



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.



# TxDMV Board Meeting

8:00 a.m.

Thursday, August 8, 2019

**AGENDA  
BOARD MEETING  
TEXAS DEPARTMENT OF MOTOR VEHICLES  
4000 JACKSON AVE., BUILDING 1, LONE STAR ROOM  
AUSTIN, TEXAS 78731  
THURSDAY, AUGUST 8, 2019  
8:00 A.M.**

All agenda items are subject to possible discussion, questions, consideration, and action by the Board of the Texas Department of Motor Vehicles (Board). Agenda item numbers are assigned for ease of reference only and do not necessarily reflect the order of their consideration by the Board. Presentations may be made by the identified staff or Board member or other staff as needed. The Board reserves the right to discuss any items in executive session where authorized by the Open Meetings Act.

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- 1. Roll Call and Establishment of Quorum**
- 2. Pledges of Allegiance - U.S. and Texas**
- 3. Recognition of Gary Painter**
- 4. Chair's Reports - Chairman Treviño**
- 5. Executive Director's Reports - Whitney Brewster**
  - A. Innovation Program Awards
  - B. Performance Quality Recognition Program (PQRP) Awards
  - C. American Association of Motor Vehicle Administrators (AAMVA) Region 2 2019 Conference
  - 6 D. Awards, Recognition of Years of Service, and Announcements**

**RULES - ADOPTION**

- 7 6. Chapter 206, Management - Tracey Beaver**  
**Amendments, §206.92 and §206.93**  
**Repeals, §206.94 and §206.95**  
**New, §§206.94-206.99**  
**(Relating to advisory committees and implementation of Sunset Advisory Commission's Recommendation 1.7)**  
**(Proposal Published March 1, 2019 - 44 Tex. Reg. 1111)**

**RULES - PROPOSAL****27 7. Chapter 215, Motor Vehicle Distribution - Daniel Avitia****Amendments, §§215.88, 215.89, and 215.133****Repeal, §215.102****New, §215.161**

(Relating to:

- Sunset Advisory Commission's recommendations, criminal history evaluations consistent with Occupations Code, Chapter 53:  
(June 6, 2019 Board Meeting Informal Rules - Published on the TxDMV Website June 10, 2019 - July 10, 2019)
- HB 1342, deleting 43 TAC §215.88(i)(2) because it mirrors language repealed;
- HB 1667, allowing independent motor vehicle general distinguishing number license holders to perform certain salvage related activities without holding a salvage dealer's license;
- HB 3842, requiring a separate general distinguishing number for most consignment locations;
- SB 604, eliminating representative licenses and adding licensing education and training requirements for independent motor vehicle dealers;
- SB 1217, prohibiting consideration of certain arrests in determining license eligibility; and
- eliminating the 50% ownership threshold for possible department action on a license or application; updating citations; and nonsubstantive grammatical changes.)

**40 8. Chapter 221, Salvage Vehicle Dealers, Salvage Pool Operators and****Salvage Vehicle Rebuilders - Daniel Avitia****Amendments, §§221.1, 221.2, 221.11, 221.13, 221.15, 221.19, 221.20, 221.41, 221.111, and 221.112****Repeals, §§221.12, 221.113, and 221.114****New, §§221.54, 221.96, 221.116, and 221.117**

(Relating to:

- Sunset Advisory Commission's recommendations, criminal history evaluation and guidelines consistent with Occupations Code, Chapter 53 for salvage industry regulation, criminal background of applicant's partner, company principal, officer, or general managers as a qualifying factor for license issuance, and establishing a risk-based approach to salvage vehicle dealer inspections:  
(June 6, 2019 Board Meeting Informal Rules - Published on the TxDMV Website June 10, 2019 - July 10, 2019);
- SB 1217, prohibiting consideration of certain arrests in determining license eligibility;
- SB 604, eliminating salvage endorsements and salvage agent licenses; authority to set salvage license terms, and prorate fees; cease and desist authority; and
- HB 1667, allowing independent motor vehicle general distinguishing number license holders to perform certain salvage related activities without holding a salvage dealer's license.)

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**9. Chapter 215, Motor Vehicle Distribution - Daniel Avitia**  
**Amendments, §215.83**  
**Chapter 221, Salvage Vehicle Dealers, Salvage Pool Operators and Salvage Vehicle Rebuilders**  
**Amendments, §221.17**  
(Relating to SB 1200, authority of certain military spouses to engage in a business or occupation in this state)

**75 10. Chapter 217, Vehicle Titles and Registration - Jeremiah Kuntz**  
**Amendments, §§217.2, 217.45, and 217.46**  
(Relating to HB 1548, establishing procedure for issuance of license plates to golf carts and off-highway vehicles, charging a fee, and updating statutory citations; HB 3068, use of certain license plates on classic motor vehicles and travel trailers, custom vehicles, street rods, and certain exhibition vehicles; use of embossed disabled veterans' license plates on certain vehicles; and HB 3171, classification and operation of mopeds)

**117 11. Chapter 217, Vehicle Titles and Registration - Jeremiah Kuntz**  
**New, §217.15**  
(Relating to HB 2315, evidence of ownership of temporary housing provided by a government agency in response to a natural disaster or other declared emergency; and automatic issuance of title to travel trailer owned by government agency in certain circumstances)

**123 12. Chapter 217, Vehicle Titles and Registration - Jeremiah Kuntz**  
**Amendments, §217.40**  
**New, §217.16**  
(Relating to HB 3842, new Transportation Code, §501.0236, Issuance of Title and Permits When Dealer Goes Out of Business; waiving certain fees)

**140 13. Chapter 217, Vehicle Titles and Registration - Jeremiah Kuntz**  
**Amendments, §217.27**  
(Relating to HB 1262, the extended registration of certain trailers not subject to inspection)

**150 14. Chapter 217, Vehicle Titles and Registration - Jeremiah Kuntz**  
**Amendments, §217.41**  
(Relating to HB 643, expanding the county locations at which an application for a disabled parking placard may be submitted)

**158 15. Chapter 217, Vehicle Titles and Registration - Jeremiah Kuntz**  
**New, §217.75**  
(Relating to SB 604, providing Registration and Titling System (RTS) and fraud training and updating statutory citations)

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**BRIEFINGS AND ACTION ITEMS**

**16. Committee Appointments** - Chairman Treviño

- A. Advisory Committees
- B. Legislative and Public Affairs Committee

**17. Finance and Audit**

- 167 A. [Recommended FY 2020 Operating Budget](#) - Linda M. Flores and Sergio Rey
- 220 B. [FY 2020 - 2021 Interagency Contract between TxDMV and TxDOT](#) - Linda M. Flores and Aline Aucoin
- 263 C. [FY 2020 Internal Audit Plan](#) - Sandra Menjivar-Suddeath
- 276 D. [Internal Audit Division Status Report](#) - Sandra Menjivar-Suddeath (BRIEFINGS ONLY)
  - FY 2019 Audit Recommendation Follow-up
  - Procurement and Contract Management Audit

315 **18. Projects and Operations** - Tom Shindell

[Agency Vision, Mission, Philosophy, Goals and Values in Preparation for Strategic Planning](#)

**EXECUTIVE SESSION**

**19. The Board may enter into closed session under one or more of the following provisions of the Texas Open Meetings Act, Government Code, Chapter 551:**

- **Section 551.071** - Consultation with and advice from legal counsel regarding:
  - pending or contemplated litigation, or a settlement offer;
  - a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Government Code, Chapter 551; or
  - any item on this agenda.
- **Section 551.074** - Personnel matters.
  - Discussion relating to the appointment, employment, evaluation, reassignment, duties, discipline, and dismissal of personnel.
- **Section 551.076** - Deliberation Regarding Security Devices or Security Audits; Closed Meeting.
  - the deployment, or specific occasions for implementation, of security personnel or devices; or
  - a security audit.

- **Section 551.089** - Deliberation Regarding Security Devices or Security Audits; Closed Meeting.
  - security assessments or deployments relating to information resources technology;
  - network security information as described by Section 2059.055(b); or
  - the deployment, or specific occasions for implementation, of security personnel, critical infrastructure, or security devices.

## **20. Action Items from Executive Session**

## **21. Public Comment**

## **22. Adjournment**

The Board will allow an open comment period to receive public comment on any agenda item or other matter that is under the jurisdiction of the Board. No action will be taken on matters that are not part of the agenda for the meeting. For subjects that are not otherwise part of the agenda for the meeting, Board members may respond in accordance with Government Code, Section 551.042 and consider the feasibility of placing the matter on the agenda for a future meeting. In accordance with 43 Texas Administrative Code §206.22, any person wishing to address the Board must complete a speaker's form at the registration table prior to the agenda item being taken up by the Board. Public comment will only be accepted in person. Each speaker will be limited to three minutes and time allotted to one speaker may not be reassigned to another speaker.

Agenda items may be presented by the named presenters or other TxDMV staff.

Pursuant to Sections 30.06 and 30.07, Penal Code (trespass by license holder with a concealed or openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun or a handgun that is carried openly.

Any individual with a disability who plans to attend this meeting and requires auxiliary aids or services should notify the department as far in advance as possible, but no less than two days in advance, so that appropriate arrangements can be made. Contact Carrie Fortner by telephone at (512) 465-3044.

I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements.

CERTIFYING OFFICIAL: Tracey Beaver, General Counsel, (512) 465-5665.

Board Meeting Date: 8/8/2019

**BRIEFING**

To: Texas Department of Motor Vehicles Board  
From: Whitney Brewster, Executive Director  
Agenda Item: 5.D  
Subject: Executive Director's Report – Recognition of Years of Service

**RECOMMENDATION**

Board Chair and members offer congratulations to employees receiving recognition for an award, reaching a state service milestone, or retirement.

**PURPOSE AND EXECUTIVE SUMMARY**

The Executive Director announces the name of individuals who retired from the agency and recognizes employees who have reached a state service milestone of 20 years and every five-year increment thereafter. Recognition at the August 8, 2019, Board Meeting for retirements and state service awards include:

- Tammera Parr-Lamb in Vehicle Titles & Registration Division reached 20 years of state service.
- Thelma Dufort in Finance & Administrative Services Division reached 20 years of state service.
- Denise Cagle in Motor Carrier Division reached 20 years of state service.
- Daniel Avitia in Motor Vehicle Division reached 25 years of state service.
- David Richards in Office of General Counsel reached 25 years of state service.
- Henry Floyd in Enforcement Division reached 25 years of state service.
- Kimberly Draehn in Vehicle Titles & Registration Division reached 25 years of state service.

And, the following individuals recently retired from the agency:

- Mary Homann – Information Technology Services Division
- Mark Zimmerhanel – Enforcement Division
- Michael Hayes – Vehicle Titles & Registration Division
- Mary Dominguez – Automobile Burglary & Theft Prevention Authority

**FINANCIAL IMPACT**

No financial impact.

**BACKGROUND AND DISCUSSION**

No additional background and discussion.



**To:** Texas Department of Motor Vehicles (TxDMV)  
**From:** Tracey Beaver, General Counsel  
**Agenda Item:** 6  
**Subject:** Adoption of Rules under Title 43, Texas Administrative Code, Chapter 206, Management Amendments, §206.92 and §206.93  
Repeals, §206.94 and §206.95  
New, §§206.94 – 206.99  
(Relating to advisory committees and implementation of Sunset Advisory Commission's Recommendation 1.7)

### **RECOMMENDATION**

Approval to publish the adoption of amendments, new sections, and repeals in the *Texas Register*.

### **PURPOSE AND EXECUTIVE SUMMARY**

The purpose of the amendments and new sections is to implement recommendation 1.7 from the Sunset Advisory Commission regarding advisory committees. Recommendation 1.7 directs the board to “establish advisory committees to provide expertise for rulemaking and other issues and adopt rules regarding standard committee structure and operating criteria.” Specifically, the board is directed to:

- establish, at a minimum, advisory committees related to motor vehicle industry regulation, motor carrier industry regulation, and vehicle titles and registration;
- adopt rules regarding the purpose, structure, and use of advisory committees, including a number of specified requirements (purpose and role of committees, size and quorum requirements, composition and representation of committees, etc.); and
- distinguish appropriate situations to use advisory committees versus working groups.

### **FINANCIAL IMPACT**

None

### **BACKGROUND AND DISCUSSION**

The amendments, new sections, and repeals include:

- §206.92 – add definitions for members and presiding officer.
- §206.93 – delete most of the existing rule, and substitute the provisions regarding the purpose, use, and structure of advisory committees.
- §206.94 -repeals the Household Goods Rules Advisory Committee because the specific work the committee was formed to undertake has been completed, and future issues relating to household goods concerns could be addressed by the Consumer Protection Advisory Committee; creates the Motor Vehicle Industry Regulation Advisory Committee.
- §206.95 – repeals the Motor Vehicle Licensing Advisory Committee because the specific work the committee was formed to undertake has been completed; creates the Motor Carrier Regulation Advisory Committee.
- §206.96 - creates the Vehicle Titles and Registration Advisory Committee.
- §206.97 - creates the Consumer Protection Advisory Committee.
- §206.98 - creates the Customer Service Advisory Committee.



- §206.99 - provides that the board shall prioritize the use of advisory committees over workgroups in rulemaking and policy decisions on significant or controversial issues of public policy.

The proposal was published in the *Texas Register* on March 1, 2019. The comment period closed on April 1, 2019. The department received the attached comment from the Tax Assessor-Collectors Association of Texas (TACA). TACA expressed concern that the language of §206.93(d), Composition of Advisory Committee, might exclude county Tax Assessors-Collectors from participation in advisory committees and requested that a Tax Assessor Collector be named as members of the Vehicle Titles and Registration Advisory Committee, Consumer Protection Advisory Committee, and the Customer Service Advisory Committee. Department staff has revised the language 206.93(d) to make it clear that Tax Assessor-Collectors may be part of advisory committees. Department staff recommends declining TACA's request to name a Tax Assessor-Collector as a member of the three advisory committees because this action was not required by the Sunset Committee Recommendation 1.7, and taking this action would likely lead to other organizations requesting to be named as mandatory members of advisory committees. By declining this request, the department retains flexibility in making appointments to advisory committees and will still be able appoint Tax Assessor-Collectors as advisory committee members.

If the board adopts the amendments, new sections, and repeals during its August 8, 2019, open meeting, staff anticipates:

- Publication in the August 30, 2019, issue of the *Texas Register*; and
- An effective date of September 8, 2019.



