

## **BILL ANALYSIS**

Senate Research Center  
87R27411 BEE-F

C.S.H.B. 3927  
By: Hefner (Nichols)  
Transportation  
5/17/2021  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

It has been suggested that more tools are necessary in order for law enforcement agencies and the Texas Department of Motor Vehicles (TxDMV) to enforce laws and regulations relating to the unlawful sale and use of temporary tags. Unlawfully obtained temporary tags can be used in furtherance of criminal behavior such as kidnapping and trafficking and it has been noted that the unlawful sale of temporary tags has become a source of income for criminals who often engage in this behavior. Some criminals have even gained access to the TxDMV WebDealer system, a loophole which allows them to sell temporary tags on the black market with no intention of running a legitimate dealer business. The bill seeks to address these issues by clarifying and strengthening current law intended to suppress this unlawful behavior.

(Original Author's / Sponsor's Statmenet of Intent)

C.S.H.B. 3927 amends current law relating to certain temporary motor vehicle tags.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Department of Motor Vehicles in SECTION 4 (Section 503.0632, Transportation Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 503.0626(a) and (c), Transportation Code, as follows:

(a) Requires the Texas Department of Motor Vehicles (TxDMV) to develop, manage, and maintain, rather than develop and maintain, a secure, real-time database of information on vehicles to which dealers and converters have affixed temporary tags. Deletes existing text requiring that the database be managed by the vehicle titles and registration division of TxDMV.

(c) Prohibits TxDMV from denying access, except as provided by Section 506.0632(g), to the dealer's and converter's temporary tag database to any dealer who holds a general distinguishing number issued under Chapter 503 (Dealer's and Manufacturer's Vehicle License Plates) or who is licensed under Chapter 2301 (Sale or Lease of Motor Vehicles), Occupations Code, or to any converter licensed under Chapter 2301, Occupations Code.

SECTION 2. Amends Section 503.063, Transportation Code, by adding Subsection (i), as follows:

(i) Authorizes a vehicle to be issued and to display a buyer's tag without satisfying the requirements of Chapter 548 (Compulsory Inspection of Vehicles) if:

(1) the buyer of the vehicle is not a resident of the state; and

(2) the vehicle:

(A) at the time of the purchase, is not located or required to be titled or registered in this state;

(B) will be titled and registered in accordance with the laws of the buyer's state of residence; and

(C) will be inspected in accordance with the laws of the buyer's state of residence, if the laws of that state require inspection.

SECTION 3. Amends Sections 503.0631(a) and (c), Transportation Code, as follows:

(a) Requires TxDMV to develop, manage, and maintain, rather than develop and maintain, a secure, real-time database of information on persons to whom temporary buyer's tags are issued that may be used by a law enforcement agency in the same manner that the agency uses vehicle registration information. Deletes existing text requiring that the database be managed by the vehicle titles and registration division of TxDMV.

(c) Prohibits TxDMV from denying access, except as provided by Section 506.0632(g), to the database to any dealer who holds a general distinguishing number issued under Chapter 503 or who is licensed under Chapter 2301, Occupations Code.

SECTION 4. Amends Subchapter C, Chapter 503, Transportation Code, by adding Section 503.0632, as follows:

Sec. 503.0632. DEPARTMENT REGULATION OF TEMPORARY TAGS AND ACCESS TO TEMPORARY TAG DATABASES. (a) Authorizes TxDMV by rule to establish the maximum number of temporary tags that a dealer or converter is authorized to obtain in a calendar year under Section 503.062 (Dealer's Temporary Tags), 503.0625 (Converter's Temporary Tags), or 503.063 (Buyer's Temporary Tags).

(b) Requires that the maximum number of temporary tags that TxDMV determines a dealer or converter is authorized to obtain under Section 503.0632 be based on the dealer's or converter's anticipated need for temporary tags, taking into consideration:

(1) the dealer's or converter's:

(A) time in operation;

(B) sales data; and

(C) expected growth;

(2) expected changes in the dealer's or converter's market;

(3) temporary conditions that may affect sales by the dealer or converter; and

(4) any other information TxDMV considers relevant.

(c) Authorizes TxDMV, at the request of a dealer or converter, to authorize additional temporary tags of any type for the dealer or converter if the dealer or converter demonstrates a need for additional temporary tags resulting from business operations, including anticipated need.

(d) Provides that TxDMV's denial of a request under Subsection (c) may be overturned if a dealer or converter shows by a preponderance of the evidence the need for additional temporary tags.

(e) Requires TxDMV to:

(1) monitor in real time the number of temporary tags obtained by a dealer or converter; and

(2) if a dealer or converter obtains temporary tags in excess of the number established by TxDMV under Subsection (a), to immediately:

(A) review the dealer's or converter's records; and

(B) investigate to determine the reason for the excess number of temporary tags obtained, including by consulting with the dealer or converter.

(f) Requires TxDMV, if after the review and investigation under Subsection(e)(2) TxDMV determines that a dealer or converter is not compliant with Section 503.038(a)(12) (relating to the misuse or allowance of misuse of a temporary tag authorized under Chapter 503), to issue a cease and desist order as provided by Section 2301.802 (Cease and Desist Order), Occupations Code.

(g) Authorizes TxDMV, if after the review and investigation under Subsection (e)(2) TxDMV determines by clear and convincing evidence that irreparable harm is occurring to the public and to other dealers or converters because a dealer or converter is fraudulently obtaining temporary tags from the temporary tag database, to deny access to a temporary tag database to the dealer or converter after giving notice electronically and by certified mail to the dealer or converter. Authorizes a dealer or converter denied access to a temporary tag database under this subsection to request a hearing on the denial as provided by Subchapter O (Hearings Procedures), Chapter 2301, Occupations Code.

SECTION 5. Amends Sections 503.067(b) and (d), Transportation Code, as follows:

(b) Prohibits a person from operating a vehicle that displays:

(1) a temporary tag in violation of Chapter 503 or Chapter 502 (Registration of Vehicles); or

(2) any other unauthorized temporary tag.

(d) Prohibits a person from selling or distributing a temporary tag or an item represented to be a temporary tag unless the person is a dealer issuing the tag in connection with the sale of a vehicle. Deletes existing text prohibiting a person from selling or distributing a temporary tag or an item represented to be a temporary tag unless the person is a printer or distributor engaged in the business of selling temporary tags solely for uses authorized under Chapter 503.

SECTION 6. Makes application of this Act prospective.

SECTION 7. Effective date: September 1, 2021.