

BILL ANALYSIS

S.B. 1902
By: Nichols
Transportation
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 2023, the 88th Texas Legislature passed H.B. 718 to address concerns related to the fraudulent use of paper license plates. The new law, which is effective July 1, 2025, provides for operational changes for the Texas motor vehicle industry. The bill sponsor has informed the committee that the law requires all licensed motor vehicle dealers to issue metal license plates to buyers at the time of the sale, which will require dealers to store a significant quantity of new metal license plates in a secure place at the dealership and to store plates from vehicles sold to them until those vehicles are transferred again, when the plates would then be reattached to the vehicle. S.B. 1902 seeks to address this storage issue by setting out provisions that would provide for the transfer of license plates removed from a motor vehicle on the sale or transfer of the vehicle to another qualifying vehicle if the license plates are appropriate for the class of vehicle to which the plates are being transferred. The bill also allows the Texas Department of Motor Vehicles to deny a dealer's access to the database of dealer-issued license plates if the dealer has been denied access to the temporary tag database due to fraudulently obtaining temporary tags from that database.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Department of Motor Vehicles in SECTION 3 of this bill.

ANALYSIS

S.B. 1902 amends the Transportation Code to authorize the Texas Department of Motor Vehicles (TxDMV) to deny a dealer access to the database of dealer-issued license plates, after giving notice electronically and by certified mail to the dealer, if TxDMV determines that the dealer has been denied access to the temporary tag database due to fraudulently obtaining temporary tags from the temporary tag database.

S.B. 1902 does the following with respect to a license plate removed from a motor vehicle by a dealer who holds a general distinguishing number (GDN) on the sale or transfer of the motor vehicle to the dealer:

- requires the dealer to transfer each removed license plate to a motor vehicle if that motor vehicle is purchased from the dealer and the license plates are appropriate for the class of vehicle to which the plates are being transferred;
- removes the requirement for each license plate issued for a motor vehicle to be assigned to a subsequent purchaser of the motor vehicle at retail sale and removes the authorization for a purchaser of a motor vehicle to request replacement license plates;

- replaces the requirement for each license plate issued for a motor vehicle, on the sale or transfer of the motor vehicle to a person who does not hold a GDN, to remain with the motor vehicle with a requirement for a seller to remove each license plate issued for a motor vehicle on the sale or transfer of the motor vehicle to such a person;
- authorizes the removed license plates to be transferred to another vehicle titled in the seller's name if the license plates are appropriate for the class of vehicle to which the plates are being transferred and the seller obtains TxDMV's approval of an application to transfer the license plates and a new registration insignia for the motor vehicle; and
- requires a license plate removed from a motor vehicle that is not transferred to another motor vehicle to be disposed of in a manner prescribed by TxDMV not later than the 10th day after the date the license plate is removed from the motor vehicle.

S.B. 1902 requires TxDMV, not later than October 1, 2025, to adopt rules as necessary to implement or administer the bill's provisions.

EFFECTIVE DATE

July 1, 2025, or, if the bill does not receive the necessary vote, September 1, 2025.