## THE TAX ASSESSOR-COLLECTORS ASSOCIATION OF TEXAS

An Association to secure the benefits of organized ideas and discussion of mutual problems that will advance and maintain proper efficiency and dignity of the County Tax Office.

[www.tacaofexas.org](http://www.tacaofexas.org)

### "WAVES OF PROGRESS"

March 29, 2019

#### OFFICERS

MICHELLE FRENCH, PCC  
PRESIDENT  
DENTON COUNTY  
[michelle.french@dentoncounty.com](mailto:michelle.french@dentoncounty.com)

CATHY C. TALCOTT, PCAC  
PRESIDENT-ELECT  
COMAL COUNTY  
[talcc@co.comal.tx.us](mailto:talcc@co.comal.tx.us)

LINDA BRIDGE, PCAC  
VICE-PRESIDENT EXTERNAL  
BEE COUNTY  
[linda.bridge@co.bee.tx.us](mailto:linda.bridge@co.bee.tx.us)

TAMMY McRAE, PCAC  
VICE-PRESIDENT INTERNAL  
MONTGOMERY COUNTY  
[tammy.mcrae@mcbr.org](mailto:tammy.mcrae@mcbr.org)

RANDY RIGGS, CPA, PCC  
SECRETARY-TREASURER  
MCLENNAN COUNTY  
[randy.riggs@co.mclennan.tx.us](mailto:randy.riggs@co.mclennan.tx.us)

#### DIRECTORS

BRUCE STIDHAM, PCAC  
GRAYSON COUNTY  
[stidhamb@co.grayson.tx.us](mailto:stidhamb@co.grayson.tx.us)

KEVIN KIESCHNICK  
NUECES COUNTY  
[kevin.kieschnick@co.nueces.tx.us](mailto:kevin.kieschnick@co.nueces.tx.us)

LARRY GADDES, PCAC  
WILLIAMSON COUNTY  
[lgaddes@wilco.org](mailto:lgaddes@wilco.org)

DONNA WILLIS  
LYNN COUNTY  
[donna.willis@co.lynn.tx.us](mailto:donna.willis@co.lynn.tx.us)

TERI GARVEY HANKS, PCC  
IMMEDIATE PAST-PRESIDENT  
ANDERSON COUNTY  
[tgarvey@co.anderson.tx.us](mailto:tgarvey@co.anderson.tx.us)

To Whom It May Concern:

Public Comment on behalf of the Tax Assessor-Collectors Association regarding Texas Department of Motor Vehicles proposed rules Chapter 43 Section 206 and Section 223.

Chapter 206 Proposed rules deal with Advisory Committees. There are 3 advisory committees being created whose membership could potentially include County Tax Assessor-Collectors: Vehicle Titles and Registration Advisory Committee, Consumer Protection Advisory Committee and the Customer Service Advisory Committee.

None of the proposed rules have a specific statement of who should serve on these committees. Below is generic description of member qualifications and composition of the committees in current rule and as proposed:

(b) Appointment of advisory committee. The board shall appoint members to an advisory committee by selecting them from a list of potential members provided by the executive director. Each advisory committee shall elect from its members a presiding officer, who shall report the advisory committee's recommendations to the board. The executive director may designate a division or divisions of the department to participate with, or to provide subject-matter expertise, guidance, or administrative support to the advisory committee as necessary.

(c) Member qualifications. Members shall have knowledge about and interests in, and represent a broad range of viewpoints about, the work of the committee or applicable division(s). Board members shall not serve as advisory committee members.

(d) Composition of advisory committee. In making appointments to the advisory committee, the board shall, to the extent practical, balance the membership of the advisory committee to ensure representation of: industries or occupations regulated or indirectly regulated by the board, consumers of services provided by the board, and different geographical regions of the state.



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### "WAVES OF PROGRESS"

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MICHELLE FRENCH, PCC  
PRESIDENT  
DENTON COUNTY  
[michelle.french@dentoncounty.com](mailto:michelle.french@dentoncounty.com)

CATHY C. TALCOTT, PCAC  
PRESIDENT-ELECT  
COMAL COUNTY  
[talcc@co.comal.tx.us](mailto:talcc@co.comal.tx.us)

LINDA BRIDGE, PCAC  
VICE-PRESIDENT EXTERNAL  
BEE COUNTY  
[linda.bridge@co.bee.tx.us](mailto:linda.bridge@co.bee.tx.us)

TAMMY McRAE, PCAC  
VICE-PRESIDENT INTERNAL  
MONTGOMERY COUNTY  
[tammy.mcrae@mcbr.org](mailto:tammy.mcrae@mcbr.org)

RANDY RIGGS, CPA, PCC  
SECRETARY-TREASURER  
MCLENNAN COUNTY  
[randy.riggs@co.mclennan.tx.us](mailto:randy.riggs@co.mclennan.tx.us)

#### DIRECTORS

BRUCE STIDHAM, PCAC  
GRAYSON COUNTY  
[stidhamb@co.grayson.tx.us](mailto:stidhamb@co.grayson.tx.us)

KEVIN KIESCHNICK  
NUECES COUNTY  
[kevin.kieschnick@co.nueces.tx.us](mailto:kevin.kieschnick@co.nueces.tx.us)

LARRY GADDES, PCAC  
WILLIAMSON COUNTY  
[lgaddes@wilco.org](mailto:lgaddes@wilco.org)

DONNA WILLIS  
LYNN COUNTY  
[donna.willis@co.lynn.tx.us](mailto:donna.willis@co.lynn.tx.us)

TERI GARVEY HANKS, PCC  
IMMEDIATE PAST-PRESIDENT  
ANDERSON COUNTY  
[tgarvey@co.anderson.tx.us](mailto:tgarvey@co.anderson.tx.us)

We note membership is for representation by industries or occupations regulated or indirectly regulated by the board. As elected officials in our great state, we do not necessarily feel we are regulated by the board, but the service we provide as partners with the Department and the State is somewhat regulated by statute and state agency rule. We ask that the County Tax Assessor-Collector be specifically mentioned as advisory committee members to applicable committees mentioned above. By not naming the County Tax Assessor-Collector for those applicable advisory committees there is no guarantee the interests of the Department's most vital partner will be represented. Not implying a County Tax Assessor-Collector would not receive an appointment, but such an appointment would not be required by the rule as presented.

DMV states in their explanation of the proposed new **Chapter 223** rules that Sunset recommendations are for DMV to adopt rules to develop a clear and efficient path for County Tax Assessor-Collectors to submit requests for fraud, waste and abuse investigations to CID. TACA sees a rule that says the CID shall **create a policy** for County Tax Assessor-Collectors to submit requests for investigations. We do not believe that follows the Sunset recommendation. In addition, we suggest the CID investigation and notification process mirror the dealer enforcement complaint process. That process works well with cross communication and access to investigations.

Sincerely,

Michelle French  
President, TACA  
Denton County Tax Assessor/Collector

TITLE 43. TRANSPORTATION  
Part 10. Texas Department of Motor Vehicles  
Chapter 206 – Management

Adopted Sections

**SUBCHAPTER E. ADVISORY COMMITTEES**

**ADOPTION OF**

**43 TAC §§206.92 - 206.99**

**REPEAL OF**

**43 TAC §206.94 and §206.95**

**1. INTRODUCTION.** The Texas Department of Motor Vehicles (department) adopts the repeal of 43 TAC §206.94 and §206.95. The department adopts amendments to 43 TAC §206.92 and §206.93. The department also adopts new 43 TAC §§206.94-206.99. The repealed, new, and amended sections relate to advisory committees.

The department adopts the amended and new sections with changes to the proposed text as published in the March 1, 2019 issue of the *Texas Register* (44 TexReg 1111). These rules will be republished. Nonsubstantive, grammatical changes were made to §206.93(a) to provide greater clarity on the role of the advisory committee. The phrase "To the board" was added after "the role of an advisory committee under this subchapter is to provide advice and recommendations," to clarify who receives the advice and recommendations. Additional nonsubstantive, grammatical changes were made to §206.93(e) to clarify what action an advisory committee may take when a quorum is present. The phrase "Transact business" was deleted and replaced with "deliberate on issues within the jurisdiction of the department or any public business," to conform to the language and definitions used in the Open Meetings Act, Government Code, §551.001. The changes to the adopted sections do not change issues raised in the proposal, introduce new subject matter, incur costs, or affect persons other than those previously on notice. The department adopts amendments and new sections to 43 TAC §§206.92-206.99 concerning Advisory Committees, with nonsubstantive, grammatical changes to the proposed text.

TITLE 43. TRANSPORTATION  
Part 10. Texas Department of Motor Vehicles  
Chapter 206 – Management

Adopted Sections

1 The amendments to 43 TAC §206.93 implement Senate Bill 604, Section 1.08, 86th Regular Session  
2 (2019), which repealed Government Code, §2110.002(c). Prior to the repeal, the department was exempt  
3 from the Government Code, §2110.002(c) requirements that an advisory committee be composed of a  
4 reasonable number of members not to exceed 24 and that the composition of an advisory committee  
5 provide a balanced representation between the industry or occupation and the consumers of services  
6 provided by the agency, industry, or occupation. However, Senate Bill 604 now applies the Government  
7 Code, §2110.002(c) requirements to the department.

8 **2. REASONED JUSTIFICATION.** The amendments, new sections, and repeals are necessary to implement  
9 the Sunset Advisory Commission's adopted recommendation 1.7 in the Staff Report with Final Results,  
10 revised June 2019. The Sunset Advisory Commission recommended that the department establish  
11 advisory committees to provide expertise for rulemaking and other issues, and adopt rules regarding  
12 standard committee structure and operating criteria. The report also recommended the department  
13 establish advisory committees to provide expertise for rulemaking related to motor vehicle and carrier  
14 regulation, vehicle title and registration, consumer protection, and customer service. The amendments  
15 and new sections are necessary to specify the purposes, powers, and duties, of advisory committees,  
16 including the manner of reporting their work, under Transportation Code, §1001.031.

17 **Amended §206.92. Definitions.**

18 Amendments to §209.92 add a definition for the term "member" to clarify that a member is  
19 appointed to the committee by the board of the Texas Department of Motor Vehicles (board), as required  
20 by Transportation Code, §1001.031(b). The definition of the new term "presiding officer" clarifies that the  
21 advisory boards are composed of members that are not members of the board, and presided over by a  
22 presiding officer elected by the other advisory committee members. The term further clarifies that

TITLE 43. TRANSPORTATION  
Part 10. Texas Department of Motor Vehicles  
Chapter 206 – Management

Adopted Sections

1 advisory committee meetings will be presided over by a presiding officer who facilitates efficient  
2 functioning of the advisory committee by overseeing discussions and votes.

3 Nonsubstantive, grammatical changes were made to §206.92(6) and (7) to provide clarity for the  
4 roles of the member and presiding officer.

5 **Amended §206.93. Advisory Committee Operations and Procedures.**

6 The amendments to §206.93 delete subsections (a) through (f) and add new subsections (a)  
7 through (l) to reorganize the subsections and provide clearer guidance for advisory committee operations  
8 and procedures. In addition, these new subsections promote the efficient handling of advisory committee  
9 meetings.

10 Requirements under existing §206.93(a) are now in new §206.93(f) and (b). The term of service  
11 for advisory committee members more closely aligns with the fourth anniversary expiration date for  
12 advisory committees consistent with Government Code, §2110.008.

13 Requirements under §206.93(b) were deleted and moved to new §206.93(j) to provide clearer  
14 guidance on how and when to report recommendations to the board.

15 Requirements under §206.93(c) were deleted entirely. In place of this subsection, §206.93(g) is  
16 added to require advisory committee members to receive training regarding the Open Meetings Act,  
17 Government Code, Chapter 551, and the Public Information Act, Government Code, Chapter 552. This  
18 amendment will ensure advisory committee members are aware of the open meeting and public  
19 information requirements of advisory committee meetings.

20 Requirements under §206.93(d) were deleted and moved to new §206.93(l). New §206.93(l)  
21 outlines permissible reimbursement of advisory committee members under Government Code,  
22 §2110.004, which states that the manner and amount of reimbursement may be prescribed only by the

TITLE 43. TRANSPORTATION  
Part 10. Texas Department of Motor Vehicles  
Chapter 206 – Management

Adopted Sections

1 General Appropriations Act or through the budget execution process under Government Code, Chapter  
2 317, if the advisory committee was created after it is practicable to address the existence of the advisory  
3 committee in the General Appropriations Act.

4 Requirements under §206.93(e) were deleted and moved to new §206.93(k). New §206.93(k)  
5 requires the board to consider reports in addition to recommendations submitted by the advisory  
6 committees to ensure the board considers all available advisory committee resources.

7 Requirements under §206.93(f) were deleted to better reflect the notice requirements of the  
8 Open Meetings Act, Government Code, Chapter 551.

9 Section 206.93(g) was reorganized as new §206.93(m) and adds the title "Expiration dates for  
10 advisory committees," for consistency.

11 In addition, the amendments add several new subsections to §206.93, Advisory Committee  
12 Operations and Procedures. Section 206.93(a) is necessary to provide clarity for role of the advisory  
13 committee to the board. Section 206.93(c) is necessary to clarify the qualifications for advisory committee  
14 members and includes a prohibition on board members serving on advisory committees to ensure the  
15 advisory group has independent external expertise and recommendations. Section 206.93(d) is necessary  
16 to ensure balanced representation on advisory committees, by requiring membership from different  
17 geographical regions of the state, to the extent practical, who have an interest of expertise in the subject  
18 area of the particular advisory committee. Section 206.93(e) is necessary to outline committee size,  
19 consistent with the requirements under Government Code, §2110.002, and quorum requirements, under  
20 the Open Meetings Act, Government Code, Chapter 551. Section 206.93(h) is necessary to ensure advisory  
21 committee compliance with the Open Meetings Act, Government Code, Chapter 551. Section 206.93(i) is  
22 necessary to require advisory committees to accept public comments to promote constituent

TITLE 43. TRANSPORTATION  
Part 10. Texas Department of Motor Vehicles  
Chapter 206 – Management

Adopted Sections

engagement in the rulemaking process.

**Repealed §206.94. Household Goods Rules Advisory Committee (HGRAC).**

The department is repealing §206.94 HGRAC because this advisory committee completed recommendations to modernize and streamline rules to protect consumers using the service of a motor carrier who is transporting household goods for compensation and rules to ensure that a customer of a motor carrier transporting household goods is protected from unfair practices and unreasonably hazardous activities adopted under Transportation Code, §643.153(a) and (b). The committee is set to expire on August 14, 2019 under §206.95 of this title. Any rules regarding household goods may be addressed by the new Consumer Protection Advisory Committee (CPAC) created by amendment.

