subchapter B-1, Chapter 504, Transportation Code, as  
21 added by this Act, and any other rules necessary to implement and  
22 administer that subchapter.

23 SECTION 3. This Act takes effect immediately if it receives  
24 a vote of two-thirds of all the members elected to each house, as  
25 provided by Section 39, Article III, Texas Constitution. If this  
26 Act does not receive the vote necessary for immediate effect, this  
27 Act takes effect September 1, 2019.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 20, 2019**

**TO:** Honorable Dennis Bonnen, Speaker of the House, House of Representatives

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
 Legislative Budget Board

**IN RE: HB1711** by Paddie (Relating to the issuance of digital license plates; authorizing a fee.),  
**As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1711, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2021. However, an impact of (\$1,458,344) to the Texas Department of Motor Vehicles Fund is anticipated through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>Tx Dept of Motor Vehicles Fnd</i> 10	Change in Number of State Employees from FY 2019
2020	(\$1,308,297)	2.0
2021	(\$150,047)	2.0
2022	(\$150,047)	2.0
2023	(\$150,047)	2.0
2024	(\$150,047)	2.0

**Fiscal Analysis**

The bill would amend Chapter 504 of the Transportation Code to require the Department of Motor

Vehicles (DMV) to adopt rules to allow a registered vehicle to be equipped with a digital license plate that is placed on the rear of the vehicle if the vehicle is part of a commercial fleet, is owned or operated by a governmental entity, or is not a passenger vehicle. The rule must require the owner of the vehicle to obtain a physical license plate to place on the front of the vehicle unless the vehicle is of a class that is not required to display two license plates as provided by other law. The bill would authorize DMV to contract with third-party providers (vendors) to issue digital license plates. The bill would authorize the adoption of rules to establish the procedures for displaying certain information on a digital license plate, including advertising approved by the DMV. The bill would authorize DMV by rule to establish a fee in an amount necessary to cover any administrative costs for issuance of a digital license plate that exceed the administrative costs incurred for issuance of a physical license plate. The bill would require the DMV board to adopt rules necessary to implement the provisions of the bill no later than December 31, 2020.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or otherwise on September 1, 2019.

### **Methodology**

For the purposes of this analysis, it is assumed the DMV board would adopt rules no later than December 31, 2020, as required by the bill, and contract with a vendor to provide digital license plates in fiscal year 2021. DMV reports the agency would incur one-time programming technology costs to the automated registration and titling system and other connected systems and applications to accommodate the capabilities to track vehicles with both a metal license plate and a digital license plate. Based on the information provided by DMV, it is assumed these one-time technology costs would be \$1,158,250 from the Texas Department of Motor Vehicles Fund (TxDMV Fund) in fiscal year 2020.

Based on the analysis of DMV, it is assumed the agency would require 2.0 additional Program Specialist III FTEs at a cost of \$111,204 to the TxDMV Fund (\$55,602/year each for salaries and wages) to implement the provisions of the bill, including administering the vendor contract and assisting in the review of advertising and other content to be displayed on a digital license plate. Employee benefits and payroll contribution costs for the two additional FTEs is estimated to be \$37,175 (33.43 percent of salaries) and \$1,668, respectively, per fiscal year.

The estimated costs noted above relate to one-time information technology costs and ongoing vendor contract monitoring. This analysis assumes there would be no additional direct administrative costs for issuing a digital license plate compared to the issuance of a physical license plate. Therefore, this analysis does not include an estimate of a fee that may be established by DMV rule for the issuance of digital license plates.

**Note:** This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

### **Technology**

The Department of Motor Vehicles would incur one-time programming costs in fiscal year 2020 to implement the bill.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 608 Department of Motor Vehicles, 304 Comptroller of Public Accounts,  
405 Department of Public Safety

**LBB Staff:** WP, JGAn, SGr, TG, AF

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 14, 2019**

**TO:** Honorable Robert Nichols, Chair, Senate Committee on Transportation

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
 Legislative Budget Board

**IN RE:** **HB1711** by Paddie (relating to the issuance of digital license plates; authorizing a fee.),  
**Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1711, Committee Report 2nd House, Substituted: an impact of \$0 through the biennium ending August 31, 2021. However, an impact of (\$1,458,344) to the Texas Department of Motor Vehicles Fund is anticipated through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>Tx Dept of Motor Vehicles Fnd</i> 10	Change in Number of State Employees from FY 2019
2020	(\$1,308,297)	2.0
2021	(\$150,047)	2.0
2022	(\$150,047)	2.0
2023	(\$150,047)	2.0
2024	(\$150,047)	2.0

