

## **BILL ANALYSIS**

Senate Research Center

S.B. 2807  
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Transportation  
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Enrolled

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

Purpose of the legislation: to remove a serious impediment to the deployment of safety technology and practices to improve safety for motor carriers with independent contractors.

More and more motor carriers are deploying safety equipment, technologies, and operational practices to reduce accident exposure and improve their overall safety performance. And more and more shippers are seeking motor carrier partners with these safety improvements in their equipment. These technologies included lane departure warning systems, video-based onboard safety monitoring systems, automatic emergency braking systems, and air disc brakes. These protocols include using the data generated by the video-based onboard safety monitoring system for driver coaching.

Requiring safety devices, monitoring safety performance, and coaching drivers is all fine for motor carriers with employee drivers. But for motor carriers with independent contractors, that kind of involvement can be misconstrued as employer-like control and potentially turn those independent contractors into employee drivers. Those carriers face the unappealing choice of (1) enhancing safety, but taking on significantly more worker misclassification risk or (2) maintaining the classification moat to the potential detriment of the safety of the carrier's driver and the motoring public. From a public policy perspective, this should not be the case.

This narrow, targeted legislation eliminates that false choice by eliminating consideration of a motor carrier's use of safety improvements in determining the driver's classification as an independent contractor or an employee under state law. It allows the motor carrier to proceed with the deployment of safety technologies. That means a carrier with a mix of employee drivers and independent contractors can deploy safety improvements across the board.

The solution does not, however, change any test for determining a worker's status under state law. Nor does the legislation preclude application of any such test. Rather, it simply says that a carrier's pursuit of safety improvements, which are in the public's benefit, is not considered as part of any such test.

S.B. 2807 amends current law relating to motor vehicles, including automated motor vehicles, and creates a criminal offense.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Public Safety Commission in SECTION 1 (Section 545.452, Transportation Code) of this bill.

Rulemaking authority is expressly granted to the board of the Texas Department of Motor Vehicles in SECTION 1 (Sections 545.453 and 545.456, Transportation Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter J, Chapter 545, Transportation Code, as follows:

#### **SUBCHAPTER J. OPERATION OF AUTOMATED MOTOR VEHICLES**

Sec. 545.451. DEFINITIONS. Redefines "automated driving system" and "automated motor vehicle." Defines "authorization holder," "board," "department," "dynamic driving task," "human driver," "Level 3 automation," "Level 4 automation," "Level 5 automation," "minimal risk condition," and "operational design domain." Deletes existing definition of "entire dynamic driving task," "human operator," and "owner."

Sec. 545.452. New heading: PROHIBITIONS ON REGULATION OF THE OPERATION OF AUTOMATED MOTOR VEHICLES OR AUTOMATED DRIVING SYSTEMS BY STATE AGENCY OR POLITICAL SUBDIVISION; EXEMPTION FROM CERTAIN TRAFFIC OR MOTOR VEHICLE LAWS. (a) Prohibits a state agency from imposing a regulation that discriminates against a person operating an automated motor vehicle or an automated motor vehicle relative to other types of motor vehicles or with respect to road usage.

Deletes existing text providing that, unless otherwise provided by this subchapter, the operation of automated motor vehicles, including any commercial use, and automated driving systems are governed exclusively by this subchapter and Section 547.618 (Equipment Required for Certain Automated Motor Vehicles).

(b) Deletes existing text prohibiting a state agency from imposing a franchise or other regulation related to the operation of an automated motor vehicle or automated driving system.

(c) Authorizes the Public Safety Commission (commission) by rule to exempt from the application of a specific traffic or motor vehicle law of this state automated motor vehicles if the commission determines that the exemption will not cause a risk to public safety.

Sec. 545.453. RULES. Authorizes the board of the Texas Department of Motor Vehicles (board; TxDMV) to adopt rules necessary to administer this subchapter.

Sec. 545.454. New heading: VEHICLE OPERATORS. Creates this section from existing text. (a) Provides that, when an automated driving system installed on a motor vehicle is engaged, the automated driving system is the operator of the vehicle, including for purposes of assessing compliance with applicable traffic or motor vehicle laws.