**New §206.94. Motor Vehicle Industry Regulation Advisory Committee (MVIRAC).**

New §206.94, MVIRAC, replaces repealed §206.94, HGRAC, to advise and make recommendations to the board and the executive director, as requested, on issues related to regulation of the motor vehicle industry. The MVIRAC may provide the department with independent external expertise and recommendation on motor vehicle regulation topics. Motor vehicle industry regulation makes up a significant part of the department's operations with over 33,000 regulated motor vehicle-related licenses issued in Fiscal Year 2019. The department may utilize the expertise of advisory committee members regarding the business operations of motor vehicle and salvage dealers and other elements of the motor vehicle industry to improve the efficiency of department operations and procedures.

**Repealed §206.95. Motor Vehicle License Advisory Committee (MVLAC).**

The department is repealing §206.95, MVLAC, because the committee has completed the review of license requirements and procedures, and made recommendations to the department simplifying and modernizing the licensing process. The committee is set to expire on August 14, 2019 under §206.95 of



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1 this title.

2 Nonsubstantive, grammatical changes were made to §206.95(a) to clarify the purpose of MVLAC.  
3 "Issues" was deleted and replaced with "topics" to ensure the advisory committee may make all relevant  
4 recommendations.

5 **New §206.95. Motor Carrier Regulation Advisory Committee (MCRAC).**

6 New §206.95, MCRAC, replaces repealed §206.95, MVLAC, to advise and make recommendations  
7 to the board and the executive director, as requested, on topics related to regulation of the motor carrier  
8 industry. The Sunset Advisory Commission Staff Report with Final Results, revised June 2019, noted the  
9 department enforces statute and rules governing nearly 50,000 registered motor carrier companies,  
10 including trucking and moving companies. The MCRAC will provide valuable independent external  
11 expertise and recommendations on motor vehicle carrier topics to the department.

12 Nonsubstantive, grammatical changes were made to §206.96(a) to clarify the purpose of MCRAC.  
13 "Issues" was deleted and replaced with "topics" to ensure the advisory committee may make all relevant  
14 recommendations.

15 **New §206.96. Vehicle Titles and Registration Advisory Committee (VTRAC).**

16 New §206.96, VTRAC, is created to advise and make recommendations to the board and the  
17 executive director, as requested, on topics related to vehicle titles and registration. The Sunset Advisory  
18 Commission Staff Report with Final Results, revised June 2019, noted the department registers  
19 approximately 24 million vehicles across the state each year. The VTRAC is necessary to provide valuable  
20 independent external expertise and recommendations on title and registration topics to the department.

21 Nonsubstantive, grammatical changes are made to §206.94(a) to clarify the purpose of VTRAC.  
22 "Issues" was deleted and replaced with "topics" to ensure the advisory committee may make all relevant

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1 recommendations.

2 **New §206.97. Consumer Protection Advisory Committee (CPAC).**

3 New §206.97, CPAC, is created to advise and make recommendations to the board and the  
4 executive director, as requested, on investigation and enforcement topics, including vehicle titles and  
5 registration fraud; lemon law; the warranty performance program; and other consumer protection topics.  
6 Also, the department is creating the CPAC to gain valuable independent external expertise on various  
7 consumer protection topics.

8 Nonsubstantive, grammatical changes were made to §206.94(a) to clarify the purpose of CPAC.  
9 "But not limited to" was deleted following "including" because "including" is a word of expansion, and  
10 serves to encompass the following terms, rather than limit. "Issues" was deleted and replaced with  
11 "topics" to ensure the advisory committee may make all relevant recommendations.

12 **New §206.98. Customer Service Advisory Committee (CSAC).**

13 New §206.98, CSAC, is created to advise and make recommendations to the board and the  
14 executive director, as requested, on topics related to improving and enhancing department customer  
15 service, including infrastructure; new customer service initiatives; policy and process improvements; and  
16 technology. The CSAC will have the opportunity to obtain valuable information from the department's  
17 customers and utilize the independent expertise of committee members for recommendations to  
18 improve the department's customer service operations.

19 **New §206.99. Use of Advisory Committee and Work Groups.**

20 New §206.99 provides that the board shall prioritize the use of advisory committees over  
21 workgroups in rulemaking on significant or controversial issues of public policy. Informal working groups  
22 may lack stakeholder and consumer inclusivity, and public transparency. This section is adopted to clarify

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1 situations in which advisory committees are to be used in preference to working groups.

2 **3. SUMMARY OF COMMENTS.** Tax Assessor-Collectors Association (TACA) submitted comments on the  
3 proposed rules. TACA expressed concern that the language of §206.93(d), Composition of Advisory  
4 Committee, did not include a specific statement of who should serve on the committees. TACA stated  
5 they do not necessarily feel they are regulated by the board, but the service they provide as partners with  
6 the department and the State is somewhat regulated by statute and state agency rule. TACA asked that  
7 the County Tax Assessor-Collector be specifically mentioned as an advisory committee member to  
8 applicable advisory committees. TACA stated that by not naming the County Tax Assessor-Collector for  
9 those applicable advisory committees, there is no guarantee that the interests of the department's most  
10 vital partner will be represented.

11 **4. RESPONSE.** The department agrees that County Tax Assessor-Collectors are vital partners of the  
12 department. In response to TACA's concerns, the department is amending the language of §206.93(d) to  
13 require the board to ensure representation of members from diverse geographical regions of the state  
14 who have an interest or expertise in the subject area of the particular advisory committee, to the extent  
15 practical. The amended language will promote a balanced advisory committee membership, by preserving  
16 board flexibility in appointing members to the advisory committees and still ensuring that County Tax  
17 Assessor-Collectors are eligible to become advisory committee members.

18 The department disagrees with TACA's suggested amendment to specifically name Tax Assessor-  
19 Collectors to specific committees, as Sunset Committee Recommendation 1.7 in the Staff Report with  
20 Final Results, revised June 2019, did not recommend the department to include such language. The  
21 amended language adopted by the department will ensure the composition of the advisory committees  
22 provide balanced representation and clarifies that County Tax Assessor-Collectors are eligible to become

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1 advisory committee members.

2 **5. STATUTORY AUTHORITY.** The amendments, new sections, and repeals are adopted under  
3 Transportation Code, §1002.001, which provides the board of the Texas Department of Motor Vehicles  
4 (board) with the authority to adopt rules that are necessary and appropriate to implement the powers  
5 and the duties of the department. More specifically, Transportation Code, §1001.031, states that the  
6 department shall retain or establish one or more advisory committees to make recommendations to the  
7 board or the executive director. Transportation Code, §1001.031, provides the department authority to  
8 specify by rule, the purposes, powers, and duties of advisory committees, including the manner of  
9 reporting their work. Government Code, §2110.002(b) provides the department authority to adopt rules  
10 governing balanced representation on advisory committees. Government Code, §2110.005 authorizes the  
11 department to adopt rules stating the purposes and tasks of advisory committees, and describing the  
12 manner in which advisory committees will report to the agency. Transportation Code, §643.155(b) gives  
13 the department the authority to adopt rules to govern the operations of the rules advisory committee,  
14 which examines the rules adopted by the department under Transportation Code, §643.153(a) and (b)  
15 and makes recommendations to the department on modernizing and streamlining the rules.

16 **6. CROSS REFERENCE TO STATUTE.**

17 Transportation Code, Chapter 1001.

18 **7. TEXT.**

19 **Subchapter E. Advisory Committees**

20 **43 TAC §§206.92- 206.99**

21 §206.92. Definitions.

22 The following words and terms, when used in this subchapter, shall have the following meanings, unless

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the context clearly indicates otherwise.

(1) Advisory committee--Any committee created by the board to make recommendations to the board or to the executive director pursuant to Transportation Code, §1001.031.

(2) Board--The board of the Texas Department of Motor Vehicles.

(3) Department--The Texas Department of Motor Vehicles.

(4) Division director--The chief administrative officer in charge of a division of the department.

(5) Executive director--The chief executive officer of the Texas Department of Motor Vehicles.

(6) Member--An appointed member of an advisory committee created under this subchapter.

(7) Presiding officer--The presiding officer of an advisory committee elected by the membership of the advisory committee created under this subchapter.

§206.93. Advisory Committee Operations and Procedures.

(a) Role of advisory committee. The role of an advisory committee under this subchapter is to provide advice and recommendations to the board. Advisory committees shall meet and carry out their functions upon a request from the department or board for advice and recommendations on an issue(s).

(b) Appointment of advisory committee. The board shall appoint members to an advisory committee by selecting potential members from a list provided to the board by the executive director. Each advisory committee shall elect from its members a presiding officer, who shall report the advisory committee's recommendations to the board. The executive director may designate a division or divisions

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1 of the department to participate with, or to provide subject-matter expertise, guidance, or administrative  
2 support to the advisory committee as necessary.

3 (c) Member qualifications. Members shall have knowledge about and interests in, and represent  
4 a broad range of viewpoints about, the work of the committee or applicable division(s). Board members  
5 shall not serve as advisory committee members.

6 (d) Composition of advisory committees. In making appointments to the advisory committees, the  
7 board shall, to the extent practical, ensure representation of members from diverse geographical regions  
8 of the state who have an interest or expertise in the subject area of the particular advisory committee.

9 (e) Committee size and quorum requirements. An advisory committee shall be composed of a  
10 reasonable number of members not to exceed 24 as determined by the board. A simple majority of  
11 advisory committee members will constitute a quorum. An advisory committee may only deliberate on  
12 issues within the jurisdiction of the department or any public business when a quorum is present.

13 (f) Terms of service. Advisory committee members will serve terms of four years. A member will  
14 serve on the committee until the member resigns, is dismissed or replaced by the board, or the member's  
15 term expires.

16 (g) Member training requirements. Each member of an advisory committee must receive training  
17 regarding the Open Meetings Act, Government Code, Chapter 551; and the Public Information Act,  
18 Government Code, Chapter 552.

19 (h) Compliance with Open Meetings Act. The advisory committee shall comply with the Open  
20 Meetings Act, Government Code, Chapter 551.

21 (i) Public input and participation. The advisory committee shall accept public comments made in-  
22 person at advisory committee meetings or submitted in writing. Public comments made in writing should

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1 be submitted to the advisory committee five business days in advance of the advisory committee meeting  
2 with sufficient copies for all members.

3 (j) Reporting recommendations. Recommendations of the advisory committee shall be reported  
4 to the board at a board meeting prior to board action on issues related to the recommendations. The  
5 recommendations shall be in writing and include any necessary supporting materials. The presiding officer  
6 of the advisory committee or the presiding officer's designee may appear before the board to present the  
7 committee's advice and recommendations. This subsection does not limit the ability of the advisory  
8 committee to provide advice and recommendations to the executive director as necessary.

9 (k) Board use of advisory committee recommendations. In developing department policies, the  
10 board shall consider the written recommendations and reports submitted by advisory committees.

11 (l) Reimbursement. The department may, if authorized by law and the executive director,  
12 reimburse advisory committee members for reasonable and necessary travel expenses.

13 (m) [(g)] Expiration dates for advisory committees. Unless a different expiration date is established  
14 by the board for the advisory committee, each advisory committee is abolished on the fourth anniversary  
15 of its creation by the board.

16 [(a) Unless a member resigns from an advisory committee, the member continues to serve on the  
17 committee until the member is dismissed or replaced by the board, or until the committee concludes all  
18 business or is disbanded. The executive director may designate a division of the department to participate  
19 with, or to provide subject matter expertise, guidance, or administrative support to the advisory  
20 committee.]

21 [(b) A summary of the business undertaken by each advisory committee shall be prepared and  
22 filed with the board or the board's designee.]

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~~[(c) All summaries and other records of each advisory committee proceeding are records of the board that may be subject to disclosure under the provisions of Government Code, Chapter 552.]~~

~~[(d) The department may, if authorized by law and the executive director, reimburse advisory committee members for reasonable and necessary travel expenses.]~~

~~[(e) In developing department policies, the board shall consider the recommendations submitted by advisory committees.]~~

~~[(f) The designated division shall report to the board on actions, including any advice and recommendations, of an advisory committee prior to board action on a pertinent issue. The chair of the advisory committee or the chair's designee may appear before the board prior to board action on a posted agenda item to present the committee's advice and recommendations.]~~

§206.94. Motor Vehicle Industry Regulation Advisory Committee (MVIRAC).

(a) The MVIRAC is created to make recommendations, as requested by the department and board, on topics related to regulation of the motor vehicle industry.

(b) The MVIRAC shall comply with the requirements of §206.93 of this title (relating to Advisory Committee Operations and Procedures).

(c) The MVIRAC shall expire on July 7, 2023.

§206.95. Motor Carrier Regulation Advisory Committee (MCRAC).

(a) The MCRAC is created to make recommendations, as requested by the department and board, on topics related to motor carrier registration and motor carrier regulation.

(b) The MCRAC shall comply with the requirements of §206.93 of this title (relating to Advisory



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Committee Operations and Procedures).

(c) The MCRAC shall expire on July 7, 2023.

§206.96. Vehicle Titles and Registration Advisory Committee (VTRAC).

(a) The VTRAC is created to make recommendations, as requested by the department and board, on topics related to vehicle titles and registration.

(b) The VTRAC shall comply with the requirements of §206.93 of this title (relating to Advisory Committee Operations and Procedures).

(c) The VTRAC shall expire on July 7, 2023.

§206.97. Consumer Protection Advisory Committee (CPAC).

(a) The CPAC is created to make recommendations, as requested by the department and board, on investigation and enforcement issues, including: vehicle titles and registration fraud; lemon law; the warranty performance program; and various other topics affecting consumers.

(b) The CPAC shall comply with the requirements of §206.93 of this title (relating to Advisory Committee Operations and Procedures).

(c) The CPAC shall expire on July 7, 2023.

§206.98. Customer Service Advisory Committee (CSAC).

(a) The CSAC is created to make recommendations, as requested by the department and board, on topics related to improving and enhancing customer service by the department, including, but not limited to: infrastructure; new customer service initiatives; policy and process improvements; and

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1 technology.

2 (b) The CSAC shall comply with the requirements of §206.93 of this title (relating to Advisory  
3 Committee Operations and Procedures).

4 (c) The CSAC shall expire on July 7, 2023.