**Fiscal Analysis**

The bill would amend Chapter 504 of the Transportation Code to require the Department of Motor

Vehicles (DMV) to adopt rules to allow a registered vehicle to be equipped with a digital license plate that is placed on the rear of the vehicle if the vehicle is part of a commercial fleet, is owned or operated by a governmental entity, or is not a passenger vehicle. The rule must require the owner of the vehicle to obtain a physical license plate to place on the front of the vehicle unless the vehicle is of a class that is not required to display two license plates as provided by other law. The bill would authorize DMV to contract with third-party providers (vendors) to issue digital license plates. The bill would authorize the adoption of rules to establish the procedures for displaying certain information on a digital license plate, including advertising approved by the DMV. The bill would authorize DMV by rule to establish a fee in an amount necessary to cover any administrative costs for issuance of a digital license plate that exceed the administrative costs incurred for issuance of a physical license plate. The bill would require the DMV board to adopt rules necessary to implement the provisions of the bill no later than December 31, 2019.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or otherwise on September 1, 2019.

### **Methodology**

For the purposes of this analysis, it is assumed the DMV board would adopt rules by December 31, 2019, as required by the bill, and contract with a vendor to provide digital license plates in fiscal year 2020. DMV reports the agency would incur one-time programming technology costs to the automated registration and titling system and other connected systems and applications to accommodate the capabilities to track vehicles with both a metal license plate and a digital license plate. Based on the information provided by DMV, it is assumed these one-time technology costs would be \$1,158,250 from the Texas Department of Motor Vehicles Fund (TxDMV Fund) in fiscal year 2020.

Based on the analysis of DMV, it is assumed the agency would require 2.0 additional Program Specialist III FTEs at a cost of \$111,204 to the TxDMV Fund (\$55,602/year each for salaries and wages) to for administering the vendor contract and assisting in the review of advertising and other content to be displayed on a digital license plate. Employee benefits and payroll contribution costs for the two additional FTEs is estimated to be \$37,175 (33.43 percent of salaries) and \$1,668, respectively, per fiscal year.

The estimated costs noted above relate to one-time information technology costs and ongoing vendor contract monitoring. This analysis assumes there would be no additional direct administrative costs for issuing a digital license plate compared to the issuance of a physical license plate. Therefore, this analysis does not include an estimate of a fee that may be established by DMV rule for the issuance of digital license plates.

**Note:** This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

### **Technology**

The Department of Motor Vehicles would incur one-time programming costs in fiscal year 2020 to implement the bill.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 405 Department of Public Safety, 608  
Department of Motor Vehicles

**LBB Staff:** WP, JGAn, SGr, TG, AF

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 26, 2019**

**TO:** Honorable Robert Nichols, Chair, Senate Committee on Transportation

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB1711** by Paddie (Relating to the issuance of digital license plates; authorizing a fee.),  
**As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1711, As Engrossed: an impact of \$0 through the biennium ending August 31, 2021. However, an impact of (\$1,458,344) to the Texas Department of Motor Vehicles Fund is anticipated through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from Tx Dept of Motor Vehicles Fnd 10	Change in Number of State Employees from FY 2019
2020	(\$1,308,297)	2.0
2021	(\$150,047)	2.0
2022	(\$150,047)	2.0
2023	(\$150,047)	2.0
2024	(\$150,047)	2.0

**Fiscal Analysis**

The bill would amend Chapter 504 of the Transportation Code to require the Department of Motor

Vehicles (DMV) to adopt rules to allow a registered vehicle to be equipped with a digital license plate that is placed on the rear of the vehicle. The rule must require the owner of the vehicle to obtain a physical license plate to place on the front of the vehicle unless the vehicle is of a class that is not required to display two license plates as provided by other law. The bill would authorize DMV to contract with third-party providers (vendors) to issue digital license plates. The bill would authorize the adoption of rules to establish the procedures for displaying certain information on a digital license plate, including advertising approved by the DMV. The bill would authorize DMV by rule to establish a fee in an amount necessary to cover any administrative costs for issuance of a digital license plate that exceed the administrative costs incurred for issuance of a physical license plate. The bill would require the DMV board to adopt rules necessary to implement the provisions of the bill no later than December 31, 2019.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or otherwise on September 1, 2019.

