

## **BILL ANALYSIS**

Senate Research Center  
89R14963 AND-F

S.B. 1902  
By: Nichols  
Transportation  
3/7/2025  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

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 and associated administrative rules, which will go into effect July 1, 2025, mandate significant operational changes for the Texas motor vehicle industry. The bill required all licensed dealers to issue metal license plates to buyers at the time of sale. This created an unintended consequence of requiring dealers to store hundreds to thousands of metal license plates in a secure place at the dealership.

S.B. 1902 would simply fix the unintended consequence that was created for dealers. The bill requires that when an individual sells or trades in a vehicle they keep each license plate or set of license plates issued to them. If the individual purchases or trades in a vehicle within 10 days, the dealers are to transfer the individual's plates to the new vehicle. However, a license plate removed that is not transferred to a new vehicle within 10 days must be disposed of by the dealer in a manner prescribed by the Texas Department of Motor Vehicles.

As proposed, S.B. 1902 amends current law relating to the administration of the dealer-issued license plates database and to the removal and transfer of license plates.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Department of Motor Vehicles in SECTION 3 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 503.0633(f), Transportation Code, as effective July 1, 2025, as follows:

(f) Authorizes the Texas Department of Motor Vehicles (TxDMV), if TxDMV determines that a dealer is fraudulently obtaining license plates or sets of license plates or fraudulently using the database of dealer-issued license plates, or has been denied access to the temporary tag database under former Section 503.0632(f) (relating to TxDMV's authority to deny the dealer or converter access to a temporary tag database), after giving notice electronically and by certified mail to the dealer, to deny access to the database of dealer-issued license plates to the dealer.

SECTION 2. Amends Section 504.901, Transportation Code, as effective July 1, 2025, as follows:

Sec. 504.901. New heading: REMOVAL AND TRANSFER OF LICENSE PLATES. (a) Requires a dealer who holds a general distinguishing number issued under Chapter 503 (Dealer's and Manufacturer's Vehicle License Plates) 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. Deletes existing text requiring that each license plate issued for the motor vehicle be assigned to a subsequent purchaser of the motor vehicle at retail sale as required by Section 503.063 (Buyer's Temporary Tags).

(b) Requires the seller, on the sale or transfer of a motor vehicle to a person who does not hold a general distinguishing number issued under Chapter 503 to remove each license plate issued for the motor vehicle. 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. Deletes existing text requiring that each license plate remain with the motor vehicle.

(c) Creates this subsection from existing text. Requires that a license plate removed from a motor vehicle that is not transferred to another motor vehicle 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.

Deletes existing text of Subsection (b-1) authorizing the purchaser of a motor vehicle to request replacement license plates under Section 504.007 (Replacement License Plates).

SECTION 3. Requires TxDMV, not later than October 1, 2025, to adopt rules as necessary to implement or administer the changes in law made by this Act.

SECTION 4. Effective date: July 1, 2025, or September 1, 2025.