Deletes existing text providing that when an automated driving system installed on a motor vehicle is engaged the owner of the automated driving system is considered the operator of the automated driving system is considered the operator of the automated motor vehicle solely for the purpose of assessing compliance with applicable traffic or motor vehicle laws, regardless of whether the person is physically present in the vehicle while the vehicle is operating and the automated driving system is considered to be licensed to operate the vehicle.

(b) Requires the owner of, or if the vehicle is operating under an authorization issued by TxDMV under Section 545.456, authorized holder for, an automated motor vehicle, when an automated driving system installed on the automated motor vehicle is engaged, to be issued any citation for a violation of traffic or motor vehicle laws related to the vehicle.

(c) Provides that, notwithstanding any other law, neither a licensed human driver nor a licensed issued under Chapter 521 (Driver's Licenses and Certificates) or 522 (Commercial Driver's Licenses) is required to operate an automated motor vehicle if the automated driving system installed on the vehicle is engaged. Makes a nonsubstantive change.

Deletes existing text providing that, notwithstanding any other law, a licensed human operator is not required to operate a motor vehicle if an automated driving system installed on the vehicle is engaged.

Sec. 545.455. AUTOMATED MOTOR VEHICLE OPERATION; OFFENSE. Redesignates existing Section 545.454 as Section 545.455. (a) Authorizes any motor vehicle equipped with an automated driving system to operate in this state. Authorizes an automated motor vehicle to operate in this state with the automated driving system engaged, regardless of whether a human driver, rather than a human operator, is physically present in the automated motor vehicle.

(b) Prohibits an automated motor vehicle, subject to Subsection (c), from operating on a highway or street in this state with the automated driving system engaged unless the vehicle is:

(1)-(2) makes no changes to these subdivisions;

(3) equipped with an automated driving system in compliance with applicable federal law, including, rather than and, federal motor vehicle safety standards;

(4) capable of achieving a minimal risk condition if a failure of the automated driving system occurs that renders the system unable to perform the dynamic driving task relevant to its intended operation design domain;

(5) creates this subdivision from existing text and makes no further changes; and

(6) covered by motor vehicle liability coverage of self-insurance in an amount equal to or greater than the amount of coverage that is required under the laws of this state or federal law, as applicable to the type and use of the vehicle.

Makes nonsubstantive changes to this subsection.

(c) Provides that, in addition to satisfying the requirements of Subsection (b), a person is prohibited from operating an automated motor vehicle to transport property or passengers in furtherance of a commercial enterprise on a highway or street in this state without a human driver unless:

(1) the person receives and maintains authorization to operate automated motor vehicles from TxDMV under Section 545.456; and

(2) the Department of Public Safety of the State of Texas (DPS) has been provided, in the form and manner prescribed by rule of the commission, a plan specifying how a person who provides firefighting, law enforcement, ambulance, medical, or other emergency services should interact with the automated motor vehicle during the provision of those services, including certain information.

(d) Provides that a person commits an offense if the person operates an automated motor vehicle in violation of Subsection (c). Provides that an offense under this subsection is a Class B misdemeanor. Requires a corporation, an association, a limited liability company, or another business entity, if the entity is convicted of an offense under this subsection, to be punished in accordance with Section 12.51 (Authorized Punishments for Corporations Associations, Limited Liability Companies, and Other Business Entities), Penal Code.

(e) Provides that, for purposes of Subsection (d), each day the person operates an automated motor vehicle in violation of Subsection (c) constitutes a separate offense.

Sec. 545.456. AUTHORIZATION TO OPERATE AUTOMATED MOTOR VEHICLE.

(a) Requires the board by rule to prescribe the form and manner by which a person is authorized to apply to TxDMV for authorization to operate automated motor vehicles to transport property or passengers in furtherance of a commercial enterprise on highways and streets in this state without a human driver.

