

By: Goldman

H.B. No. 718

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the issuance of temporary tags and license plates by a
3 motor vehicle dealer.

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

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

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

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

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

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

16 (2) [~~on expiration of the buyer's tag issued to the~~
17 ~~purchaser under Section 503.063,~~] a 30-day permit under Section
18 502.095.

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

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

23 (1) falsifies or forges a title document, including an
24 affidavit making application for a certified copy of a title;

1 (2) files a false or forged tax document, including a
2 sales tax affidavit;

3 (3) fails to take assignment of any basic evidence of
4 ownership, including a certificate of title or manufacturer's
5 certificate, for a vehicle the dealer acquires;

6 (4) fails to assign any basic evidence of ownership,
7 including a certificate of title or manufacturer's certificate, for
8 a vehicle the dealer sells;

9 (5) uses or permits the use of a metal dealer's license
10 plate or a dealer's temporary tag on a vehicle that the dealer does
11 not own or control or that is not in stock and offered for sale;

12 (6) makes a material misrepresentation in an
13 application or other information filed with the department;

14 (7) fails to maintain the qualifications for a general
15 distinguishing number;

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

20 (9) has been licensed for at least 12 months and has
21 not assigned at least five vehicles during the previous 12-month
22 period;

23 (10) has failed to demonstrate compliance with
24 Sections [23.12](#), [23.121](#), and [23.122](#), Tax Code;

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

1 chapter;

2 (12) misuses or allows the misuse of:

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

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

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

10 [~~(14)~~] otherwise violates this chapter or a rule
11 adopted under this chapter.

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

14 (c) Before a dealer's or converter's temporary tag may be
15 displayed on a vehicle, the dealer or converter must enter into the
16 database through the Internet information on the vehicle and
17 information about the dealer or converter as prescribed by the
18 department. Except as provided by Section 503.0627(f)
19 [~~506.0632(f)~~], the department may not deny access to the database
20 to any dealer who holds a general distinguishing number issued
21 under this chapter or who is licensed under Chapter 2301,
22 Occupations Code, or to any converter licensed under Chapter 2301,
23 Occupations Code.

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

27 Sec. 503.0627 [~~503.0632~~]. DEPARTMENT REGULATION OF

1 TEMPORARY TAGS AND ACCESS TO TEMPORARY TAG DATABASES. (a) The
2 department by rule may establish the maximum number of temporary
3 tags that a dealer or converter may obtain in a calendar year under
4 Section 503.062 or [7] 503.0625 [~~7 or 503.063~~].

5 (b) The maximum number of temporary tags that the department
6 determines a dealer or converter may obtain under this section must
7 be based on the dealer's or converter's anticipated need for
8 temporary tags, taking into consideration:

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

10 (A) time in operation;

11 (B) sales data; and

12 (C) expected growth;

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

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

17 (4) any other information the department considers
18 relevant.

19 (c) At the request of a dealer or converter, the department
20 may authorize additional temporary tags of any type for the dealer
21 or converter if the dealer or converter demonstrates a need for
22 additional temporary tags resulting from business operations,
23 including anticipated need.

24 (d) The department's denial of a request under Subsection
25 (c) may be overturned if a dealer or converter shows by a
26 preponderance of the evidence the need for additional temporary
27 tags.

1 (e) The department shall monitor the number of temporary
2 tags obtained by a dealer or converter.

3 (f) If the department determines that a dealer or converter
4 is fraudulently obtaining temporary tags from the temporary tag
5 database, the department may, after giving notice electronically
6 and by certified mail to the dealer or converter, deny access to a
7 temporary tag database to the dealer or converter. A dealer or
8 converter denied access to a temporary tag database under this
9 subsection may request a hearing on the denial as provided by
10 Subchapter 0, Chapter 2301, Occupations Code.

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

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

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

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

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

26 [(1) the date on which the vehicle is registered, or

27 [(2) the 60th day after the date of purchase].

1 (c) At the time of issuance of a license plate or set of
2 plates under this section, the [The] dealer [+

3 ~~[(1) must show in ink on the buyer's tag the actual date~~
4 ~~of sale and any other required information, and~~

5 ~~[(2)]~~ is responsible for displaying the license plate
6 or set of license plates in compliance with department rules
7 regarding the placement of license plates [tag].

8 (d) The dealer is responsible for the safekeeping and
9 distribution of each license plate or set of license plates
10 ~~[buyer's tag]~~ the dealer obtains from the department.