### **Methodology**

For the purposes of this analysis, it is assumed the DMV board would adopt rules by December 31, 2019, as required by the bill, and contract with a vendor to provide digital license plates in fiscal year 2020. DMV reports the agency would incur one-time programming technology costs to the automated registration and titling system and other connected systems and applications to accommodate the capabilities to track vehicles with both a metal license plate and a digital license plate. Based on the information provided by DMV, it is assumed these one-time technology costs would be \$1,158,250 from the Texas Department of Motor Vehicles Fund (TxDMV Fund) in fiscal year 2020.

Based on the analysis of DMV, it is assumed the agency would require 2.0 additional Program Specialist III FTEs at a cost of \$111,204 to the TxDMV Fund (\$55,602/year each for salaries and wages) to for administering the vendor contract and assisting in the review of advertising and other content to be displayed on a digital license plate. Employee benefits and payroll contribution costs for the two additional FTEs is estimated to be \$37,175 (33.43 percent of salaries) and \$1,668, respectively, per fiscal year.

The estimated costs noted above relate to one-time information technology costs and ongoing vendor contract monitoring. This analysis assumes there would be no additional direct administrative costs for issuing a digital license plate compared to the issuance of a physical license plate. Therefore, this analysis does not include an estimate of a fee that may be established by DMV rule for the issuance of digital license plates.

**Note:** This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

### **Technology**

The Department of Motor Vehicles would incur one-time programming costs in fiscal year 2020 to implement the bill.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 608 Department of Motor Vehicles

**LBB Staff:** WP, JGAn, SGr, TG, AF

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 9, 2019**

**TO:** Honorable Terry Canales, Chair, House Committee on Transportation

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB1711** by Paddie (relating to the issuance of digital license plates; authorizing a fee.),  
**Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1711, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2021. However, an impact of (\$1,458,344) to the Texas Department of Motor Vehicles Fund is anticipated through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>Tx Dept of Motor Vehicles Fnd</i> 10	Change in Number of State Employees from FY 2019
2020	(\$1,308,297)	2.0
2021	(\$150,047)	2.0
2022	(\$150,047)	2.0
2023	(\$150,047)	2.0
2024	(\$150,047)	2.0

**Fiscal Analysis**

The bill would amend Chapter 504 of the Transportation Code to require the Department of Motor

Vehicles (DMV) to adopt rules to allow a registered vehicle to be equipped with a digital license plate that is placed on the rear of the vehicle. The rule must require the owner of the vehicle to obtain a physical license plate to place on the front of the vehicle unless the vehicle is of a class that is not required to display two license plates as provided by other law. The bill would authorize DMV to contract with third-party providers (vendors) to issue digital license plates. The bill would authorize the adoption of rules to establish the procedures for displaying certain information on a digital license plate, including advertising approved by the DMV. The bill would authorize DMV by rule to establish a fee in an amount necessary to cover any administrative costs for issuance of a digital license plate that exceed the administrative costs incurred for issuance of a physical license plate. The bill would require the DMV board to adopt rules necessary to implement the provisions of the bill no later than December 31, 2019.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or otherwise on September 1, 2019.

### **Methodology**

For the purposes of this analysis, it is assumed the DMV board would adopt rules by December 31, 2019, as required by the bill, and contract with a vendor to provide digital license plates in fiscal year 2020. DMV reports the agency would incur one-time programming technology costs to the automated registration and titling system and other connected systems and applications to accommodate the capabilities to track vehicles with both a metal license plate and a digital license plate. Based on the information provided by DMV, it is assumed these one-time technology costs would be \$1,158,250 from the Texas Department of Motor Vehicles Fund (TxDMV Fund) in fiscal year 2020.

Based on the analysis of DMV, it is assumed the agency would require 2.0 additional Program Specialist III FTEs at a cost of \$111,204 to the TxDMV Fund (\$55,602/year each for salaries and wages) to for administering the vendor contract and assisting in the review of advertising and other content to be displayed on a digital license plate. Employee benefits and payroll contribution costs for the two additional FTEs is estimated to be \$37,175 (33.43 percent of salaries) and \$1,668, respectively, per fiscal year.

