By:Goldman, Turner, Sherman, Sr., Leach,
González of DallasH.B. No. 718Substitute the following for H.B. No. 718:By:By:PattersonC.S.H.B. No. 718

A BILL TO BE ENTITLED

1 AN ACT 2 relating to the issuance of certain tags, permits, and license plates authorizing the movement of vehicles. 3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS: 4 5 SECTION 1. Section 501.022(d), Transportation Code, is amended to read as follows: 6 (d) Subsection (c) does not apply to a motor vehicle 7 operated on a public highway in this state with a metal dealer's 8 license plate [or a dealer's or buyer's temporary tag] attached to 9 the vehicle as provided by Chapter 503. 10 SECTION 2. Sections 501.0236(b) and (d), Transportation 11 12 Code, are amended to read as follows: 13 A purchaser to whom this section applies may apply for [+ (b) 14 [(1)] a title in the manner prescribed by the department by rule[; and 15 [(2) on expiration of the buyer's tag issued to the 16 17 purchaser under Section 503.063, a 30-day permit under Section 502.095]. 18 (d) The department shall waive the payment of fees for [+ 19 20 [(1)] a title issued to a purchaser described by this 21 section $[\tau]$ if the purchaser can show that fees for a title were paid 22 to the dealer [; and 23 [(2) one 30-day permit issued to a purchaser described 24 by this section].

SECTION 3. The heading to Section 502.043, Transportation
 Code, is amended to read as follows:

3 Sec. 502.043. APPLICATION FOR REGISTRATION [AND CERTAIN
4 PERMITS].

5 SECTION 4. Sections 502.043(a) and (b), Transportation 6 Code, are amended to read as follows:

7 (a) An application for vehicle registration [or a permit
8 described by Section 502.094 or 502.095] must:

9 (1) be made in a manner prescribed and include the 10 information required by the department by rule; and

11 (2) contain a full description of the vehicle as 12 required by department rule.

(b) The department shall deny the registration of [or permitting under Section 502.094 or 502.095 of] a commercial motor vehicle, truck-tractor, trailer, or semitrailer if the applicant:

16 (1) has a business operated, managed, or otherwise 17 controlled or affiliated with a person who is ineligible for 18 registration or whose privilege to operate has been suspended, 19 including the applicant entity, a relative, family member, 20 corporate officer, or shareholder;

(2) has a vehicle that has been prohibited from
operating by the Federal Motor Carrier Safety Administration for
safety-related reasons;

(3) is a carrier whose business is operated, managed,
or otherwise controlled or affiliated with a person who is
ineligible for registration, including the owner, a relative, a
family member, a corporate officer, or a shareholder; or

1 (4) fails to deliver to the county assessor-collector 2 proof of the weight of the vehicle, the maximum load to be carried 3 on the vehicle, and the gross weight for which the vehicle is to be 4 registered.

5 SECTION 5. Section 502.059(e), Transportation Code, is 6 amended to read as follows:

7

(e) Subsection (c) does not apply to:

8 (1) the issuance of specialized license plates as 9 designated by the department, including state official license 10 plates and [-] exempt plates for governmental entities [-, and 11 temporary registration plates]; or

12 (2) the issuance or validation of replacement license13 plates, except as provided by Chapter 504.

SECTION 6. Section 502.255(g), Transportation Code, is amended to read as follows:

16

(g) This section does not apply to:

17 (1) a combination of vehicles that includes a vehicle
18 that has a distinguishing license plate under Section 502.146;

19 (2) a truck-tractor or commercial motor vehicle 20 registered or to be registered with \$5 distinguishing license 21 plates for which the vehicle is eligible under this chapter;

(3) a truck-tractor or commercial motor vehicle used exclusively in combination with a semitrailer of the travel trailer type; or

25	(4)	a vehicle registered or to be registered[\div
26		[(A) with a temporary registration permit;
27		[(B)] under Section 502.433[+] or