5  
6 §206.99. Use of Advisory Committees and Working Groups.

7 In determining appropriate situations in which to utilize an advisory committee versus a working group,  
8 the department and the board shall prioritize the use of advisory committees in rulemaking on significant  
9 or controversial issues of public policy. The department may form working groups to advise department  
10 staff. A working group is not a standing committee formed to advise the board, but a group formed by  
11 department staff on an as-needed basis.

12  
13 **SUBCHAPTER E. ADVISORY COMMITTEES**

14 **43 TAC §206.94 and §206.95**

15 ~~[\$206.94. Household Goods Rules Advisory Committee (HGRAC).]~~

16 ~~[(a) The HGRAC is created to make recommendations to the department regarding modernizing~~  
17 ~~and streamlining the rules adopted under Transportation Code, §643.153(a) and (b).]~~

18 ~~[(b) The HGRAC shall comply with the requirements of §206.93 of this title (relating to Advisory~~  
19 ~~Committee Operations and Procedures).]~~

20 ~~[(c) The HGRAC shall expire on August 14, 2019.]~~

21  
22 ~~[\$206.95. Motor Vehicle License Advisory Committee (MVLAC).]~~

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1       ~~[(a) The MVLAC is created to review license requirements and procedures and make~~  
2       ~~recommendations to the department regarding simplifying and modernizing the licensing process.]~~

3       ~~[(b) The MVLAC shall comply with the requirements of §206.93 of this title (relating to Advisory~~  
4       ~~Committee Operations and Procedures).]~~

5       ~~[(c) The MVLAC shall expire on August 14, 2019.]~~

6       **8. CERTIFICATION.** The agency certifies that legal counsel has reviewed the adoption and found it to be a  
7       valid exercise of the agency's legal authority.

8       Issued at Austin, Texas, on Month DD, YYYY.

9  
10       \_\_\_\_\_  
Tracey Beaver, General Counsel



**To:** Texas Department of Motor Vehicles Board  
**From:** Daniel Avitia, Motor Vehicle Division Director  
**Agenda Item:** 7  
**Subject:** Amendments, §215.133  
Repeal, §215.102  
New, §215.161  
Sunset Advisory Commission's recommendations, criminal history evaluations consistent with Occupations Code, Chapter 53: (June 6, 2019 Board Meeting Informal Rules - Published on the TxDMV Website June 10, 2019 - July 10, 2019); HB 1342, deleting 43 TAC §215.88(i)(2) because it mirrors language repealed; HB 1667, allowing independent motor vehicle general distinguishing number license holders to perform certain salvage related activities without holding a salvage dealer's license; HB 3842, requiring a separate general distinguishing number for most consignment locations; SB 604, eliminating representative licenses and adding licensing education and training requirements for independent motor vehicle dealers; SB 1217, prohibiting consideration of certain arrests in determining license eligibility; and eliminating the 50% ownership threshold for possible department action on a license or application; updating citations; and nonsubstantive grammatical changes.)

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### **RECOMMENDATION**

Approval to publish the rules in the *Texas Register* for public comment.

### **PURPOSE AND EXECUTIVE SUMMARY**

These proposed rule changes implement is to implement House Bill 3842, House Bill 1667, and Senate Bill 604, 86<sup>th</sup> Legislative Session, Regular Session (2019).

### **FINANCIAL IMPACT**

Linda M. Flores, Chief Financial Officer, has determined for each of the first five years the amendments will be in effect, there will be no significant fiscal impact to state of local governments as a result of the enforcement or administration of the proposal. The department has determined that there may be an adverse economic effect or disproportionate economic impact on small or micro-businesses. SB 604 requires the department to develop or approve a web-based training for an independent motor vehicle dealer applicant. The department believes that proposing different standards than those included in this proposal would not provide a better option for small or micro-businesses, and would not conform to the requirements under SB 604. Offering education services prior to licensing helps ensure the licensees are knowledgeable in the laws and regulations meant to protect the public from deceptive business practices and other issues related to the motor vehicle industry. The department is proposing a reasonable maximum fee, and requiring trade association course providers to charge the same fee to non-members as members to minimize any potential adverse impact.

### **BACKGROUND AND DISCUSSION**

The following chart lists each rule change with a short summary and reason:

Section	Action	Proposed Change	Change Reason
215.102	Repeal	<u>Representatives</u> Manufacturer, distributor, and converter representative licenses will be eliminated 9/1/19; this rule defined "representative" and can be repealed.	SB 604
215.133	Amendment	<u>General Distinguishing Number</u> Amends one and adds two new provisions: <ul style="list-style-type: none"> <li>• (a) amends to require dealer to get a separate GDN license for a consignment location (HB 3842)</li> <li>• (j) NEW allows the holder of an independent motor vehicle GDN to act as a salvage dealer (SB 1667)</li> <li>• (k) NEW requires web-based licensing training for independent motor vehicle GDN holders (SB 604):               <ol style="list-style-type: none"> <li>1. retake is not necessary for subsequent renewal</li> <li>2. license holders for more than 10 years are exempt</li> </ol> </li> </ul>	HB 3842 HB 1667 SB 604
215.161	New	<u>Licensing Education Course Requirements</u> New section with requirements for course providers: <ul style="list-style-type: none"> <li>• (a) limits course providers to higher education institutions and Texas motor vehicle trade association</li> <li>• (b) requires course curriculum to be approved by the department and include information on laws and board rules relevant to motor vehicle dealers and the consequences of violating those rules</li> <li>• (c) requires the course to be offered online only and sets minimum training length of 6 hours</li> <li>• (d) sets maximum cost per person at \$150; nonmembers cannot be charged a different rate</li> <li>• (e) requires course providers to issue a certificate of completion to each person successfully completing the course</li> </ul>	SB 604

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**SUBCHAPTER D. FRANCHISED DEALERS, MANUFACTURERS,****DISTRIBUTORS, AND CONVERTERS****43 TAC §215.102****SUBCHAPTER E. GENERAL DISTINGUISHING NUMBERS****43 TAC §215.133 AND §215.161**

**1. INTRODUCTION.** The Texas Department of Motor Vehicles (department) proposes amendments to 43 TAC §215.133, General Distinguishing Number; new §215.161, Licensing Education Course Requirements; and repeal of §215.102, Representatives. These proposed new, amended and repealed sections are necessary to implement statutory changes made by the 86th Legislature, Regular Session (2019) in House Bill 3842, HB 1667; and Senate Bill (SB) 604, 86th Legislature, Regular Session.

**2. EXPLANATION OF PROPOSED AMENDMENTS, NEW SECTION, AND REPEAL.**

Proposed amended §215.133(a) implements Transportation Code §503.027(a) as amended by HB 3842. House Bill 3842 removed the exception under Transportation Code §503.027(a) that provided a dealer is not required to hold a general distinguishing number (GDN) for a location from which the dealer consigns five or fewer vehicles in a calendar year. The phrase "unless the consignment location is a wholesale motor vehicle auction" was added to conform to Transportation Code §503.027(a).

Proposed new §215.133(j) implements HB 1667. House Bill 1667 added Occupations Code §2302.009 and amended §2302.101 to provide that a person holding an independent motor vehicle GDN is exempt from the requirement that the person also hold a salvage dealer license to act as a salvage vehicle dealer or rebuilder, store or display a motor vehicle as an agent or escrow agent of an insurance company.

Proposed new §215.133(k) implements SB 604 that added new Transportation Code §503.0296 to require an applicant for an original or renewal general distinguishing number complete web-based

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education and training developed or approved by the department. Proposed new §215.133(k) requires that a person must complete licensing training developed or approved by the department to be eligible for an independent motor vehicle GDN. Persons who have completed the required training will not have to retake the training for subsequent renewals. Persons who have held an independent motor vehicle distinguishing number for at least ten years as of September 1, 2019, are exempt from the licensing training requirement.

Proposed new §215.161, Licensing Education Course Requirements, implements SB 604 by adding licensing education course requirements applicable to course providers.

Proposed repeal of §215.102, Representatives, implements SB 604, which eliminates the "representative" license.

**3. FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Linda M. Flores, Chief Financial Officer, has determined that for each year of the first five years the amendments, new section, and repeal will be in effect, there will be no significant fiscal impact to state or local governments as a result of the enforcement or administration of the proposal. Daniel Avitia, Director of the Motor Vehicle Division, has determined that there will be no measurable effect on local employment or the local economy as a result of the proposal.

**4. PUBLIC BENEFIT AND COST NOTE.** Mr. Avitia has also determined that, for each year of the first five years the amendment, new section, and repeal are in effect, the public will benefit because of enforcing or administering the proposals.

Anticipated Public Benefits. The public, including license applicants and license holders, will benefit by the simplification of licensing provided in these proposals and the addition of licensing education provided to independent motor vehicle license applicants and license holders.

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1 Anticipated Costs To Comply With The Proposal. While some independent motor vehicle license  
2 holders and applicants may be required to pay a maximum of \$150 to complete a licensing education  
3 class, Mr. Avitia has determined that this cost will be offset by the reduced risk of these license holders  
4 incurring financial penalties due to noncompliance with laws and regulations, benefitting both the license  
5 holders and the public. The department reviewed other states requiring licensing courses for motor  
6 vehicle dealers and determined the \$150 is consistent with the fees charged by other states.

7 **5. ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by  
8 Government Code, §2006.002, the department has determined that there may be an adverse economic  
9 effect or disproportionate economic impact on small or micro businesses because of the enforcement or  
10 administration of these proposals. The cost analysis in the Public Benefit and Cost Note section also  
11 applies to these small and micro businesses.

12 The department has determined that the proposed amendment, new section, and repeal will not  
13 have an adverse economic effect or a disproportionate economic impact on rural communities.

14 The department considered the following alternatives to minimize any adverse impact on small  
15 and micro businesses while accomplishing the proposal's objectives: not proposing amendments; and  
16 proposing a different requirement for small and micro businesses.

17 The purpose of new §215.133(k) and §215.161, Licensing Education Course Requirements, is to  
18 implement Senate Bill 604, 86th Legislature, Regular Session, which requires the department to develop  
19 or approve web-based training for an independent motor vehicle dealer applicant. The department  
20 believes that proposing different standards than those included in this proposal would not provide a  
21 better option for small or micro businesses and would not conform to the requirements under SB 604.  
22 Offering education services prior to licensing helps ensure these licensees are knowledgeable in the laws  
23 and regulations meant to protect the public from deceptive business practices and other issues related to



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the motor vehicle industry. If the department did not propose this rule, independent motor vehicle dealers would not have the training necessary to ensure that they are knowledgeable in the rules and regulations affecting their profession. For these reasons, the department has rejected these options. However, the department is proposing a reasonable maximum fee, and requiring trade association course providers to charge the same fee to non-members as members to minimize any potential adverse impact.

**6. TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking or require a takings impact assessment under Government Code, §2007.043.

**7. GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that during the first five years the proposed amendments, new section, and repeal are in effect, no government program would be created or eliminated. Implementation of the proposed amendments, new section, and repeal would not require the creation of new employee positions or elimination of existing employee positions. The licensing education training will be provided by a trade association or an institution of higher learning and the costs to develop and manage the web-based training will be the responsibility of the course provider. Implementation would not require an increase or decrease in future legislative appropriations to the department or an increase or decrease of fees paid to the department as fees for licensing training will be paid to the course providers. The proposed amendment, new section, and repeal will create new regulations; however, these proposals are necessary to implement HB 3842, HB 1667, and SB 604. Additionally, the proposed amendment, new section, and repeal do not affect the number of individuals subject to the rules applicability and will not affect this state's economy.

**8. REQUEST FOR PUBLIC COMMENT.** If you want to comment on the proposal, submit your written comments by 5:00 p.m. CST on MM, DD, YYYY. A request for a public hearing must be sent separately from

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1 your written comments. Send written comments or hearing requests by email to *rules@txdmv.gov* or by  
2 mail to Office of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin,  
3 Texas 78731. If a hearing is held, the department will consider written comments and public testimony  
4 presented at the hearing.

5 **9. STATUTORY AUTHORITY.** The amendment, new section, and repeal are proposed under  
6 Transportation Code, §503.002, which authorizes the board of the Texas Department of Motor Vehicles  
7 to adopt rules for the administration of Transportation Code, Chapter 503; under Transportation Code,  
8 §1002.001, which requires and authorizes the department to administer and enforce the provisions of the  
9 Occupations Code, Chapter 2301; under Transportation Code, §1002.001, which authorizes the board to  
10 adopt rules necessary and appropriate to implement the powers and duties of the department under the  
11 Transportation Code and other Texas laws; under Occupations Code, §§2301.151-2301.153 and 2301.155,  
12 which provide the board's jurisdiction, require the board to ensure that the regulation of motor vehicles  
13 in Texas is conducted as required by board rules, empower, authorize, and require the board to adopt  
14 rules under Occupations Code, Chapter 2301, necessary or convenient to administer Chapter 2301, and  
15 govern practice and procedure before the board; and under Occupations Code §2301.351, which  
16 prohibits a dealer from violating a board rule.

17 **10. CROSS REFERENCE TO STATUTE.** Transportation Code, Chapter 1002.

18 **11. TEXT**

19 **SUBCHAPTER E. GENERAL DISTINGUISHING NUMBERS**

20 **43 TAC §215.133 and §215.161**

21 §215.133. General Distinguishing Number.

22 (a) No person may engage in business as a dealer unless that person has a currently valid  
23 general distinguishing number assigned by the department for each location from which the person

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engages in business. ~~A [If a dealer consigns more than five vehicles in a calendar year for sale from a location other than the location for which the dealer holds a general distinguishing number, the]~~ dealer must also hold a general distinguishing number for a [the]consignment location, unless the consignment location is a wholesale motor vehicle auction.