(b) Requires that the rules adopted under Subsection (a) require a person to provide the following to TxDMV:

(1) a written statement by the person that includes the person's contact information and vehicle descriptive information as prescribed by TxDMV;

(2) a written statement by the person or manufacturer of the vehicle or the automated driving system acknowledging that each automated motor vehicle meets certain requirements; and

(3) a certification acknowledging that DPS has been provided the plan required by Section 545.455(c)(2).

(c) Requires TxDMV, on receipt of an application under this section and verifying that the application complies with the rules adopted under Subsection (a), including satisfying the requirements described by Subsection (b), to approve the application and issue a unique operating number to the applicant authorizing the operation of automated motor vehicles on highways and streets in this state without a human driver.

(d) Provides that an authorization issued by TxDMV under this section does not expire and remains active unless suspended, revoked, or canceled by TxDMV.

(e) Requires the person issued an authorization under this section to provide to TxDMV in the form and manner prescribed by TxDMV an update to a document described by Subsection (b)(1), (2), or (3) not later than the 30th day after the date material information in the document changes.

(f) Authorizes TxDMV to immediately suspend, revoke, or cancel the authorization issued under this section if the authorization holder fails to comply with Subsection (e) or TxDMV requests for an updated or current document described by Subsection (b)(1), (2), or (3).

(g) Requires TxDMV to promptly rescind a suspension, revocation, or cancellation imposed under Subsection (f) upon receiving the updated or current document as requested by TxDMV.

(h) Provides that a determination under Subsection (f) is not a contested case under Chapter 2001 (Administrative Procedure), Government Code.

Sec. 545.457. DUTIES FOLLOWING COLLISION INVOLVING AUTOMATED MOTOR VEHICLE. Redesignates existing Section 545.455 as Section 545.457. Requires that the automated motor vehicle, a person on behalf of the automated motor vehicle, or any human driver, rather than any human operator, in the event of a collision involving an automated motor vehicle, comply with Chapter 550 (Collisions and Collision Reports).

Sec. 545.458. APPLICABILITY OF COMMERCIAL MOTOR VEHICLE LAWS TO AUTOMATED MOTOR VEHICLE. (a) Defines "commercial motor vehicle."

(b) Provides that an automated motor vehicle that is a commercial motor vehicle is required to operate in accordance with Subtitle F (Commercial Motor Vehicles) and any other applicable laws or regulations of this state or a political subdivision of this state governing the operation of a commercial motor vehicle, except that

any provision of a commercial motor vehicle law that by its nature reasonably applies only to a human driver does not apply to an automated motor vehicle operating with the automated driving system engaged.

Sec. 545.459. ENFORCEMENT. (a) Requires TxDMV, if TxDMV determines that an automated motor vehicle operating under an authorization issued by TxDMV under Section 545.456 is not in safe operational condition and the operation of the vehicle on a highway or street in this state endangers the public, to provide to the authorization holder for the vehicle a notice of intent to:

(1) suspend, revoke, or cancel the authorization issued under this subchapter for the vehicle; or

(2) impose restrictions on the operation of the vehicle.

(b) Provides that, for purposes of Subsection (a), the operation of an automated motor vehicle endangers the public when the operation has resulted in or is likely to result in serious bodily injury as defined by Section 1.07 (Definitions), Penal Code.

(c) Requires that a notice of intent under Subsection (a):

(1) include a summary of TxDMV's determination and evidence supporting the determination;

(2) provide the authorization holder with a reasonable period to correct the issues identified in TxDMV's determination and provide to TxDMV the certification described by Subsection (d)(2); and

(3) specify which enforcement actions described by Subsections (a)(1) and (2) TxDMV will take if the authorization holder fails to complete the actions described by Subdivision (2) within the specified period.

(d) Requires the authorized holder, before the expiration of the period specified in a notice of intent provided under Subsection (a), to:

(1) ensure the issues identified by TxDMV in the notice are corrected; and

(2) provide to TxDMV, in the form and manner prescribed by TxDMV, a certification acknowledging that the issues identified by TxDMV in the notice have been corrected.

(e) Authorizes TxDMV to extend the period specified in a notice provided under Subsection (a) on a written request for an extension that TxDMV determines is reasonable.