[(C) under Section] 502.435. 1 2 SECTION 7. Section 502.410(b), Transportation Code, is 3 amended to read as follows: 4 (b) Subsection (a) does not apply to a statement or 5 application filed or given under Section 502.060, [502.092, 502.093, 502.094, 502.095, 504.201, 504.202(b-1), 504.508, or 6 504.515. 7 SECTION 8. Sections 503.038(a) and (c), Transportation 8 Code, are amended to read as follows: 9 10 (a) The department may cancel a dealer's general distinguishing number if the dealer: 11 falsifies or forges a title document, including an 12 (1)affidavit making application for a certified copy of a title; 13 14 (2) files a false or forged tax document, including a sales tax affidavit; 15 16 (3) fails to take assignment of any basic evidence of 17 ownership, including a certificate of title or manufacturer's certificate, for a vehicle the dealer acquires; 18 fails to assign any basic evidence of ownership, 19 (4) including a certificate of title or manufacturer's certificate, for 20 a vehicle the dealer sells; 21 (5) uses or permits the use of a metal dealer's license 22 plate [or a dealer's temporary tag] on a vehicle that the dealer 23 24 does not own or control or that is not in stock and offered for sale; 25 (6) makes a material misrepresentation in an 26 application or other information filed with the department; 27 (7) fails to maintain the qualifications for a general

1 distinguishing number;

(8) fails to provide to the department within 30 days
after the date of demand by the department satisfactory and
reasonable evidence that the person is regularly and actively
engaged in business as a wholesale or retail dealer;

6 (9) has been licensed for at least 12 months and has 7 not assigned at least five vehicles during the previous 12-month 8 period;

9 (10) has failed to demonstrate compliance with 10 Sections 23.12, 23.121, and 23.122, Tax Code;

(11) uses or allows the use of the dealer's general distinguishing number or the location for which the general distinguishing number is issued to avoid the requirements of this chapter; or

15 (12) [misuses or allows the misuse of a temporary tag 16 authorized under this chapter;

17 [(13) refuses to show on a buyer's temporary tag the 18 date of sale or other reasonable information required by the 19 department; or

20 [(14)] otherwise violates this chapter or a rule
21 adopted under this chapter.

(c) A person whose general distinguishing number is canceled under this chapter shall surrender to a representative of the department each license, license plate, [temporary tag,] sticker, and receipt issued under this chapter not later than the 10th day after the date the general distinguishing number is canceled. The department shall direct any peace officer to secure

C.S.H.B. No. 718 1 and return to the department any plate, [tag,] sticker, or receipt of a person who does not comply with this subsection. 2 SECTION 9. Section 503.063, Transportation Code, is amended 3 to read as follows: 4 5 Sec. 503.063. DEALER-ISSUED LICENSE PLATES FOR BUYER [BUYER'S TEMPORARY TAGS]. (a) Except as provided by this section, 6 7 a dealer shall issue to a person who buys a vehicle: 8 (1) a license plate or set of license plates, if a license plate is required by law to be displayed on [one temporary 9 10 buyer's tag for] the vehicle; and (2) a completed and signed form required by, as 11 12 applicable, Section 503.0631(c) or (d). A license plate or set of license plates issued under 13 (b) this section [Except as provided by this section, the buyer's tag] 14 15 is valid for the operation of the vehicle while the registration application submitted by the dealer on behalf of the buyer under 16 Section 501.0234 is pending [until the earlier of: 17 [(1) the date on which the vehicle is registered; or 18 [(2) the 60th day after the date of purchase]. 19 At the time of issuance of a license plate or set of 20 (C) license plates under this section, the [The] dealer[+ 21 [(1) must show in ink on the buyer's tag the actual date 22 23 of sale and any other required information; and 24 [(2)] is responsible for displaying the license plate or set of license plates in compliance with department rules 25 26 regarding the placement of license plates [tag]. 27 (d) The dealer is responsible for the safekeeping and