(b) The provisions of subsection (a) of this section do not apply to:

(1) a person who sells or offers for sale fewer than five vehicles of the same type as herein described in a calendar year and such vehicles are owned by him and registered and titled in his name;

(2) a person who sells or offers to sell a vehicle acquired for personal or business use if the person does not sell or offer to sell to a retail buyer and the transaction is not held for the purpose of avoiding the provisions of Transportation Code, §503.001 et seq., and this subchapter;

(3) an agency of the United States, this state, or local government;

(4) a financial institution or other secured party selling a vehicle in which it holds a security interest, in the manner provided by law for the forced sale of that vehicle;

(5) a receiver, trustee, administrator, executor, guardian, or other person appointed by or acting pursuant to the order of a court;

(6) an insurance company selling a vehicle acquired from the owner as the result of paying an insurance claim;

(7) a person selling an antique passenger car or truck that is at least 25 years old or a collector selling a special interest motor vehicle as defined in Transportation Code, §683.077, if the special interest vehicle is at least 12 years old;

(8) a licensed auctioneer who, as a bid caller, sells or offers to sell property to the highest bidder at a bona fide auction if neither legal nor equitable title passes to the auctioneer and

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1 if the auction is not held for the purpose of avoiding another provision of Transportation Code,  
2 §503.001 et seq., and this subchapter; and provided that if an auction is conducted of vehicles  
3 owned, legally or equitably, by a person who holds a general distinguishing number, the auction may  
4 be conducted only at a location for which a general distinguishing number has been issued to that  
5 person or at a location approved by the department as provided in §215.135 of this subchapter  
6 (relating to More than One Location); and

7 (9) a person who is a domiciliary of another state and who holds a valid dealer license  
8 and bond, if applicable, issued by an agency of that state, when the person buys a vehicle from, sells  
9 a vehicle to, or exchanges vehicles with a person who:

10 (A) holds a current valid general distinguishing number issued by the  
11 department, if the transaction is not intended to avoid the terms of Transportation Code, §503.001  
12 et seq.; or

13 (B) is a domiciliary of another state if the person holds a valid dealer license  
14 and bond, if applicable, issued by that state, and if the transaction is not intended to avoid the terms  
15 of Transportation Code, §503.001 et seq.

16 (c) Application for a general distinguishing number shall be on a form prescribed by the  
17 department properly completed by the applicant showing all information requested thereon and  
18 shall be submitted to the department accompanied by the following:

19 (1) proof of a \$25,000 surety bond as provided in §215.137 of this title (relating to  
20 Surety Bond);

21 (2) the fee for the general distinguishing number as prescribed by law for each type  
22 of license requested;

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(3) the fee as prescribed by law for each metal dealer plate requested as prescribed by law;

(4) a copy of each assumed name certificate on file with the Office of the Secretary of State or county clerk; and

(5) a photocopy of at least one of the following documents for the owner, president, or managing partner of the dealership:

(A) current driver's license;

(B) current Department of Public Safety identification;

(C) current concealed handgun license or license to carry a handgun issued by the Texas Department of Public Safety under Government Code, Chapter 411, Subchapter H;

(D) current passport; or

(E) current United States armed forces identification.

(d) A person who applies for a general distinguishing number and will operate as a dealer under a name other than the name of that person shall use the name under which that person is authorized to do business, as filed with the Office of the Secretary of State or county clerk, and the assumed name of such legal entity shall be recorded on the application using the letters "DBA."

(e) If the general distinguishing number is issued to a corporation, the dealer's name and assumed name used by the dealer, as on file with the Office of the Secretary of State, shall be recorded on the application.

(f) A wholesale dealer license holder may buy, sell, or exchange vehicles with licensed dealers. A wholesale dealer license holder may not sell or exchange vehicles at retail.

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(g) An independent mobility motor vehicle dealer shall retain and produce for inspection all records relating to the license requirements under Occupations Code, §2301.002(17-a) and all information and records required under Transportation Code, §503.0295.

(h) An application for a general distinguishing number may be denied if an applicant for such license has committed any act that could result in license cancellation or revocation under Transportation Code, §503.001 et seq.; Occupations Code, §2301.001 et seq.; or any rule or regulation of the department.

(i) Upon request by the department, the applicant shall submit documents demonstrating that the applicant owns the real property on which the business is situated or has a written lease for the property that has a term of not less than the term of the license.

(j) A person holding an independent motor vehicle general distinguishing number license does not have to hold a salvage dealer license to:

(1) act as a salvage vehicle dealer or rebuilder, or

(2) store or display a motor vehicle as an agent or escrow agent of an insurance company.

(k) To be eligible for an independent motor vehicle general distinguishing number license, a person must complete licensing training specified by the department, except as provided herein:

(1) once a person has completed the required training, the person will not have to retake the training for subsequent license renewals, but may be required to provide proof of training completion as part of the license renewal process; and

(2) a person holding an independent motor vehicle general distinguishing number license for at least 10 years as of September 1, 2019, is exempt from the licensing training requirement.

§215.161. Licensing Education Course Requirements.

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1           (a) A motor vehicle dealer licensing education course provider must be a Texas institution of  
2           higher education, as defined by Education Code, §61.003, or a motor vehicle trade association domiciled  
3           in this state.

4           (b) The licensing education course must be approved by the department and must include  
5           information on the laws and rules applicable to motor vehicle dealers and the consequences of violating  
6           those laws and rules.

7           (c) The licensing education course must consist of at least six hours of online instruction.

8           (d) The cost for the licensing education course must not exceed \$150 per person. A trade  
9           association course provider may not charge a different rate to a nonmember.

10          (e) The course provider must issue a certificate of completion to each person who successfully  
11          completes the licensing education course.

12           **SUBCHAPTER D. FRANCHISED DEALERS, MANUFACTURERS, DISTRIBUTORS, AND CONVERTERS**

13                           **REPEAL OF**

14                           **43 TAC §215.102**

15           ~~[\$215.102. Representatives]~~

16           ~~[(a) To effectuate Occupations Code, §2301.002(29), the definition of the term "representative"~~  
17           ~~is construed to be sufficiently broad to include regional, zone, or district executive personnel whose area~~  
18           ~~of responsibility includes Texas, and whose duties include contacting motor vehicle dealers or dealership~~  
19           ~~personnel, and every other person employed by a motor vehicle manufacturer, distributor or converter,~~  
20           ~~directly or indirectly, to call upon or contact motor vehicle dealers or dealership employees concerning~~  
21           ~~new motor vehicle sales, advertising, service, parts, business management, used motor vehicle sales, and~~  
22           ~~for any other purpose.]~~

23           ~~[(b) The statutory definition is construed to not include office or clerical personnel, production~~

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personnel, etc., whose duties do not include contacting motor vehicle dealers or dealership employees.]

[(c) A "person" who meets the definition of representative can also be other than a natural person such as a corporation. Employees of an entity licensed as a representative that perform representative functions in the scope of their employment for the licensed representative are required to obtain a representative's license in their individual capacity, except for the president/chief executive officer of the corporation. A licensed representative may identify and perform representative functions for more than one manufacturer, distributor, or converter.]

**12. CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Issued at Austin, Texas, on Month Day, YYYY.

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Tracey Beaver, General Counsel





**To:** Texas Department of Motor Vehicles Board

**From:** Daniel Avitia, Motor Vehicle Division Director

**Agenda Item:** 8

**Subject:** Amendments, §§221.1, 221.2, 221.11, 221.13, 221.20, and 221.41  
Repeal, §221.12  
New, §221.54  
(Relating to Sunset Advisory Commission's recommendations, criminal history evaluation and guidelines consistent with Occupations Code, Chapter 53 for salvage industry regulation, criminal background of applicant's partner, company principal, officer, or general managers as a qualifying factor for license issuance, and establishing a risk-based approach to salvage vehicle dealer inspections: (*June 6, 2019 Board Meeting Informal Rules - Published on the TxDMV Website June 10, 2019 - July 10, 2019*); SB 1217, prohibiting consideration of certain arrests in determining license eligibility; SB 604, eliminating salvage endorsements and salvage agent licenses; authority to set salvage license terms, and prorate fees; cease and desist authority; and HB 1667, allowing independent motor vehicle general distinguishing number license holders to perform certain salvage related activities without holding a salvage dealer's license.)

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### **RECOMMENDATION**

Approval to publish the rules in the *Texas Register* for public comment.

### **PURPOSE AND EXECUTIVE SUMMARY**

The purpose of the proposed amendments is to implement Sunset Advisory Commission recommendations and Senate Bill 604 and House Bill 1667, 86th Legislature, Regular Session (2019).

### **FINANCIAL IMPACT**

None.

### **BACKGROUND AND DISCUSSION**

The proposed changes include:

- §221.1 - eliminates references to salvage vehicle dealer license endorsements and salvage vehicle agent license;
- §221.2 - eliminates references to salvage vehicle dealer license endorsements, corrects the spelling of nonrepairable, and eliminates references to salvage vehicle agent;
- §221.11 - eliminates references to salvage vehicle dealer license endorsements. The rule is further amended to describe those activities that require a salvage vehicle dealer license or independent motor vehicle dealer general distinguishing number, and to correct the spelling of nonrepairable;
- §221.13 - changes the term for a salvage vehicle dealer license to two years, changes the fee to \$190, and eliminates references to salvage vehicle dealer license endorsements;
- §221.20 - eliminates references to endorsements and salvage vehicle agent license, changes the renewal period to two years, updates the renewal and late fees, and deletes unnecessary language; deleted requirement that an expiration notice for salvage agent licenses be sent to the authorizing salvage vehicle dealer's mailing address and replaced with email because the applicants agree to receive electronic communications when applying through the department licensing system;

- §221.41 - eliminates references to salvage vehicle dealer license endorsements and corrects a reference to a salvage vehicle dealer;
- §221.54 – (new) implements a Sunset Advisory Commission recommendation by providing criteria for when the department may schedule site visits to licensed salvage dealer locations. A site visit may be conducted if a salvage vehicle dealer fails to respond to a records request, fails to operate from the licensed location, or has an enforcement history that reveals failed compliance inspections or multiple complaints received with administrative sanctions imposed; and
- §221.12 – repeals the salvage vehicle agent rule to implement SB 604.

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Chapter 221 – Salvage Vehicle Dealers, Salvage Pool  
Operators and Salvage Vehicle Rebuilders**SUBCHAPTER A. GENERAL PROVISIONS****43 TAC §221.1 AND §221.2****SUBCHAPTER B. LICENSING****43 TAC §§221.11, 221.12, 221.13, AND 221.20****SUBCHAPTER C. LICENSED OPERATIONS****43 TAC §221.41 AND §221.54**

**1. INTRODUCTION.** The Texas Department of Motor Vehicles (department) proposes new §221.54, Criteria for Site Visits; and repeal of §221.12, Salvage Vehicle Agent. The department proposes amendments to §221.1, Purpose and Scope; §221.2, Definitions; §221.11, License and Endorsement Required; §221.13, License Terms and Fees; §221.20, License Renewal; and §221.41, Location Requirements. These amendments, new section, and repeal implement Senate Bill (SB) 604 and House Bill 1667, 86th Legislature, Regular Session (2019).

**2. EXPLANATION OF PROPOSED AMENDMENTS, NEW SECTION, AND REPEAL.**

Senate Bill 604 amended Occupations Code §2302.103 to remove the endorsements that an applicant may apply for under a salvage dealer license. Senate Bill 604 also amended Occupations Code §2302.351(b) to remove references to a salvage vehicle agent operating under a dealer's license. Additionally, Section 2.16 of SB 604 provides that on the effective date of the Act, a salvage vehicle agent license issued under former Occupations Code §2302.107 expires.

Proposed amendments to Chapter 221 make conforming changes to SB 604 by removing references to salvage pool operators, salvage pool rebuilders, salvage vehicle agents and salvage vehicle dealer endorsements.

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1 Proposed amendments to §221.1 eliminate references to salvage vehicle dealer license  
2 endorsements and the salvage vehicle agent license.

3 Proposed amendments to §221.2 eliminate references to salvage vehicle dealer license  
4 endorsements, correct the spelling of "nonrepairable", and eliminate references to salvage vehicle agent.

5 Proposed amendments to §221.11 implement HB 1667. House Bill 1667 added Occupations Code  
6 §2302.009 and amended §2302.101 to provide that a person holding an independent motor vehicle GDN  
7 is exempt from the requirement that the person also hold a salvage dealer license to act as a salvage  
8 vehicle dealer or rebuilder, and store or display a motor vehicle as an agent or escrow agent of an  
9 insurance company. Conforming changes are proposed to the title to remove the reference to  
10 "endorsements" and to the rule text to eliminate references to "salvage vehicle dealer license  
11 endorsements." Proposed amendments to §221.11 also describe those activities that require a salvage  
12 vehicle dealer license to implement HB 1667 and correct the spelling of "nonrepairable."

13 Proposed amendments to §221.13 increase the term for a salvage vehicle dealer license from  
14 twelve months to two years, make conforming changes to the fee of \$190, and eliminate references to  
15 salvage vehicle dealer license endorsements.

16 Proposed amendments to §221.20 eliminate references to endorsements and salvage vehicle  
17 agent licenses, change the renewal period to two years, and make conforming changes to the renewal  
18 late fees. The requirement that an expiration notice for salvage vehicle agent licenses be sent to the  
19 authorizing salvage vehicle dealer's mailing address was deleted and replaced with email because the  
20 applicants agree to receive electronic communications when applying through the department licensing  
21 system under Business and Commerce Code Chapter 322.

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1 Proposed amendments to §220.20(e) change the renewal fee from the current \$85 for a one-year  
2 term license to \$170 for the proposed new two-year term license to ensure that the implementation of  
3 the proposed amendments is cost neutral. Under Occupations Code §2302.153, a person must pay a  
4 renewal fee to the department on or before the expiration of the license.

5 Proposed amendments to §221.20(f) change the late renewal fee from \$42.50 for the current  
6 one-year license term to \$85 for the proposed two-year license term for renewal applications that are 1-  
7 90 days late to ensure that the implementation of the proposed amendments is cost neutral. Under  
8 Occupations Code §2302.153, a person whose license has been expired 90 days or fewer may renew the  
9 license by paying the department a renewal fee that is equal to 1-1/2 times the normal required renewal  
10 fee.

11 Proposed amendments to §221.20(g) change the late renewal fee from \$85 for the current one-  
12 year license term to \$170 for the proposed two-year license term for renewal applications that are 91-  
13 364 days late to ensure that the implementation of the proposed amendments is cost neutral. Under  
14 Occupations Code §2302.153, a person whose license has been expired for more than 90 days but less  
15 than a year may renew the license by paying the department a renewal fee that is equal to two times the  
16 normally required renewal fee.

17 Proposed amendments to §221.41 eliminate references to salvage vehicle dealer license  
18 endorsements and correct a reference to a salvage vehicle dealer.

19 Proposed new §221.54 implements a Sunset Advisory Commission recommendation to identify  
20 risk-based criteria for determining when the department will consider visiting the business location of a  
21 licensed salvage dealer. This new rule identifies three criteria for determining when a site visit may be  
22 scheduled: if a salvage vehicle dealer fails to respond to a records request, fails to operate from the

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1 licensed location, or has an enforcement history that reveals failed compliance inspections or multiple  
2 complaints received with administrative sanctions imposed.