(f) Requires that a certification provided under Subsection (d) include an explanation of how the issues identified by TxDMV in the notice of intent have been corrected, such as identifying specific adjustments made to the automated driving system or operational measures implemented.

(g) Requires TxDMV, if the authorization holder fails to comply with Subsection (d), to:

(1) issue a decision, as specified in the notice of intent, that suspends, revokes, or cancels the authorization issued under this subchapter for the vehicle or imposes restrictions on the operation of the vehicle; and

(2) notify the authorization holder of the decision issued by TxDMV under Subdivision (1).

(h) Authorizes an authorization holder notified of a decision issued under Subsection (g) to submit a written request to TxDMV for review of the decision not later than the 10th day after the date TxDMV issued the decision. Requires TxDMV, not later than the 10th day after the date TxDMV receives a request under this subsection, to review the decision and issue a final determination to the authorization holder either upholding or rescinding the decision. Provides that, if the authorization holder does not submit a request for review of a decision issued under Subsection (g) during the period provided by this subsection, the decision becomes a final determination on the 11th day after the date TxDMV issued the decision.

(i) Provides that a suspension, revocation, cancellation, or restriction under this section takes effect on the date of the final determination of the decision under Subsection (h).

(j) Requires TxDMV to promptly rescind a suspension, revocation, or cancellation under this section or remove a restriction under this section or remove a restriction under this section at any time if the authorization holder subsequently takes the actions required by Subsections (d)(1) and (2).

(k) Authorizes an authorization holder aggrieved by an action of TxDMV under Subsection (h) to submit a written request for a hearing not later than the 10th day after the date of TxDMV's final determination under that subsection. Requires TxDMV to file a request with the State Office of Administrative Hearings (SOAH) for an expedited hearing not later than 10th day after the date the authorization holder requests the hearing. Requires SOAH to hold a hearing requested under this subsection not later than the 60th day after the date of TxDMV's final determination under Subsection (h). Requires that the authorization issued under this subchapter, if a hearing is not held during the period required by this subsection, be automatically reinstated or the restriction imposed automatically removed, as applicable.

(l) Provides that the contested case provisions of Chapter 2001, Government Code, including the right to judicial review, apply to a proceeding under Subsection (k).

(m) Provides that, except as provided by Section 545.456, this section provides the exclusive means by which TxDMV is authorized to suspend, revoke, or cancel an authorization issued under this subchapter for an automated motor vehicle or otherwise restrict the operation of an automated motor vehicle operating under an authorization issued by TxDMV under Section 545.456.

Deletes text of existing Section 545.456 (Vehicle Classification) authorizing an owner as defined by Section 502.001(31) (relating to defining "owner") to identify the vehicle to TxDMV as an automated motor vehicle or an automated driving system.

SECTION 2. Amends Subtitle F, Title 7, Transportation Code, by adding Chapter 644A, as follows:

#### CHAPTER 644A. MOTOR CARRIER SAFETY IMPROVEMENT: EMPLOYMENT STATUS

Sec. 644A.001. DEFINITIONS. Defines "motor carrier" and "motor carrier safety improvement."

Sec. 644A.002. EMPLOYMENT STATUS. Prohibits the deployment, implementation, or use of a motor carrier safety improvement by or as required by a motor carrier or a related entity, including through contract, from being considered when determining whether the operator of a motor vehicle is an employee or joint employee of the motor carrier or an independent contractor for purposes of state law.

SECTION 3. Amends Subchapter A, Chapter 1954, Insurance Code, by adding Section 1954.003, as follows:

Sec. 1954.003. **APPLICABILITY TO AUTOMATED MOTOR VEHICLES.** Provides that an automated motor vehicle, as defined by Section 545.451, Transportation Code, is considered a transportation network company driver for purposes of Subchapter B (Insurance Requirements), and the coverage requirements of that subchapter apply to the automated motor vehicle.

SECTION 4. Amends Section 2402.001, Occupations Code, by amending Subdivision (1) and adding Subdivision (1-a) to define "automated driving system" and "automated motor vehicle."