C.S.H.B. No. 718 distribution of each license plate or set of license plates 1 [buyer's tag] the dealer obtains from the department. 2 3 (e) A dealer shall obtain license plates and sets of license plates from the [The] department in the manner provided by 4 5 department rules [may not issue a buyer's tag or contract for the 6 issuance of a buyer's tag but shall prescribe: 7 [(1) the specifications, color, and form of a buyer's 8 tag; and 9 [(2) procedures for a dealer to: 10 [(A) generate a vehicle-specific number using the database developed under Section 503.0631 and assign it to each 11 12 tag; 13 [(B) generate a vehicle-specific number using the database developed under Section 503.0631 for future use for 14 15 when a dealer is unable to access the Internet at the time of sale; 16 and 17 [(C) clearly display the vehicle-specific number on the tag]. 18 The department shall ensure that a dealer may obtain 19 (f) [generate] in advance a sufficient amount of <u>license plates or sets</u> 20 of license plates [vehicle-specific numbers under Subsection 21 (e)(2)(B)] in order to continue selling vehicles without an 22 unreasonable disruption of business due to the unavailability of 23 24 license plates [for a period of up to one week in which a dealer is 25 unable to access the Internet due to an emergency]. The department shall establish an expedited procedure to allow a dealer [affected 26 dealers] to obtain [apply for] additional license plates or sets of 27

1 <u>license plates</u> [vehicle-specific numbers] so <u>the dealer</u> [they] may 2 remain in business [during an emergency].

3 (g) For each <u>license plate or set of license plates issued</u>
4 <u>to a buyer under this section, the</u> [buyer's temporary tag, a] dealer
5 shall charge the buyer a registration fee [of not more than \$5 as]
6 prescribed by the department to be sent to the comptroller for
7 deposit to the credit of the Texas Department of Motor Vehicles
8 fund.

A federal, state, or local governmental agency that is 9 (h) exempt under Section 503.024 from the requirement to obtain a 10 dealer general distinguishing number may issue one <u>license plate or</u> 11 set of license plates [temporary buyer's tag] in accordance with 12 this section for a vehicle sold or otherwise disposed of by the 13 14 governmental agency under Chapter 2175, Government Code, or other 15 law that authorizes the governmental agency to sell or otherwise dispose of the vehicle. A governmental agency that issues a license 16 17 plate or set of license plates [temporary buyer's tag] under this subsection: 18

(1) is subject to the provisions of <u>Section</u> [Sections]
503.0631 [and 503.067] applicable to a dealer; and

(2) is not required to charge the registration feeunder Subsection (g).

(i) A vehicle may be issued and display a <u>license plate or</u>
 <u>set of license plates under this section</u> [buyer's tag] without
 satisfying the inspection requirements of Chapter 548 if:

26 (1) the buyer of the vehicle is not a resident of this27 state; and

C.S.H.B. No. 718 (2) the vehicle: 1 2 (A) at the time of purchase, is not located or required to be titled or registered in this state; 3 4 (B) will be titled and registered in accordance 5 with the laws of the buyer's state of residence; and 6 (C) will be inspected in accordance with the laws of the buyer's state of residence, if the laws of that state require 7 8 inspection. 9 (j) A vehicle may be issued and display a license plate or set of license plates under this section [buyer's tag] without 10 satisfying the inspection requirements of Chapter 548 if the 11 12 vehicle is purchased at public auction in this state and is: (1) antique vehicle as defined 13 an by Section 14 683.077(b); or 15 (2) a special interest vehicle as defined by Section 16 683.077(b) that: 17 (A) is at least 12 years of age; and has been the subject of a retail sale. 18 (B) 19 (k) A dealer may not issue a license plate or set of license plates for a vehicle that is exempt from the payment of registration 20 21 fees under Subchapter J, Chapter 502, until the department approves the application for registration of the vehicle. 22 SECTION 10. The heading to Section 503.0631, Transportation 23 24 Code, is amended to read as follows: 25 Sec. 503.0631. [BUYER'S TEMPORARY TAG] DATABASE OF 26 DEALER-ISSUED LICENSE PLATES. SECTION 11. Section 503.0631, Transportation 27 Code, is

1 amended by amending Subsections (a), (b), (c), and (d) and adding 2 Subsections (c-1), (d-1), and (d-2) to read as follows:

(a) The department shall develop, manage, and maintain a
secure, real-time database of information on <u>buyers</u> [persons] to
whom <u>dealers issue a license plate or set of license plates under</u>
<u>Section 503.063</u> [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.

9 (b) The database must allow law enforcement agencies to use 10 <u>the information required to be included on a license plate</u> [a 11 vehicle-specific number assigned to and displayed on the tag as 12 required by Section 503.063(e)(2)] to obtain information about the 13 person to whom the <u>license plate</u> [tag] was issued.