3 Proposed repeal of §221.12, Salvage Vehicle Agent, implements SB 604 by eliminating reference  
4 to salvage vehicle agent.

5 **3. FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Linda M. Flores, Chief Financial Officer,  
6 has determined that for each year of the first five years the amendments, new section, and repeal will be  
7 in effect, there will be no significant fiscal impact to state or local governments because of the  
8 enforcement or administration of the proposal.

9 Daniel Avitia, Director of the Motor Vehicle Division, has determined that there will be no  
10 measurable effect on local employment or the local economy because of the proposal.

11 **4. PUBLIC BENEFIT AND COST NOTE.** Mr. Avitia has also determined that, for each year of the first five  
12 years the amendments, new section, and repeal are in effect, administering the proposal will have the  
13 public will benefit of ensuring that the department's rules comply with Occupations Code Chapter 2302  
14 as amended by SB 604. The public, including license applicants and license holders, will benefit by the  
15 simplification of licensing rules.

16 Anticipated Costs to Comply With The Proposal. Mr. Avitia anticipates that there will be no costs  
17 to comply with these rules because they do not impose requirements beyond those in the statute.

18 **5. ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by  
19 Government Code, §2006.002, the department has determined that the proposed amendments, new  
20 section, and repeal will not have an adverse economic effect on small businesses, micro-business, and  
21 rural communities because the amendments, new section, and repeal simplify the statutory provisions

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controlling the department's review of a license. Therefore, in accordance with the Government Code, §2006.002, the department is not required to prepare a regulatory flexibility analysis.

**6. TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking or require a takings impact assessment under the Government Code, §2007.043.

**7. GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that during the first five years the proposed amendments, new section, and repeal are in effect, no government program would be created or eliminated. Implementation of the proposed amendments, new section, and repeal would not require the creation of new employee positions or elimination of existing employee positions. Implementation would not require an increase or decrease in future legislative appropriations to the department or an increase or decrease of fees paid to the department. The proposed amendments, new section, and repeal will create new regulations, and alter existing regulations. However, the proposed amendments, new section, and repeal will implement SB 604 and HB 1667. Additionally, the proposed amendments, new section, and repeal do not affect the number of individuals subject to the rules' applicability and will not affect this state's economy.

**8. REQUEST FOR PUBLIC COMMENT.** If you want to comment on the proposal, submit your written comments by 5:00 p.m. CST on MM, DD, YYYY. A request for a public hearing must be sent separately from your written comments. Send written comments or hearing requests by email to [rules@txdmv.gov](mailto:rules@txdmv.gov) or by mail to Office of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the department will consider written comments and public testimony presented at the hearing.

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**9. STATUTORY AUTHORITY.** The amendments, new section, and repeal are proposed under Transportation Code, §503.002, which authorizes the board of the Texas Department of Motor Vehicles (board) to adopt rules for the administration of Transportation Code; Transportation Code, §1002.001, which authorizes the board to adopt rules necessary and appropriate to implement the powers and duties of the department under the Transportation Code and other Texas laws; Occupations Code, §2302.051, which authorizes the board to adopt rules necessary to administer Chapter 2302.

**10. CROSS REFERENCE TO STATUTE.** Transportation Code, Chapter 1002.

**11. TEXT.**

**CHAPTER 221. SALVAGE VEHICLE DEALERS ~~[, SALVAGE POOL OPERATORS AND SALVAGE VEHICLE REBUILDERS]~~**

**SUBCHAPTER A. GENERAL PROVISIONS**

**43 TAC §221.1 AND §221.2**

§221.1. Purpose and Scope.

Transportation Code, §1001.002, provides that the department shall administer and enforce Occupations Code, Chapter 2302. Chapter 2302 provides that a person may not act as a salvage vehicle dealer, ~~salvage vehicle agent, or rebuilder, including storing or displaying vehicles as an agent or escrow agent of an insurance company,~~ unless the department issues that person a license. ~~[Chapter 2302 further describes types of salvage business activities that require an endorsement or endorsements on the salvage vehicle dealer license for that person to engage in those activities.]~~ This chapter describes the procedures by which a person obtains a salvage vehicle dealer license ~~[and the endorsement(s) necessary to engage in the business activities by the salvage vehicle dealer; the procedures to obtain a salvage vehicle agent license;]~~ and the rules governing how a ~~[these]~~ license holder ~~[holders]~~ must operate, and the procedures



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1 by which the department will administer and enforce Occupations Code, Chapter 2302 and this chapter.

2 §221.2. Definitions.

3 The following words and terms, when used in this chapter, shall have the following meanings, unless the  
4 context clearly indicates otherwise.

5 (1) Board--The Board of the Texas Department of Motor Vehicles.

6 (2) Casual sale--A sale as defined by Transportation Code, §501.091.

7 (3) Component part--As defined by Occupations Code, §2302.251.

8 (4) Corporation--A business entity, including a corporation, or limited liability company,  
9 but not a sole proprietorship or general partnership, which has filed a certificate of formation or  
10 registration with the Texas Secretary of State.

11 (5) Department--The Texas Department of Motor Vehicles.

12 (6) Final order authority--The person with authority under Occupations Code, Chapter  
13 2302, or board rules to issue a final order.

14 (7) License holder--A person that holds a salvage vehicle dealer license issued by the  
15 department [~~endorsed in one or more of the classifications listed in Occupations Code, §2302.103~~].

16 (8) Major component part--As defined by Transportation Code, §501.091.

17 (9) Metal recycler--As defined by Transportation Code, §501.091.

18 (10) Minor component part--As defined by Occupations Code, §2302.251.

19 [~~(11) New automobile dealer endorsement--An endorsement on the salvage vehicle  
20 dealer license issued by the department that allows the license holder to buy and sell salvage motor  
21 vehicles and non-repairable motor vehicles that have not been the subject of a retail sale.]~~]

22 (11) [~~(12)~~] Nonrepairable [~~Non-repairable~~] motor vehicle--As defined by Transportation

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1 Code, §501.091.

2 ~~(12) [(13)] Nonrepairable [Non-repairable]~~ record of title--As defined by Transportation

3 Code, §501.091.

4 ~~(13) [(14)] Nonrepairable [Non-repairable]~~ vehicle title--As defined by Transportation

5 Code, §501.091.

6 ~~(14) [(15)] Out-of-state buyer--As defined by Transportation Code, §501.091.~~

7 ~~(15) [(16)] Out-of-state ownership document--As defined by Transportation Code,~~  
8 ~~§501.091.~~

9 ~~(16) [(17)] Person--A natural person, partnership, corporation, trust, association, estate,~~  
10 ~~or any other legal entity.~~

11 ~~(17) [(18)] Public highway--As defined by Transportation Code, §502.001.~~

12 ~~(18) [(19)] Retail sale--As defined by Occupations Code, §2301.002.~~

13 ~~(19) [(20)] Salvage motor vehicle--As defined by Transportation Code, §501.091.~~

14 ~~[(21) Salvage pool operator endorsement--An endorsement on the salvage dealer~~  
15 ~~license that allows a person to engage in the business of selling non-repairable motor vehicles or salvage~~  
16 ~~motor vehicles at auction, including wholesale auction, or otherwise.]~~

17 ~~(20) [(22)] Salvage record of title--As defined by Transportation Code, §501.091.~~

18 ~~[(23) Salvage vehicle agent--As defined by Occupations Code, §2302.001.]~~

19 ~~[(24) Salvage vehicle broker endorsement--An endorsement on the salvage vehicle~~  
20 ~~dealer license issued by the department to a license holder, other than a salvage vehicle dealer holding a~~  
21 ~~used automobile dealer endorsement, new automobile dealer endorsement, salvage vehicle rebuilder~~  
22 ~~endorsement, or a salvage pool operator endorsement, that allows the license holder to:]~~

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1                   ~~[(A) offer to sell or buy, or negotiate to sell or buy, salvage motor vehicles or~~  
2 ~~non-repairable motor vehicles owned by a license holder and to be purchased or sold by another license~~  
3 ~~holder; or]~~

4                   ~~[(B) act as the agent or representative of a license holder in performing an act~~  
5 ~~described by subparagraph (A) of this paragraph.]~~

6                   (21) ~~[(25)]~~ Salvage vehicle dealer--As defined by Transportation Code, §501.091.

7                   ~~[(26) Salvage vehicle rebuilder--Defined as "rebuilder," in Transportation Code,~~  
8 ~~§501.091.]~~

9                   ~~[(27) Salvage vehicle rebuilder endorsement--An endorsement on the salvage dealer~~  
10 ~~license issued by the department that allows the license holder to acquire and repair, rebuild, or~~  
11 ~~reconstruct for operation on a public highway more than five salvage motor vehicles in a calendar year.]~~

12                   (22) ~~[(28)]~~ Salvage vehicle title--As defined by Transportation Code, §501.091.

13                   ~~[(29) Used automobile dealer endorsement--An endorsement on the salvage vehicle~~  
14 ~~dealer license issued by the department that allows the license holder to buy or sell salvage motor~~  
15 ~~vehicles and non-repairable motor vehicles that have been the subject of a retail sale.]~~

16                   (23) ~~[(30)]~~ Used part--As defined by Transportation Code, §501.091.

**SUBCHAPTER B. LICENSING****43 TAC §§221.11, 221.13, AND 221.20**

19 §221.11. License ~~[and Endorsement]~~ Required.

20                   (a) A person must hold a salvage vehicle dealer license, or an independent motor vehicle dealer's  
21 general distinguishing number issued under Chapter 503; Transportation Code to:

22                   (1) act as a salvage vehicle dealer or rebuilder; or

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(2) store or display a motor vehicle as an agent or escrow agent of an insurance company.

~~[(a) The department shall issue a salvage vehicle dealer license with one or more endorsements to that license according to the type of activities intended to be engaged in by the applicant.]~~

~~[(b) A salvage vehicle dealer license may not be issued by the department without at least one of the following endorsements to that salvage vehicle dealer license:]~~

~~[(1) new automobile dealer endorsement;]~~

~~[(2) used automobile dealer endorsement;]~~

~~[(3) salvage pool operator endorsement;]~~

~~[(4) salvage vehicle broker endorsement; or]~~

~~[(5) salvage vehicle rebuilder endorsement.]~~

~~[(c) A license holder may not aid or abet another person in acting as a salvage vehicle dealer unless that other person is a license holder of endorsement(s) issued by the department allowing the business activity or activities.]~~

(b) [(d)] A person may not engage in the business of buying, selling or exchanging motor vehicles that can be titled to operate on public highways, including selling a salvage motor vehicle that has been rebuilt, repaired or reconstructed, unless the person ~~[also]~~ holds a general distinguishing number issued by the department under Transportation Code, Chapter 503.

~~[(e) A person holding a salvage vehicle dealer license with a used automobile dealer endorsement may rebuild, repair or reconstruct no more than five (5) salvage motor vehicles during a calendar year. The person may sell those rebuilt vehicles, provided the salvage vehicle dealer also holds a general distinguishing number issued by the department under Transportation Code, Chapter 503.]~~

(c) [(f)] The provisions of this subchapter do not apply to:

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(1) a person who purchases no more than five (5) nonrepairable ~~[non-repairable]~~ or salvage motor vehicles at casual sale in a calendar year from:

(A) a salvage vehicle dealer;

~~[(B) a salvage pool operator;]~~ or

(B) ~~[(C)]~~ an insurance company;

(2) a metal recycler, unless a motor vehicle is sold, transferred, released, or delivered to the metal recycler for the purpose of reuse or resale as a motor vehicle, or as a source of used parts, and is used for that purpose;

(3) a person who casually repairs, rebuilds, or reconstructs no more than five (5) salvage motor vehicles in the same calendar year;

(4) a person who is a non-United States resident who purchases nonrepairable ~~[non-repairable]~~ or salvage motor vehicles for export only;

(5) an agency of the United States, an agency of this state, or a local government;

(6) a financial institution or other secured party that holds a security interest in a motor vehicle and is selling that motor vehicle in the manner provided by law for the forced sale of a motor vehicle;

(7) a receiver, trustee, administrator, executor, guardian, or other person appointed by or acting pursuant to the order of a court;

(8) a person selling an antique passenger car or truck that is at least 25 years old or a collector selling a special interest motor vehicle as defined in Transportation Code, §683.077, if the special interest vehicle is at least 12 years old; and

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(9) a licensed auctioneer who, as a bid caller, sells or offers to sell property to the highest bidder at a bona fide auction under the following conditions:

(A) neither legal nor equitable title passes to the auctioneer;

(B) the auction is not held for the purpose of avoiding a provision of Occupations Code, Chapter 2302, or this subchapter; and

(C) the auction is conducted of motor vehicles owned, legally or equitably, by a person who holds a salvage vehicle dealer's license and the auction is conducted at their licensed location or at a location approved by the department.

## §221.13. License Term and Fees.

(a) The term of a salvage vehicle dealer license ~~[, together with all endorsements on that license]~~ issued by the department under Occupations Code, Chapter 2302, and this chapter, is two years. ~~[12 months.]~~ The fee for a salvage vehicle dealer license is \$190. ~~[\$95. The fee for each endorsement is \$95 for the license term.]~~ The entire amount of the fee is due at the time of application for the license. ~~[, including endorsement fees, or at the time the license is renewed.]~~

~~[(b) The fee for a salvage vehicle agent license is \$95 for the license term of the salvage vehicle dealer authorizing the salvage vehicle agent.]~~

~~[(c) The department may prorate the fee for an endorsement added to an existing salvage vehicle dealer license so that the endorsement expires on the same date as the salvage vehicle dealer license.]~~

(b) ~~[(d)]~~ The department may prorate the fee for a salvage vehicle dealer license to allow the salvage vehicle dealer license to expire on the same day as another license issued by the department under Occupations Code, Chapter 2301; Chapter 2302; or Transportation Code, Chapter 503.

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## §221.20. License Renewal.

(a) A salvage vehicle dealer license expires ~~[together with its endorsements and any salvage vehicle agent licenses expire]~~ on the second anniversary of the date of issuance of the salvage vehicle dealer license.

