A BILL TO BE ENTITLED

AN ACT

relating to the issuance of temporary tags and license plates by a motor vehicle dealer.

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

SECTION 1. Section 501.022(d), Transportation Code, is amended to read as follows:

(d) Subsection (c) does not apply to a motor vehicle operated on a public highway in this state with a metal dealer's license plate or a dealer's temporary tag attached to the vehicle as provided by Chapter 503.

SECTION 2. Section 501.0236(b), Transportation Code, is amended to read as follows:

(b) A purchaser to whom this section applies may apply for:

(1) a title in the manner prescribed by the department by rule; and

(2) on expiration of the buyer's tag issued to the purchaser under Section 503.063, a 30-day permit under Section 502.095.

SECTION 3. Section 503.038(a), Transportation Code, is amended to read as follows:

(a) The department may cancel a dealer's general distinguishing number if the dealer:

(1) falsifies or forges a title document, including an affidavit making application for a certified copy of a title;
(2) files a false or forged tax document, including a sales tax affidavit;
(3) fails to take assignment of any basic evidence of ownership, including a certificate of title or manufacturer's certificate, for a vehicle the dealer acquires;
(4) fails to assign any basic evidence of ownership, including a certificate of title or manufacturer's certificate, for a vehicle the dealer sells;
(5) uses or permits the use of a metal dealer's license plate or a dealer's temporary tag on a vehicle that the dealer does not own or control or that is not in stock and offered for sale;
(6) makes a material misrepresentation in an application or other information filed with the department;
(7) fails to maintain the qualifications for a general 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;
(9) has been licensed for at least 12 months and has not assigned at least five vehicles during the previous 12-month period;
(10) has failed to demonstrate compliance with 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
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chapter;

(12) misuses or allows the misuse of:

(A) a temporary tag authorized under this chapter; or

(B) a license plate or set of license plates issued under Section 503.063; or

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

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

SECTION 4. Section 503.0626(c), Transportation Code, is amended to read as follows:

(c) Before a dealer's or converter's temporary tag may be displayed on a vehicle, the dealer or converter must enter into the database through the Internet information on the vehicle and information about the dealer or converter as prescribed by the department. Except as provided by Section 503.0627(f) [503.0632(f)], the department may not deny access to the database to any dealer who holds a general distinguishing number issued under this chapter or who is licensed under Chapter 2301, Occupations Code, or to any converter licensed under Chapter 2301, Occupations Code.

SECTION 5. Section 503.0632, Transportation Code, is redesignated as Section 503.0627, Transportation Code, and amended to read as follows:

Sec. 503.0627 [503.0632]. DEPARTMENT REGULATION OF
TEMPORARY TAGS AND ACCESS TO TEMPORARY TAG DATABASES. (a) The department by rule may establish the maximum number of temporary tags that a dealer or converter may obtain in a calendar year under Section 503.062 or 503.0625 or 503.063.

(b) The maximum number of temporary tags that the department determines a dealer or converter may obtain under this section must 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 the department considers relevant.

(c) At the request of a dealer or converter, the department may 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) The department'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) The department shall monitor the number of temporary
tags obtained by a dealer or converter.

(f) If the department determines that a dealer or converter
is fraudulently obtaining temporary tags from the temporary tag
database, the department may, after giving notice electronically
and by certified mail to the dealer or converter, deny access to a
temporary tag database to the dealer or converter. A dealer or
converter denied access to a temporary tag database under this
subsection may request a hearing on the denial as provided by
Subchapter O, Chapter 2301, Occupations Code.

SECTION 6. Section 503.063, Transportation Code, is amended
to read as follows:

Sec. 503.063. DEALER-ISSUED LICENSE PLATES FOR BUYER
[BUYER’S TEMPORARY TAGS]. (a) Except as provided by this section,
a dealer shall issue to a person who buys a vehicle:

(1) a license plate or set of license plates, if a
license plate is required by law to be displayed on [one temporary
buyer’s tag for] the vehicle; and

(2) a completed and signed form required by, as
applicable, Section 503.0631(c) or (d).

(b) A license plate or set of license plates issued under
this section [Except as provided by this section, the buyer’s tag]
is valid for the operation of the vehicle while the registration
application submitted by the dealer on behalf of the buyer under
Section 501.0234 is pending [until the earlier of:

(1) the date on which the vehicle is registered; or

(2) the 60th day after the date of purchase].
(c) At the time of issuance of a license plate or set of plates under this section, the dealer must show in ink on the buyer's tag the actual date of sale and any other required information; and

(d) The dealer is responsible for displaying the license plate or set of license plates in compliance with department rules regarding the placement of license plates [tag].

(e) A dealer shall obtain license plates and sets of license plates [buyer's tag] the dealer obtains from the department.

(f) The department shall ensure that a dealer may obtain
in advance a sufficient amount of license plates or sets of license plates [vehicle-specific numbers under Subsection (e)(2)(B)] in order to continue selling vehicles without an unreasonable disruption of business due to the unavailability of license plates [for a period of up to one week in which a dealer is unable to access the Internet due to an emergency]. The department shall establish an expedited procedure to allow a dealer [affected dealers] to obtain [apply for] additional license plates or sets of license plates [vehicle-specific numbers] so the dealer [they] may remain in business [during an emergency].