(c) Except as provided by Subsection (d), before a <u>license</u> plate or set of license plates issued under Section 503.063 [buyer's temporary tag] may be displayed on a vehicle, a dealer must, as prescribed by the department:

18 (1) enter into the database through the Internet 19 information about the buyer of the vehicle for which the <u>license</u> 20 <u>plate or set of license plates</u> [tag] was issued; [as prescribed by 21 the department] and

(2) complete and sign a form prescribed by the department stating that the dealer entered the buyer's information into the database as required by Subdivision (1) [generate a vehicle-specific number for the tag as required by Section 503.063(e)].

27 (c-1) Except as provided by Section 503.0633(f)

1 [506.0632(f)], the department may not deny access to the database 2 to any dealer who holds a general distinguishing number issued 3 under this chapter or who is licensed under Chapter 2301, 4 Occupations Code.

(d) A dealer shall obtain 24-hour Internet access at its 5 place of business, but if the dealer is unable to access the 6 Internet at the time of the sale of a vehicle, the dealer shall 7 8 complete and sign a form, as prescribed by the department, that states the dealer has Internet access, but was unable to access the 9 Internet at the time of sale to enter the buyer's information into 10 the database as required by Subsection (c). [The buyer shall keep 11 the original copy of the form in the vehicle until the vehicle is 12 registered to the buyer.] Not later than the next business day 13 after the time of sale, the dealer shall submit the information 14 15 required under Subsection (c).

16 (d-1) The forms prescribed by the department under 17 Subsections (c) and (d) must contain a notice to the buyer 18 describing the procedure by which the vehicle's registration 19 insignia will be provided to the buyer.

20 <u>(d-2)</u> Until a vehicle displaying a license plate or set of 21 license plates issued under Section 503.063 is registered to the 22 buyer, the buyer shall keep in the vehicle the original copy of the 23 form provided by the dealer as required by, as applicable, 24 Subsection (c) or (d).

25 SECTION 12. Subchapter C, Chapter 503, Transportation Code,
26 is amended by adding Section 503.0633 to read as follows:

27 Sec. 503.0633. DEPARTMENT REGULATION OF DEALER-ISSUED

LICENSE PLATES AND ACCESS TO DATABASE OF DEALER-ISSUED LICENSE 1 2 PLATES. (a) The department by rule may establish the maximum 3 number of license plates or sets of license plates that a dealer may obtain in a calendar year under Section 503.063. 4 5 (b) The maximum number of license plates or sets of license plates that the department determines a dealer may obtain under 6 7 this section must be based on the dealer's anticipated need for license plates and sets of license plates, taking into 8 consideration: 9 10 (1) the dealer's: 11 (A) time in operation; 12 (B) sales data; and (C) expected growth; 13 14 expected changes in the dealer's market; (2) 15 (3) temporary conditions that may affect sales by the 16 dealer; and 17 (4) any other information the department considers 18 relevant. (c) At the request of a dealer, the department may authorize 19 additional license plates or sets of license plates for the dealer 20 21 if the dealer demonstrates a need for additional license plates or sets of license plates resulting from business operations, 22 23 including anticipated need. 24 (d) The department's denial of a request under Subsection (c) may be overturned if a dealer shows by a preponderance of the 25 26 evidence the need for additional license plates or sets of license 27 plates.

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(e) The department shall monitor the number of license
 plates and sets of license plates obtained by a dealer.

(f) If the department determines that a dealer is 3 fraudulently obtaining license plates or sets of license plates or 4 5 fraudulently using the database of dealer-issued license plates, the department may, after giving notice electronically and by 6 certified mail to the dealer, deny access to the database of 7 dealer-issued license plates to the dealer. A dealer denied access 8 to the database of dealer-issued license plates under this 9 subsection may request a hearing on the denial as provided by 10 Subchapter O, Chapter 2301, Occupations Code. 11

SECTION 13. Subchapter C, Chapter 503, Transportation Code,
 is amended by adding Section 503.0671 to read as follows:

14 <u>Sec. 503.0671. UNAUTHORIZED USE OR DISTRIBUTION OF</u> 15 <u>DEALER-ISSUED LICENSE PLATE. (a) A person may not operate a</u> 16 <u>vehicle that displays a dealer-issued license plate or set of</u> 17 <u>license plates in violation of this chapter or Chapter 502.</u>

18 (b) A person may not sell or distribute a dealer-issued 19 license plate or set of license plates or an item represented to be 20 a dealer-issued license plate or set of license plates unless the 21 person is a dealer issuing the license plate or set of license 22 plates in connection with the sale of a vehicle.

