

1-1 By: Hefner (Senate Sponsor - Nichols) H.B. No. 3927
1-2 (In the Senate - Received from the House May 10, 2021;
1-3 May 12, 2021, read first time and referred to Committee on
1-4 Transportation; May 19, 2021, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 8, Nays 0;
1-6 May 19, 2021, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10			X	
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 3927 By: Nichols

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to certain temporary motor vehicle tags.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Sections 503.0626(a) and (c), Transportation
1-24 Code, are amended to read as follows:

1-25 (a) The department shall develop, manage, and maintain a
1-26 secure, real-time database of information on vehicles to which
1-27 dealers and converters have affixed temporary tags. ~~[The database~~
1-28 ~~shall be managed by the vehicle titles and registration division of~~
1-29 ~~the department.]~~

1-30 (c) Before a dealer's or converter's temporary tag may be
1-31 displayed on a vehicle, the dealer or converter must enter into the
1-32 database through the Internet information on the vehicle and
1-33 information about the dealer or converter as prescribed by the
1-34 department. Except as provided by Section 506.0632(g), the ~~[The]~~
1-35 department may not deny access to the database to any dealer who
1-36 holds a general distinguishing number issued under this chapter or
1-37 who is licensed under Chapter 2301, Occupations Code, or to any
1-38 converter licensed under Chapter 2301, Occupations Code.

1-39 SECTION 2. Section 503.063, Transportation Code, is amended
1-40 by adding Subsection (i) to read as follows:

1-41 (i) A vehicle may be issued and display a buyer's tag
1-42 without satisfying the inspection requirements of Chapter 548 if:

1-43 (1) the buyer of the vehicle is not a resident of this
1-44 state; and

1-45 (2) the vehicle:

1-46 (A) at the time of purchase, is not located or
1-47 required to be titled or registered in this state;

1-48 (B) will be titled and registered in accordance
1-49 with the laws of the buyer's state of residence; and

1-50 (C) will be inspected in accordance with the laws
1-51 of the buyer's state of residence, if the laws of that state require
1-52 inspection.

1-53 SECTION 3. Sections 503.0631(a) and (c), Transportation
1-54 Code, are amended to read as follows:

1-55 (a) The department shall develop, manage, and maintain a
1-56 secure, real-time database of information on persons to whom
1-57 temporary buyer's tags are issued that may be used by a law
1-58 enforcement agency in the same manner that the agency uses vehicle
1-59 registration information. ~~[The database shall be managed by the~~
1-60 ~~vehicle titles and registration division of the department.]~~

2-1 (c) Except as provided by Subsection (d), before a buyer's
2-2 temporary tag may be displayed on a vehicle, a dealer must enter
2-3 into the database through the Internet information about the buyer
2-4 of the vehicle for which the tag was issued as prescribed by the
2-5 department and generate a vehicle-specific number for the tag as
2-6 required by Section 503.063(e). Except as provided by Section
2-7 506.0632(g), the ~~[The]~~ department may not deny access to the
2-8 database to any dealer who holds a general distinguishing number
2-9 issued under this chapter or who is licensed under Chapter 2301,
2-10 Occupations Code.

2-11 SECTION 4. Subchapter C, Chapter 503, Transportation Code,
2-12 is amended by adding Section 503.0632 to read as follows:

2-13 Sec. 503.0632. DEPARTMENT REGULATION OF TEMPORARY TAGS AND
2-14 ACCESS TO TEMPORARY TAG DATABASES. (a) The department by rule may
2-15 establish the maximum number of temporary tags that a dealer or
2-16 converter may obtain in a calendar year under Section 503.062,
2-17 503.0625, or 503.063.

2-18 (b) The maximum number of temporary tags that the department
2-19 determines a dealer or converter may obtain under this section must
2-20 be based on the dealer's or converter's anticipated need for
2-21 temporary tags, taking into consideration:

- 2-22 (1) the dealer's or converter's:
 - 2-23 (A) time in operation;
 - 2-24 (B) sales data; and
 - 2-25 (C) expected growth;
- 2-26 (2) expected changes in the dealer's or converter's
2-27 market;
- 2-28 (3) temporary conditions that may affect sales by the
2-29 dealer or converter; and
- 2-30 (4) any other information the department considers
2-31 relevant.

2-32 (c) At the request of a dealer or converter, the department
2-33 may authorize additional temporary tags of any type for the dealer
2-34 or converter if the dealer or converter demonstrates a need for
2-35 additional temporary tags resulting from business operations,
2-36 including anticipated need.

2-37 (d) The department's denial of a request under Subsection
2-38 (c) may be overturned if a dealer or converter shows by a
2-39 preponderance of the evidence the need for additional temporary
2-40 tags.

2-41 (e) The department:

- 2-42 (1) shall monitor in real time the number of temporary
2-43 tags obtained by a dealer or converter; and
- 2-44 (2) if a dealer or converter obtains temporary tags in
2-45 excess of the number established by the department under Subsection
2-46 (a), shall immediately:

- 2-47 (A) review the dealer's or converter's records;
2-48 and
- 2-49 (B) investigate to determine the reason for the
2-50 excess number of temporary tags obtained, including by consulting
2-51 with the dealer or converter.

2-52 (f) If after the review and investigation under Subsection
2-53 (e)(2) the department determines that a dealer or converter is not
2-54 compliant with Section 503.038(a)(12), the department shall issue a
2-55 cease and desist order as provided by Section 2301.802, Occupations
2-56 Code.

2-57 (g) If after the review and investigation under Subsection
2-58 (e)(2) the department determines by clear and convincing evidence
2-59 that irreparable harm is occurring to the public and to other
2-60 dealers or converters because a dealer or converter is fraudulently
2-61 obtaining temporary tags from the temporary tag database, the
2-62 department may, after giving notice electronically and by certified
2-63 mail to the dealer or converter, deny access to a temporary tag
2-64 database to the dealer or converter. A dealer or converter denied
2-65 access to a temporary tag database under this subsection may
2-66 request a hearing on the denial as provided by Subchapter O, Chapter
2-67 2301, Occupations Code.

2-68 SECTION 5. Sections 503.067(b) and (d), Transportation
2-69 Code, are amended to read as follows:

3-1 (b) A person may not operate a vehicle that displays:
3-2 (1) a temporary tag in violation of this chapter or
3-3 Chapter 502; or
3-4 (2) any other ~~an~~ unauthorized temporary tag.

3-5 (d) A person may not sell or distribute a temporary tag or an
3-6 item represented to be a temporary tag unless the person is ~~+~~
3-7 ~~(1)~~ a dealer issuing the tag in connection with the
3-8 sale of a vehicle ~~+~~ or

3-9 ~~(2) a printer or distributor engaged in the business~~
3-10 ~~of selling temporary tags solely for uses authorized under this~~
3-11 ~~chapter].~~

3-12 SECTION 6. The changes in law made by this Act apply only to
3-13 an offense committed on or after the effective date of this Act. An
3-14 offense committed before the effective date of this Act is governed
3-15 by the law in effect on the date the offense was committed, and the
3-16 former law is continued in effect for that purpose. For purposes of
3-17 this section, an offense was committed before the effective date of
3-18 this Act if any element of the offense occurred before that date.

3-19 SECTION 7. This Act takes effect September 1, 2021.

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