The estimated costs noted above relate to one-time information technology costs and ongoing vendor contract monitoring. This analysis assumes there would be no additional direct administrative costs for issuing a digital license plate compared to the issuance of a physical license plate. Therefore, this analysis does not include an estimate of a fee that may be established by DMV rule for the issuance of digital license plates.

**Note:** This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

### **Technology**

The Department of Motor Vehicles would incur one-time programming costs in fiscal year 2020 to implement the bill.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 608 Department of Motor Vehicles

**LBB Staff:** WP, JGAn, SGr, TG, AF

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**March 19, 2019**

**TO:** Honorable Terry Canales, Chair, House Committee on Transportation

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
 Legislative Budget Board

**IN RE: HB1711** by Paddie (Relating to the issuance of digital license plates; authorizing a fee.),  
**As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1711, As Introduced: an impact of \$0 through the biennium ending August 31, 2021. However, an impact of (\$1,324,844) to the Texas Department of Motor Vehicles Fund is anticipated through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>Tx Dept of Motor Vehicles Fnd</i> 10	Change in Number of State Employees from FY 2019
2020	(\$1,174,797)	2.0
2021	(\$150,047)	2.0
2022	(\$150,047)	2.0
2023	(\$150,047)	2.0
2024	(\$150,047)	2.0

**Fiscal Analysis**

The bill would amend Chapter 504 of the Transportation Code to require the Department of Motor

Vehicles (DMV) to adopt rules to allow a registered vehicle to be equipped with a digital license plate in lieu of a physical license plate. The bill would authorize DMV to contract with a third-party provider (vendor) to issue digital license plates. The bill would authorize the vendor, under rules adopted by DMV, to process registration transactions, including the renewal of registration, on behalf of DMV for vehicles issued digital license plates and remit any vehicle registration fees collected to DMV. The bill would authorize DMV to adopt rules allowing a vehicle owner to attach a digital license plate to the rear of the vehicle in lieu of attaching two physical license plates. The bill would authorize the adoption of rules to establish the procedures for displaying certain information on a digital license plate, including advertising approved by the DMV. The bill would require the DMV board to adopt rules necessary to implement the provisions of the bill no later than December 31, 2019.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or otherwise on September 1, 2019.

### **Methodology**

For the purposes of this analysis, it is assumed the DMV board would adopt rules by December 31, 2019, as required by the bill, and contract with a vendor to provide digital license plates in fiscal year 2020. DMV reports the agency would incur one-time programming technology costs to the automated registration and titling system and other connected systems and applications to accommodate transactions for digital license plates. Based on the information provided by DMV, it is assumed these one-time technology costs would be \$1,024,750 from the Texas Department of Motor Vehicles Fund (TxDMV Fund) in fiscal year 2020.

Based on the analysis of DMV, it is assumed the agency would require 2.0 additional Program Specialist III FTEs at a cost of \$111,204 to the TxDMV Fund (\$55,602/year each for salaries and wages) to for administering the vendor contract and assisting in the review of advertising and other content to be displayed on a digital license plate. Employee benefits and payroll contribution costs for the two additional FTEs is estimated to be \$37,175 (33.43 percent of salaries) and \$1,668, respectively, per fiscal year.

Based on information provided by DMV, it is assumed all fees due to the state at the time of registration for transactions processed by the vendor would be remitted to the state as required. Therefore, no impact to state revenue collections from the applicable fees is anticipated.

### **Technology**

The Department of Motor Vehicles would incur one-time programming costs in fiscal year 2020 to implement the bill.

### **Local Government Impact**

Based on information provided by DMV and the counties, it is assumed the counties would not receive a portion of the vehicle registration fee designated for the county road and bridge fund for transactions processed by the digital license plate vendor. Because the number of vehicles that would use digital license plates and vendor transactions is unknown, the revenue loss to the counties cannot be determined. However, the fiscal impact is not anticipated to be significant. Based on the analysis of DMV, the bill would require all other local optional registration fees to be remitted by the vendor.

**Source Agencies:** 304 Comptroller of Public Accounts, 608 Department of Motor Vehicles  
**LBB Staff:** WP, JGAn, SGr, TG, AF