23 SECTION 14. The heading to Section 503.068, Transportation 24 Code, is amended to read as follows:

25 Sec. 503.068. LIMITATION ON USE OF DEALER'S LICENSE PLATES
26 [AND TAGS].

27 SECTION 15. Sections 503.068(b), (c), and (d),

1 Transportation Code, are amended to read as follows:

2 (b) A person may not use a metal dealer's license plate [or
3 dealer's temporary tag] on:

4 (1) a service or work vehicle, except as provided by5 Subsection (b-1); or

6

(2) a commercial vehicle that is carrying a load.

(c) For purposes of this section, a boat trailer carrying a
boat is not a commercial vehicle carrying a load. A dealer
complying with this chapter may affix to the rear of a boat trailer
the dealer owns or sells a metal dealer's license plate <u>issued under</u>
<u>Section 503.061</u> or <u>dealer-issued license plate</u> [temporary tag]
issued under Section [503.061, 503.062, or] 503.063.

(d) This section does not prohibit the operation or conveyance of an unregistered vehicle using the full-mount method, saddle-mount method, tow-bar method, or a combination of those methods in accordance with Section [503.062 or] 503.063.

SECTION 16. The heading to Section 503.069, TransportationCode, is amended to read as follows:

19 Sec. 503.069. DISPLAY OF LICENSE PLATES [AND TAGS].

20 SECTION 17. Section 503.069(a), Transportation Code, is 21 amended to read as follows:

(a) A license plate, other than an in-transit license plate,
 [or a temporary tag] issued under this chapter shall be displayed in
 accordance with commission rules.

25 SECTION 18. Section 504.007(f), Transportation Code, is 26 amended to read as follows:

27

(f) Subsection (e) does not apply to the issuance of

1 specialized license plates for limited distribution, including 2 exempt plates for governmental entities [and temporary 3 registration plates].

4 SECTION 19. Section 520.051(3), Transportation Code, is 5 amended to read as follows:

6 (3) "Title documents" means motor vehicle title 7 applications, motor vehicle registration renewal applications, 8 motor vehicle mechanic's lien title applications, motor vehicle 9 storage lien title applications, [motor vehicle temporary 10 registration permits,] motor vehicle title application transfers 11 occasioned by the death of the title holder, or notifications under 12 Chapter 683 of this code or Chapter 70, Property Code.

13 SECTION 20. Section 548.052, Transportation Code, is 14 amended to read as follows:

15 Sec. 548.052. VEHICLES NOT SUBJECT TO INSPECTION. This 16 chapter does not apply to:

(1) a trailer, semitrailer, pole trailer, or mobile home moving under or bearing a current factory-delivery license plate or current in-transit license plate;

(2) a vehicle moving under or bearing a [paper dealer
in-transit tag,] machinery license, disaster license, parade
license, prorate tab, [one-trip permit, vehicle temporary transit
permit,] antique license, custom vehicle license, street rod
license, [temporary 24-hour permit,] or permit license;

(3) a trailer, semitrailer, pole trailer, or mobile
home having an actual gross weight or registered gross weight of
7,500 pounds or less;