(b) The salvage vehicle dealer license ~~[, together with any endorsements and any salvage vehicle agent licenses,]~~ may be renewed for an additional period of two years ~~[12 months]~~ upon timely submission of a renewal application on a form approved by the department with all required information, ~~[and]~~ attachments, ~~[if applicable,]~~ and ~~[the required]~~ fees. A renewal application is considered "timely" submitted if the renewal application with all required information, ~~[and]~~ attachments, ~~[if applicable,]~~ and required fees ~~[fee]~~ are received by the department on or before the expiration date of the existing license.

(c) The department will send a written notice of ~~[an]~~ expiration ~~[notice]~~ to a salvage vehicle dealer's email address ~~[mailing address]~~ at least 30 days before expiration of a license. ~~[The expiration notice for salvage vehicle agent licenses will be sent to the authorizing salvage vehicle dealer's mailing address.]~~

(d) Failure by the department to send written notice under this section does not relieve a license holder from timely renewing a license.

(e) The renewal fee for salvage vehicle dealer ~~[or salvage vehicle agent license]~~ is \$170 ~~[\$85]~~.

(f) A license holder may renew an expired license by submitting a renewal application and paying a late renewal fee of \$85 ~~[\$42.50 for each endorsement]~~ in addition to the renewal fee, if 90 or fewer days have elapsed since the license expired.

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(g) A license holder may renew an expired license by submitting a renewal application and paying a late renewal fee of \$170 [~~\$85 for each endorsement,~~] in addition to the renewal fee, if more than 90 days but less than one year has elapsed since the license expired.

(h) If a license has been expired for a period of one year or longer and the department is not in receipt of a renewal application with all required information and attachments [~~and the renewal fees for each endorsement,~~], the license holder must apply for a new license in the same manner as an applicant for an initial license.

(i) If the department is not in receipt of a renewal application with all required information and attachments and the applicable renewal fee prior to the cancellation date of the license, a salvage vehicle dealer [~~and any salvage vehicle agents~~] may not engage in the activities that require the license until the license has been renewed by the department.

**SUBCHAPTER C. LICENSED OPERATIONS****43 TAC §221.41 and §221.54****§221.41. Location Requirements.**

A salvage vehicle dealer [~~holding the new automobile dealer endorsement, used automobile dealer endorsement, salvage vehicle rebuilder endorsement or salvage pool operator endorsement~~] must meet the following requirements at each licensed business location and must maintain the following requirements during the entire term of the license.

(1) If the licensed business location is not owned by the license holder, the license holder must maintain a lease that extends through the period for which the license will be issued. The lease agreement must be on an executed lease contract containing at a minimum:

(A) the names of the lessor and lessee;



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(B) the period of time for which the lease is valid; and

(C) the street address or legal description of the property, provided that if only a

legal description of the property is provided, the license holder must attach a statement that the property description in the lease agreement is the street address identified on the application.

(2) Any business location requirement in this subchapter are in addition to any requirements by city ordinance, county rule, or state law.

§221.54. Criteria for Site Visits.

In determining whether to conduct a site visit at an active salvage dealer's location, the department will consider whether the dealer has:

(1) failed to respond to a records request;

(2) failed to operate from the license location; or

(3) an enforcement history that reveals failed compliance inspections or multiple complaints with administrative sanctions being taken by the department.

**SUBCHAPTER B. LICENSING**

**43 TAC §221.12**

~~[§221.12. Salvage Vehicle Agent.]~~

~~[(a) A person may only act as a salvage vehicle agent if the person holds a license issued by the department and is acting under the authorization of a salvage vehicle dealer holding a current license issued by the department.]~~

~~[(b) The holder of a salvage vehicle dealer license issued by the department may authorize no more than five (5) persons to operate as salvage vehicle agents under the dealer's license.]~~

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~~[(c) A salvage vehicle agent may acquire, sell, or otherwise deal in non-repairable motor vehicles or salvage motor vehicles in this state as directed by the salvage vehicle dealer under whose license the person operates and subject to the authority granted by the department to the salvage vehicle dealer under whose license the salvage vehicle agent operates.]~~

~~[(d) To be authorized to act as a salvage vehicle agent for a salvage vehicle dealer, a person must submit a signed application on a form prescribed by the department and the applicable license fee.]~~

~~[(e) If the license of the salvage vehicle dealer authorizing the salvage vehicle agent is canceled or revoked, the salvage vehicle agent's license shall be canceled after notice and opportunity for hearing, effective on the date the salvage vehicle dealer's license is canceled or revoked.]~~

~~[(f) A salvage vehicle dealer shall notify the department in writing within five days after the salvage vehicle dealer terminates the authority of the salvage vehicle agent to operate under the salvage vehicle dealer's license.]~~

**12.CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Issued at Austin, Texas, on Month Day, YYYY.

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**Tracey Beaver, General Counsel**

Board Meeting Date: 8/8/2019

**ACTION ITEM**

**To:** Texas Department of Motor Vehicles Board  
**From:** Daniel Avitia, Motor Vehicle Division Director  
**Agenda Item:** 9  
**Subject:** Chapter 215, Motor Vehicle Distribution; and  
Chapter 221, Salvage Vehicle Dealers, Salvage Pool Operators and Salvage Vehicle Rebuilders  
Amendments, §215.83  
Amendments, §221.17  
(Relating to SB 1200, authority of certain military spouses to engage in a business or occupation in this state)

**RECOMMENDATION**

Approval to publish the rules in the *Texas Register* for public comment.

**PURPOSE AND EXECUTIVE SUMMARY**

The purpose of the proposed amendments is to implement Senate Bill (SB) 1200, 86th Legislature, Regular Session (2019), which creates new Occupations Code, §55.0041, Recognition of Out-Of-State License of Military Spouse.

**FINANCIAL IMPACT**

None

**BACKGROUND AND DISCUSSION**

Senate Bill 1200 authorizes military spouses to engage in a business or occupation in Texas for which a license is required, without applying for a Texas license, if the applicable Texas licensing agency determines the spouse is currently licensed in good standing by a jurisdiction with licensing requirements substantially equivalent to the relevant licensing requirements in Texas. Senate Bill 1200 requires the TxDMV to adopt rules that:

- establish processes to identify jurisdictions with substantially equivalent licensing requirements; and
- verify that a military spouse is licensed and in good standing in such a jurisdiction.

Senate Bill 1200 additionally authorizes an agency, at its discretion, to adopt rules to provide for the issuance of a license to military spouse who is confirmed to be in good standing in a jurisdiction with substantially equivalent licensing requirements.

The amendments to §215.83 include:

- §215.83 – renumber subsections where appropriate;
- add subsection (j) – stating that a military spouse may engage in a business or occupation for which a department issued license is required if military spouse meets the requirements of Occupations Code, §55.0041 and this section;
- §215.83(j)(1) – clarifies that a military spouse must submit documentation to the department to request authorization to engage in a business or occupation in Texas under Occupations Code, §55.0041;
- §215.83(j)(2) – provides that upon receipt of a military's spouse notice of intent to engage in a business or occupation for which the department requires a license, the department will determine whether the military spouse is currently licensed in good standing in another jurisdiction with substantially equivalent licensing requirements to Texas. Subparagraphs (A) and (B) of this paragraph, describe the process by which the department will verify that a military spouse is licensed and in good standing in a jurisdiction with substantially equivalent licensing requirements; and
- §215.83(j)(3) – implements the discretionary rulemaking authority in SB 1200, specifically new Occupations Code, §55.0041(f), which authorizes a state agency to adopt rules providing for the issuance of a license to a military spouse for whom the agency has confirmed licensure in good standing in a jurisdiction with substantially equivalent licensing requirements.

The amendments to §221.17 include:

- §221.17 – renumber subsections where appropriate;
- add subsection (b) – stating that a military spouse may engage in a business or occupation for which a department issued license is required if military spouse meets the requirements of Occupations Code, §55.0041 and this section;
- §221.17(b)(1) – clarifies that a military spouse must submit documentation to the department to request authorization to engage in a business or occupation in Texas under Occupations Code, §55.0041;
- §221.17(b)(2) – provides that upon receipt of a military's spouse notice of intent to engage in a business or occupation for which the department requires a license, the department will determine whether the military spouse is currently licensed in good standing in another jurisdiction with substantially equivalent licensing requirements to Texas. Subparagraphs (A) and (B) of this paragraph, describe the process by which the department will verify that a military spouse is licensed and in good standing in a jurisdiction with substantially equivalent licensing requirements; and
- §221.17(b)(3) – implements the discretionary rulemaking authority in SB 1200, specifically new Occupations Code, §55.0041(f), which authorizes a state agency to adopt rules providing for the issuance of a license to a military spouse for whom the agency has confirmed licensure in good standing in a jurisdiction with substantially equivalent licensing requirements.

**SUBCHAPTER C. LICENSES, GENERALLY****43 TAC §215.83**

**1. INTRODUCTION.** The Texas Department of Motor Vehicles (department) proposes amendments to 43 TAC §215.83, regarding recognition of out-of-state licenses of military spouses. These amendments are necessary to implement Senate Bill (SB) 1200, 86th Legislature, Regular Session (2019), which creates new Occupations Code, §55.0041, Recognition of Out-Of-State License of Military Spouse. Section 55.0041, authorizes military spouses to engage in a business or occupation in Texas for which a license is required, without applying for a required Texas license, if the applicable Texas licensing agency determines the military spouse is currently licensed in good standing by a jurisdiction with licensing requirements substantially equivalent to the relevant licensing requirements in Texas.

**2. EXPLANATION OF PROPOSED AMENDMENTS.**

Senate Bill 1200 requires agencies to adopt rules establishing processes to identify jurisdictions with substantially equivalent licensing requirements and to verify that a military spouse is licensed and in good standing in such jurisdiction. Senate Bill 1200 additionally authorizes an agency, at its discretion, to adopt rules to provide for the issuance of a license to a military spouse who is confirmed to be in good standing in a jurisdiction with substantially equivalent licensing requirements.

Proposed amendments to §215.83 renumber subsections where appropriate. Proposed amendment to §215.83 add subsection (j) to provide that military spouses are required to comply with Occupations Code, §55.0041 and this section to obtain authority to engage in the business or occupation in Texas for which a license from the department is otherwise required. Proposed new §215.83(j)(1) clarifies that the military spouse must submit documentation to the department to request authorization to engage in a business or occupation in Texas under Occupations Code, §55.0041. This documentation is necessary for the department to know which jurisdiction to contact for verification of the status of the

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1 military spouse's license, and to ensure the military spouse meets the qualification requirements of  
2 Occupations Code, §55.0041. Proposed new §215.83(j)(2) provides that that upon the receipt of a military  
3 spouse's notice of intent to engage in business in a business or occupation for which the department  
4 requires a license, the department will determine whether the military spouse is currently licensed in  
5 good standing in another jurisdiction with substantially equivalent licensing requirements to Texas.  
6 Proposed new §215.83(j)(2) subparagraphs (A) and (B), describe the process by which the department will  
7 verify that a military spouse is licensed and in good standing in a jurisdiction determined to have  
8 substantially equivalent licensing requirements.

9 Proposed new §215.83(j)(3) implements the discretionary rulemaking authority in SB 1200,  
10 specifically new Occupations Code, §55.0041(f), which authorizes a state agency to adopt rules providing  
11 for the issuance of a license to a military spouse for whom the agency has confirmed licensure in good  
12 standing in a jurisdiction with substantially equivalent licensing requirements. The department's issuance  
13 of a license will help clarify that a military spouse authorized to practice a business or occupation in Texas,  
14 based on the department's confirmation under this section, is entitled to a license and will be subject to  
15 the same requirements for maintaining a license as a licensee who was granted a license under the  
16 standard licensure application process.

17 **3. FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Linda M. Flores, Chief Financial Officer,  
18 has determined that for each year of the first five years the amendments will be in effect, there will be no  
19 fiscal impact to the state or local governments as a result of the enforcement or administration of the  
20 proposal. Daniel Avitia, Director of the Motor Vehicle Division, has determined that there will be no  
21 measurable effect on local employment or the local economy as a result of the proposal.

22 **4. PUBLIC BENEFIT AND COST NOTE.** Mr. Avitia has also determined that, for each year of the first five  
23 years the amended section is in effect, public benefits are anticipated. The public benefits anticipated as

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1 a result of the proposed amendments include helping military spouses relocating to Texas quickly make  
2 the transition to doing business in Texas under their licenses as well as bringing additional qualified  
3 individuals into Texas to work in the motor vehicle industry. Mr. Avitia anticipates that there will be no  
4 costs to comply with this rule.

5 **5. ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by the  
6 Government Code, §2006.002, the department has determined that the proposed amendments will not  
7 have an adverse economic effect on small businesses, micro- business, and rural. The proposed new  
8 amendments do not require small business, micro businesses, or rural communities to comply with any  
9 new regulations. Therefore, in accordance with the Government Code, §2006.002, the department is not  
10 required to prepare a regulatory flexibility analysis.

11 **6. TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property  
12 interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to  
13 property that would otherwise exist in the absence of government action and, therefore, does not  
14 constitute a taking or require a takings impact assessment under the Government Code, §2007.043.

15 **7. GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that during the first  
16 five years the proposed amendments are in effect, no government program will be created or eliminated.  
17 Implementation of the proposed amendments will not require the creation of new employee positions or  
18 elimination of existing employee positions. Implementation will not require an increase or decrease in  
19 future legislative appropriations to the department or an increase or decrease of fees paid to the  
20 department. The proposed amendments will not create or expand an existing regulation, but will limit an  
21 existing regulation to implement SB 1200. Additionally, the proposed amendments do not affect the  
22 number of individuals subject to the rule's applicability and will not affect this state's economy.

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**8. REQUEST FOR PUBLIC COMMENT.** If you want to comment on the proposal, submit your written comments by 5:00 p.m. CST on MM, DD, YYYY. A request for a public hearing must be sent separately from your written comments. Send written comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the department will consider written comments and public testimony presented at the hearing.

**9. STATUTORY AUTHORITY.** The amendments are proposed under Transportation Code, §1002.001, which provides the board of the Texas Department of Motor Vehicles (board) with the authority to adopt rules that are necessary and appropriate to implement the powers and the duties of the department; Occupations Code, §2301.153(8), which provides the board authority to adopt rules; and more specifically, Occupations Code, §55.0041(e), which provides specific authority for this rule.

**10. CROSS REFERENCE TO STATUTE.** Occupations Code, §55.0041 and Chapter 2301.

**11. TEXT.**

**Subchapter C. Licenses, Generally**

**43 TAC §215.83**

§215.83. License Applications, Amendments, or Renewals.