SECTION 5. Amends Subchapter A, Chapter 2402, Occupations Code, by adding Section 2402.005, as follows:

Sec. 2402.005. **APPLICABILITY TO AUTOMATED MOTOR VEHICLES.** (a) Provides that a corporation, partnership, sole proprietorship, or other entity that, for compensation, enables a passenger to prearrange a ride in an automated motor vehicle through the entity's digital network is a transportation network company and is subject to the requirements of Chapter 2402 (Transportation Network Companies), except as otherwise provided by this section.

(b) Authorizes a transportation network company holding a permit under this chapter to use automated motor vehicles owned by the company or operated under a contract with the company to provide digitally prearranged rides through the company's digital network.

(c) Provides that a reference in this chapter or a rule adopted under this chapter to a "driver" includes an automated motor vehicle, except that a provision of this chapter or a rule adopted under this chapter that by its nature reasonably applies only to a human driver does not apply to an automated motor vehicle operating with the automated driving system engaged.

SECTION 6. Amends Section 2402.111, Occupations Code, by adding Subsection (d), as follows:

(d) Provides that, notwithstanding Subsection (a)(2)(A) (relating to requiring a transportation network company to confirm that the vehicle has four doors), an automated motor vehicle that is used to provide digitally prearranged rides is not required to have four doors.

SECTION 7. Amends Section 2402.113, Occupations Code, by adding Subsection (e), as follows:

(e) Provides that Section 2402.113 (Accessibility Pilot Program) does not apply to a transportation network company that uses automated motor vehicles to provide digitally prearranged rides through the company's digital network or the digital network of another entity.

SECTION 8. Amends Section 643.054(a-2), Transportation Code, as follows:

(a-2) Authorizes TxDMV to deny a registration if the applicant is owned, operated, managed, or otherwise controlled by or affiliated with a person, including a family member, corporate officer, entity, or shareholder, that DPS has determined meets certain criteria, including having multiple violations of Chapter 644 (Commercial Motor Vehicle Safety Standards), a rule adopted under that chapter, or Subtitle C (Rules of the Road), other than Section 545.455(c).

SECTION 9. Amends Section 643.058(e), Transportation Code, as follows:

(e) Authorizes TxDMV to deny a motor carrier's application to renew a registration if the motor carrier is owned, operated, managed, or otherwise controlled by or affiliated with a person, including a family member, corporate officer, entity, or shareholder, that meets certain criteria, including that DPS has determined meets certain criteria, including having multiple violations of Chapter 644, a rule adopted under that chapter, or Subtitle C, other than Section 545.455(c).

SECTION 10. Amends Section 643.0585(c), Transportation Code, as follows:

(c) Authorizes TxDMV to deny a motor carrier's application for reregistration if the motor carrier is owned, operated, managed, or otherwise controlled by or affiliated with a person, including a family member, corporate officer, entity, or shareholder, that meets certain criteria, including that the DPS has determined meets certain criteria, including having multiple violations of Chapter 644, a rule adopted under that chapter, or Subtitle C, other than Section 545.455(c).

SECTION 11. Amends Section 643.252(b), Transportation Code, as follows:

(b) Authorizes DPS to request that TxDMV suspend or revoke a registration issued under this chapter or place on probation a motor carrier whose registration is suspended if a motor carrier meets certain criteria, including having multiple violations of Chapter 644, a rule adopted under that chapter, or Subtitle C, other than Section 545.455(c).

SECTION 12. (a) Provides that not later than December 1, 2025:

(1) the board is required to adopt the rules required by Subchapter J, Chapter 545, Transportation Code, as amended by this Act; and

(2) the commission is required to adopt the rule required by Section 545.455(c)(2), Transportation Code, as added by this Act.

(b) Provides that a person is not required to comply with Subchapter J, Chapter 545, Transportation Code, as amended by this Act, until the 90th day after the effective date of rules adopted by the commission and the board under Subsection (a) of this section.

SECTION 13. Effective date: upon passage or September 1, 2025.