C.S.H.B. No. 718 farm machinery, road-building equipment, a farm 1 (4) trailer, or a vehicle required to display a slow-moving-vehicle 2 emblem under Section 547.703; 3 4 (5) a former military vehicle, as defined by Section 5 504.502; 6 (6) a vehicle qualified for a tax exemption under 7 Section 152.092, Tax Code; or (7) a vehicle for which a certificate of title has been 8 issued but that is not required to be registered, including an 9 off-highway vehicle registered under Section 502.140(c). 10 SECTION 21. Section 601.002(12), Transportation Code, is 11 amended to read as follows: 12 (12) "Vehicle registration" means: 13 14 (A) a registration certificate, registration 15 receipt, or number plate issued under Chapter 502; or 16 (B) a dealer's license plate [or temporary tag] 17 issued under Chapter 503. SECTION 22. Section 648.101(a), Transportation Code, 18 is amended to read as follows: 19 20 (a) A foreign commercial motor vehicle is exempt from 21 Chapter 502 and any other law of this state requiring the vehicle to 22 be registered in this state[, including a law providing for a 23 temporary registration permit,] if: 24 (1)the vehicle is engaged solely in transportation of 25 cargo across the border into or from a border commercial zone; 26 (2) for each load of cargo transported the vehicle remains in this state: 27

1 (A) not more than 24 hours; or 2 (B) not more than 48 hours, if: (i) the vehicle is unable to leave this 3 state within 24 hours because of circumstances beyond the control 4 5 of the motor carrier operating the vehicle; and 6 (ii) all financial responsibility requirements applying to the vehicle are satisfied; 7 8 (3) the vehicle is registered and licensed as required by the country in which the person that owns the vehicle is 9 domiciled or is a citizen as evidenced by a valid metal license 10 plate attached to the front or rear of the exterior of the vehicle; 11 12 and (4) the country in which the person that owns the 13 14 vehicle is domiciled or is a citizen provides a reciprocal 15 exemption for commercial motor vehicles owned by residents of this 16 state. 17 SECTION 23. Section 418.016(f), Government Code, is amended to read as follows: 18 19 (f) The governor may suspend any of the following requirements in response to an emergency or disaster declaration of 20 21 another jurisdiction if strict compliance with the requirement would prevent, hinder, or delay necessary action in assisting 22 23 another state with coping with an emergency or disaster: 24 (1)a registration requirement in an agreement entered 25 into under the International Registration Plan under Section 26 502.091, Transportation Code, to the extent authorized by federal

27 law;

(2) [a temporary registration permit requirement
 under Section 502.094, Transportation Code;

3 [(3)] a provision of Subtitle E, Title 7, 4 Transportation Code, to the extent authorized by federal law;

5 (3) [(4)] a motor carrier registration requirement 6 under Chapter 643, Transportation Code;

7 (4) [(5)] a registration requirement under Chapter
8 645, Transportation Code, to the extent authorized by federal law;
9 or

10 <u>(5)</u> [(6)] a fuel tax requirement under the 11 International Fuel Tax Agreement described by 49 U.S.C. Section 12 31701 et seq., to the extent authorized by federal law.

13 SECTION 24. The following provisions of the Transportation 14 Code are repealed:

15	(1)	Section 502.092;
16	(2)	Section 502.093;
17	(3)	Section 502.094;
18	(4)	Section 502.095;
19	(5)	Section 502.474;
20	(6)	Section 502.476;
21	(7)	Section 502.477;
22	(8)	Section 502.492;
23	(9)	Section 503.062;
24	(10)	Section 503.0625;
25	(11)	Section 503.0626;
26	(12)	Section 503.0632;
27	(13)	Section 503.065;

1

(14) Section 503.067;

(15)

2

3

(16) Section 503.094(d).

4 SECTION 25. The changes in law made by this Act apply only 5 to an offense committed on or after March 1, 2025. An offense 6 committed before March 1, 2025, is governed by the law in effect on 7 the date the offense was committed, and the former law is continued 8 in effect for that purpose. For purposes of this section, an 9 offense was committed before March 1, 2025, if any element of the 10 offense was committed before that date.

Section 503.068(a); and

SECTION 26. Not later than March 1, 2024, the Texas
Department of Motor Vehicles shall:

13 (1) adopt rules necessary to implement the changes in14 law made by this Act; and

15 (2) create the database described by Section 503.0631,
16 Transportation Code, as amended by this Act.

17 SECTION 27. To the extent of any conflict, this Act prevails 18 over another Act of the 88th Legislature, Regular Session, 2023, 19 relating to nonsubstantive additions to and corrections in enacted 20 codes.

SECTION 28. (a) Except as otherwise provided by Subsection
(b) of this section, this Act takes effect March 1, 2025.

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(b) Section 26 of this Act takes effect September 1, 2023.