11 (e) A dealer shall obtain license plates and sets of license
12 plates from the [The] department in the manner provided by
13 department rules ~~[may not issue a buyer's tag or contract for the~~
14 ~~issuance of a buyer's tag but shall prescribe:~~

15 ~~[(1) the specifications, color, and form of a buyer's~~
16 ~~tag, and~~

17 ~~[(2) procedures for a dealer to:~~

18 ~~[(A) generate a vehicle-specific number using~~
19 ~~the database developed under Section 503.0631 and assign it to each~~
20 ~~tag,~~

21 ~~[(B) generate a vehicle-specific number using~~
22 ~~the database developed under Section 503.0631 for future use for~~
23 ~~when a dealer is unable to access the Internet at the time of sale,~~
24 ~~and~~

25 ~~[(C) clearly display the vehicle-specific number~~
26 ~~on the tag].~~

27 (f) The department shall ensure that a dealer may obtain

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

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

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

27 (1) is subject to the provisions of Section ~~[Sections]~~

1 503.0631 [~~and 503.067~~] applicable to a dealer; and

2 (2) is not required to charge the registration fee
3 under Subsection (g).

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

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

9 (2) the vehicle:

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

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

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

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

21 (1) an antique vehicle as defined by Section
22 683.077(b); or

23 (2) a special interest vehicle as defined by Section
24 683.077(b) that:

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

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

27 (k) A dealer may not issue a license plate or set of license

1 plates for a vehicle that is exempt from the payment of registration
2 fees under Subchapter J, Chapter 502, until the department approves
3 the application for registration of the vehicle.

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

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

8 SECTION 8. Section 503.0631, Transportation Code, is
9 amended by amending Subsections (a), (b), (c), and (d) and adding
10 Subsections (c-1), (d-1), and (d-2) to read as follows:

11 (a) The department shall develop, manage, and maintain a
12 secure, real-time database of information on buyers [~~persons~~] to
13 whom dealers issue a license plate or set of license plates under
14 Section 503.063 [~~temporary buyer's tags are issued~~] that may be
15 used by a law enforcement agency in the same manner that the agency
16 uses vehicle registration information.

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

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

26 (1) enter into the database through the Internet
27 information about the buyer of the vehicle for which the license

1 plate or set of license plates [tag] was issued; [~~as prescribed by~~
2 ~~the department~~] and

3 (2) complete and sign a form prescribed by the
4 department stating that the dealer entered the buyer's information
5 into the database as required by Subdivision (1) [~~generate a~~
6 ~~vehicle-specific number for the tag as required by Section~~
7 ~~503.063(e)~~].

8 (c-1) Except as provided by Section 503.0633(f)
9 [~~506.0632(f)~~], the department may not deny access to the database
10 to any dealer who holds a general distinguishing number issued
11 under this chapter or who is licensed under Chapter 2301,
12 Occupations Code.

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

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

1 (d-2) Until a vehicle displaying a license plate or set of
2 license plates issued under Section 503.063 is registered to the
3 buyer, the buyer shall keep in the vehicle the original copy of the
4 form provided by the dealer as required by, as applicable,
5 Subsection (c) or (d).

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

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

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

18 (1) the dealer's:

19 (A) time in operation;

20 (B) sales data; and

21 (C) expected growth;

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

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

25 (4) any other information the department considers
26 relevant.

27 (c) At the request of a dealer, the department may authorize

1 additional license plates or sets of license plates for the dealer
2 if the dealer demonstrates a need for additional license plates or
3 sets of license plates resulting from business operations,
4 including anticipated need.

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

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

11 (f) If the department determines that a dealer is
12 fraudulently obtaining license plates or sets of license plates or
13 fraudulently using the database or dealer-issued license plates,
14 the department may, after giving notice electronically and by
15 certified mail to the dealer, deny access to the database of
16 dealer-issued license plates to the dealer. A dealer denied access
17 to the database of dealer-issued license plates under this
18 subsection may request a hearing on the denial as provided by
19 Subchapter O, Chapter 2301, Occupations Code.

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

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

26 (b) A person may not sell or distribute a dealer-issued
27 license plate or set of license plates or an item represented to be

1 a dealer-issued license plate or set of license plates unless the
2 person is a dealer issuing the license plate or set of license
3 plates in connection with the sale of a vehicle.

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

6 (c) For purposes of this section, a boat trailer carrying a
7 boat is not a commercial vehicle carrying a load. A dealer
8 complying with this chapter may affix to the rear of a boat trailer
9 the dealer owns or sells a metal dealer's license plate, a [~~or~~]
10 temporary tag issued under Section 503.061 or [~~7~~] 503.062, or a
11 license plate issued by the dealer under Section 503.063.

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

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

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

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

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

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