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

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

(1) is subject to the provisions of Section [Sections]
(2) is not required to charge the registration fee under Subsection (g).

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

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

(2) the vehicle:

(A) at the time of 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.

(j) A vehicle may be issued and display a license plate or set of license plates under this section [buyer's tag] without satisfying the inspection requirements of Chapter 548 if the vehicle is purchased at public auction in this state and is:

(1) an antique vehicle as defined by Section 683.077(b); or

(2) a special interest vehicle as defined by Section 683.077(b) that:

(A) is at least 12 years of age; and

(B) has been the subject of a retail sale.

(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 fees under Subchapter J, Chapter 502, until the department approves the application for registration of the vehicle.

SECTION 7. The heading to Section 503.0631, Transportation Code, is amended to read as follows:

Sec. 503.0631. [BUYER'S TEMPORARY TAG] DATABASE OF DEALER-ISSUED LICENSE PLATES.

SECTION 8. Section 503.0631, Transportation Code, is amended by amending Subsections (a), (b), (c), and (d) and adding 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 buyers [persons] to whom dealers issue a license plate or set of license plates under Section 503.063 [buyer's temporary tags are issued] that may be used by a law enforcement agency in the same manner that the agency uses vehicle registration information.

(b) The database must allow law enforcement agencies to use the information required to be included on a license plate [a vehicle-specific number assigned to and displayed on the tag as required by Section 503.063(c)(2)] to obtain information about the person to whom the license plate [tag] was issued.

(c) Except as provided by Subsection (d), before a license 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:

(1) enter into the database through the Internet information about the buyer of the vehicle for which the license
plate or set of license plates [tag] was issued; [as prescribed by
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(a)].

(c-1) Except as provided by Section 503.0633(f)
[506.0632(f)], the department may not deny access to the database
to any dealer who holds a general distinguishing number issued
under this chapter or who is licensed under Chapter 2301,
Occupations Code.

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

(d-1) The forms prescribed by the department under
Subsections (c) and (d) must contain a notice to the buyer
describing the procedure by which the vehicle's registration
insignia will be provided to the buyer.
(d-2) Until a vehicle displaying a license plate or set of license plates issued under Section 503.063 is registered to the buyer, the buyer shall keep in the vehicle the original copy of the form provided by the dealer as required by, as applicable, Subsection (c) or (d).

SECTION 9. Subchapter C, Chapter 503, Transportation Code, is amended by adding Section 503.0633 to read as follows:

Sec. 503.0633. DEPARTMENT REGULATION OF DEALER-ISSUED LICENSE PLATES AND ACCESS TO DATABASE OF DEALER-ISSUED LICENSE PLATES. (a) The department by rule may establish the maximum number of license plates or sets of license plates that a dealer may obtain in a calendar year under Section 503.063.

(b) The maximum number of license plates or sets of license plates that the department determines a dealer may obtain under this section must be based on the dealer's anticipated need for license plates and sets of license plates, taking into consideration:

(1) the dealer's:
   (A) time in operation;
   (B) sales data; and
   (C) expected growth;

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

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

(4) any other information the department considers relevant.

(c) At the request of a dealer, the department may authorize
additional license plates or sets of license plates for the dealer
if the dealer demonstrates a need for additional license plates or
sets of license plates resulting from business operations,
including anticipated need.

(d) The department’s denial of a request under Subsection
(c) may be overturned if a dealer shows by a preponderance of the
evidence the need for additional license plates or sets of license
plates.

(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
fraudulently obtaining license plates or sets of license plates or
fraudulently using the database or dealer-issued license plates,
the department may, after giving notice electronically and by
certified mail to the dealer, deny access to the database of
dealer-issued license plates to the dealer. A dealer denied access
to the database of dealer-issued license plates under this
subsection may request a hearing on the denial as provided by
Subchapter O, Chapter 2301, Occupations Code.

SECTION 10. Subchapter C, Chapter 503, Transportation Code,
is amended by adding Section 503.0671 to read as follows:

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

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

SECTION 11. Section 503.068(c), Transportation Code, is 
amended to read as follows:

(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, a [or] 
temporary tag issued under Section 503.061 or [?] 503.062, or a 
license plate issued by the dealer under Section 503.063.

SECTION 12. The changes in law made by this Act apply only 
to an offense committed on or after March 1, 2025. An offense 
committed before March 1, 2025, is governed by the law in effect on 
the date the offense was committed, and the former law is continued 
in effect for that purpose. For purposes of this section, an 
offense was committed before March 1, 2025, if any element of the 
offense was committed before that date.

SECTION 13. Not later than March 1, 2024, the Texas 
Department of Motor Vehicles shall:

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

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

SECTION 14. (a) Except as otherwise provided by Subsection 
(b) of this section, this Act takes effect March 1, 2025.

(b) Section 13 of this Act takes effect September 1, 2023.