(a) An application for a new license, license amendment, or license renewal filed with the department must be:

- (1) on a form approved by the department;
- (2) completed by the applicant, license holder, or authorized representative who is an employee, a licensed attorney, or a certified public accountant;
- (3) accompanied by the required fee, paid by check, credit card, or by electronic funds transfer, drawn from an account held by the applicant or license holder, or drawn from a trust account of



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1 the applicant's attorney or certified public accountant; and

2 (4) accompanied by proof of a surety bond, if required.

3 (b) An authorized representative of the applicant or license holder who files an application with  
4 the department may be required to provide written proof of authority to act on behalf of the applicant or  
5 license holder.

6 (c) The department will not provide information regarding the status of an application, application  
7 deficiencies, or new license numbers to a person other than a person listed in subsection (a)(2) of this  
8 section, unless that person files a written request under Government Code, Chapter 552.

9 (d) Prior to the expiration of a license, a license holder or authorized representative must file with  
10 the department a sufficient license renewal application. Failure to receive notice of license expiration  
11 from the department does not relieve the license holder from the responsibility to timely file a sufficient  
12 license renewal application. A license renewal application is timely filed if:

13 (1) the department receives a sufficient license renewal application on or before the date  
14 the license expires; or

15 (2) a legible postmark on the envelope transmitting the sufficient license renewal  
16 application clearly indicates that the license holder or authorized representative mailed the license  
17 renewal application on or before the date the license expires.

18 (e) An application for a new license or license amendment filed with the department must be  
19 sufficient. An application is sufficient if the application:

20 (1) includes all information and documentation required by the department; and

21 (2) is filed in accordance with subsection (a) of this section.

22 (f) A license renewal application received by the department is sufficient if:

23 (1) the renewal application form is completed by the license holder or authorized

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1 representative of the license holder who is an employee, an unpaid agent, a licensed attorney, or certified  
2 public accountant;

3 (2) accompanied by the required license renewal application fee payment; and

4 (3) accompanied by proof of a surety bond, if required.

5 (g) If an applicant, license holder, or authorized representative does not provide the information  
6 or documentation required by the department, the department will issue a written notice of deficiency.  
7 The information or documentation requested in the written notice of deficiency must be received by the  
8 department within 20 calendar days of the date of the notice of deficiency, unless the department issues  
9 a written extension of time. If an applicant, license holder, or authorized representative fails to respond  
10 or fully comply with all deficiencies listed in the written notice of deficiency within the time prescribed by  
11 this subsection, the application will be deemed withdrawn and will be administratively closed.

12 (h) The department will evaluate a sufficient application for a new license, license amendment,  
13 or license renewal in accordance with applicable rules and statutes to determine whether to approve or  
14 deny the application. If the department determines that there are grounds for denial of the application,  
15 the department may pursue denial of the application in accordance with Subchapter J of this chapter  
16 (relating to Administrative Sanctions).

17 (i) The department will process an application for a new license, license amendment, or license  
18 renewal filed by a military service member, military spouse, or military veteran in accordance with  
19 Occupations Code, Chapter 55. A license holder who fails to timely file a sufficient application for a license  
20 renewal because that license holder was on active duty is exempt from any increased fee or penalty  
21 imposed by the department for failing to renew the license in a timely manner.

22 (j) A military spouse may engage in a business or occupation for which a department issued license  
23 is required if the military spouse meets the requirements of Occupations Code, §55.0041 and this section.

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1                   (1) To meet the requirements of Occupations Code, §55.0041, a military spouse must  
2   submit to the department:

3                   (A) notice of the military spouse's intent to engage in a business or occupation in  
4   Texas for which a department issued license is required;

5                   (B) proof of the military spouse's residency in Texas and a copy of the military  
6   spouse's military identification card, as required by Occupations Code, §55.0041(b)(2); and

7                   (C) documentation demonstrating that the military spouse is licensed and in good  
8   standing in another jurisdiction for the relevant business or occupation.

9                   (2) Upon receipt of the notice and documentation required by paragraphs (1)(B) and (1)(C)  
10   of this subsection, the department shall:

11                   (A) confirm with the other licensing jurisdiction that the military spouse is  
12   currently licensed and in good standing for the relevant business or occupation; and

13                   (B) conduct a comparison of the other jurisdiction's license requirements,  
14   statutes, and rules with the department's licensing requirements to determine if the requirements are  
15   substantially equivalent.

16                   (3) If the department confirms that a military spouse is currently licensed in good standing  
17   in another jurisdiction with substantially equivalent licensing requirements, the department may issue a  
18   license to the military spouse for the relevant business or occupation. The license is subject to  
19   requirements in Chapter 215 of this title and Occupations Code, Chapter 2301 in the same manner as a  
20   license issued under the standard application process, unless exempted under Occupations Code, Chapter  
21   55.

22                   (k) [(j)] A license holder who timely files a sufficient license renewal application in accordance with  
23   subsubsection (d) of this section may continue to operate under the expired license until the license renewal

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1 application is determined.

2 (l) ~~[(k)]~~ A license holder who fails to timely file a sufficient license renewal application in  
3 accordance with subsection (d) of this section is not authorized to continue licensed activities after the  
4 date the license expires. A license holder may dispute a decision that a license renewal application was  
5 not timely or sufficient by submitting evidence to the department demonstrating that the license renewal  
6 application was timely and sufficient. Such evidence must be received by the department within 10  
7 calendar days of the date the department issues notice that a timely or sufficient license renewal  
8 application was not received by the department.

9 (m) ~~[(h)]~~ The department shall accept a late license renewal application up to 90 days after the  
10 date the license expires. In accordance with subsection (l) ~~[(k)]~~ of this section, the license holder is not  
11 authorized to continue licensed activities after the date the license expires until the department approves  
12 the late license renewal application. If the department grants a license renewal under this section, the  
13 licensing period begins on the date the department issues the renewed license. The license holder may  
14 resume licensed activities upon receipt of the department's written verification or upon receipt of the  
15 renewed license.

16 (n) ~~[(m)]~~ If the department has not received a late license renewal application within 90 days after  
17 the date the license expires, the department will close the license. A person must apply for and receive a  
18 new license before that person is authorized to resume activities requiring a license.

19 (o) ~~[(n)]~~ A metal dealer's license plate issued in accordance with Transportation Code, Chapter  
20 503, Subchapter C expires on the date the associated license expires or when a license renewal application  
21 is determined, whichever is later.

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- 1   **12. CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be  
2   within the state agency's legal authority to adopt.

3           Issued at Austin, Texas, on Month Day, YYYY.

4  
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Tracey Beaver, General Counsel

DRAFT

**SUBCHAPTER B. LICENSING****43 TAC §221.17**

**1. INTRODUCTION.** The Texas Department of Motor Vehicles (department) proposes amendments to 43 TAC §221.17, regarding recognition of out-of-state licenses of military spouses. These amendments are necessary to implement Senate Bill (SB) 1200, 86th Legislature, Regular Session (2019), which creates new Occupations Code, §55.0041, Recognition of Out-Of-State License of Military Spouse. Section 55.0041 authorizes military spouses to engage in a business or occupation in Texas for which a license is required, without applying for a required Texas license, if the applicable Texas licensing agency determines the military spouse is currently licensed in good standing by a jurisdiction with licensing requirements substantially equivalent to the relevant licensing requirements in Texas.

**2. EXPLANATION OF PROPOSED AMENDMENTS.**

Senate Bill 1200 requires agencies to adopt rules establishing processes to identify jurisdictions with substantially equivalent licensing requirements and to verify that a military spouse is licensed and in good standing in such jurisdiction. Senate Bill 1200 additionally authorizes an agency, at its discretion, to adopt rules to provide for the issuance of a license to a military spouse who is confirmed to be in good standing in a jurisdiction with substantially equivalent licensing requirements.

Proposed amendments to §221.17 renumber subsections where appropriate. Proposed amendments to §221.17 add subsection (b) to provide that military spouses are required to comply with Occupations Code, §55.0041 and this section to obtain authority to engage in the business or occupation in Texas for which a license from the department is otherwise required. Proposed new §221.17(b)(1) clarifies that the military spouse must submit documentation to the department to request authorization to engage in a business or occupation in Texas under Occupations Code, §55.0041. This documentation is necessary for the department to know which jurisdiction to contact for verification of the status of the

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1 military spouse's license, and to ensure the military spouse meets the qualification requirements of  
2 Occupations Code, §55.0041. Proposed new §221.17(b)(2) provides that that upon the receipt of a  
3 military spouse's notice of intent to engage in a business or occupation for which department requires a  
4 license, the department will determine whether the military spouse is currently licensed in good standing  
5 in another jurisdiction with substantially equivalent licensing requirements to Texas. Proposed new  
6 §221.17(b)(2), subparagraphs (A) and (B), describe the process by which the department will verify that a  
7 military spouse is licensed and in good standing in a jurisdiction determined to have substantially  
8 equivalent licensing requirements.

9 Proposed new §221.17(b)(3) implements the discretionary rulemaking authority in SB 1200,  
10 specifically new Occupations Code, §55.0041(f), which authorizes a state agency to adopt rules providing  
11 for the issuance of a license to a military spouse for whom the agency has confirmed licensure in good  
12 standing in a jurisdiction with substantially equivalent licensing requirements. The department's issuance  
13 of a license will help clarify that a military spouse authorized to practice a business or occupation in Texas,  
14 based on the department's confirmation under this section, is entitled to a license and will be subject to  
15 the same requirements for maintaining a license as a licensee who was granted a license under the  
16 standard licensure application process.

17 **3. FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Linda M. Flores, Chief Financial Officer,  
18 has determined that for each year of the first five years the amendments will be in effect, there will be no  
19 fiscal impact to state or local governments as a result of the enforcement or administration of the  
20 proposal. Daniel Avitia, Director of the Motor Vehicle Division, has determined that there will be no  
21 measurable effect on local employment or the local economy as a result of the proposal.

22 **4. PUBLIC BENEFIT AND COST NOTE.** Mr. Avitia has also determined that, for each year of the first five  
23 years the amended section is in effect, public benefits are anticipated. The public benefits anticipated as

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1 a result of the proposed amendments include helping military spouses relocating to Texas quickly make  
2 the transition to doing business in Texas under their licenses as well as bringing additional qualified  
3 individuals into Texas to work in the motor vehicle industry. Mr. Avitia anticipates that there will be no  
4 costs to comply with this rule.

5 **5. ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by the  
6 Government Code, §2006.002, the department has determined that the proposed amendments will not  
7 have an adverse economic effect on small businesses, micro- business, and rural. The proposed new  
8 amendments do not require small business, micro businesses, or rural communities to comply with any  
9 new regulations. Therefore, in accordance with the Government Code, §2006.002, the department is not  
10 required to prepare a regulatory flexibility analysis.

11 **6. TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property  
12 interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to  
13 property that would otherwise exist in the absence of government action and, therefore, does not  
14 constitute a taking or require a takings impact assessment under the Government Code, §2007.043.

15 **7. GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that during the first  
16 five years the proposed amendments are in effect, no government program will be created or eliminated.  
17 Implementation of the proposed amendments will not require the creation of new employee positions or  
18 elimination of existing employee positions. Implementation will not require an increase or decrease in  
19 future legislative appropriations to the department or an increase or decrease of fees paid to the  
20 department. The proposed amendments will not create a new or existing regulation, but will limit an  
21 existing regulation to implement SB 1200. Additionally, the proposed amendments do not affect the  
22 number of individuals subject to the rule's applicability and will not affect this state's economy.



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**8. REQUEST FOR PUBLIC COMMENT.** If you want to comment on the proposal, submit your written comments by 5:00 p.m. CST on MM, DD, YYYY. A request for a public hearing must be sent separately from your written comments. Send written comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the department will consider written comments and public testimony presented at the hearing.

**9. STATUTORY AUTHORITY.** The amendments are proposed under Transportation Code, §1002.001, which provides the board of the Texas Department of Motor Vehicles (board) with the authority to adopt rules that are necessary and appropriate to implement the powers and the duties of the department; Occupations Code, §2302.051, which provides the board authority to adopt rules as necessary to administer Chapter 2302, Salvage Vehicle Dealers; and more specifically, Occupations Code, §55.0041(e), which provides the department authority to adopt for this rule.

**10. CROSS REFERENCE TO STATUTE.** Occupations Code, §55.0041 and Chapter 2302.

**11. TEXT.**

**Subchapter B. Licensing**

**43 TAC §221.17**

§221.17. License Processing for Military Service Members, Spouses, and Veterans.

(a) The department will process a license, amendment, or renewal application submitted for licensing of a military service member, military spouse, or military veteran in accordance with Occupations Code, Chapter 55.

(b) A military spouse may engage in a business or occupation for which a department issued license is required if the military spouse meets the requirements of Occupations Code, §55.0041 and this section.

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1                   (1) To meet the requirements of Occupations Code, §55.0041, a military spouse must  
2   submit to the department:

3                   (A) notice of the military spouse's intent to engage in a business or occupation in  
4   Texas for which a department issued license is required;

5                   (B) proof of the military spouse's residency in Texas and a copy of the military  
6   spouse's military identification card, as required by Occupations Code, §55.0041(b)(2); and

7                   (C) documentation demonstrating that the military spouse is licensed and in good  
8   standing in another jurisdiction for the relevant business or occupation.

9                   (2) Upon receipt of the notice and documentation required by paragraphs (1)(B) and (1)(C)  
10   of this subsection the department shall:

11                   (A) confirm with the other licensing jurisdiction that the military spouse is  
12   currently licensed and in good standing for the relevant business or occupation; and

13                   (B) conduct a comparison of the other jurisdiction's license requirements,  
14   statutes, and rules with the department's licensing requirements to determine if the requirements are  
15   substantially equivalent.

16                   (3) If the department confirms that a military spouse is currently licensed in good standing  
17   in another jurisdiction with substantially equivalent licensing requirements, the department may issue a  
18   license to the military spouse for the relevant business or occupation. The license is subject to  
19   requirements of Chapter 221 of this title and Occupations Code, Chapter 2302 in the same manner as a  
20   license issued under the standard application process, unless exempted under Occupations Code, Chapter  
21   55.

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- 1    **12. CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be  
2    within the state agency's legal authority to adopt.

3                    Issued at Austin, Texas, on Month Day, YYYY.

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Tracey Beaver, General Counsel

DRAFT



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**To:** Texas Department of Motor Vehicles Board  
**From:** Jeremiah Kuntz, Vehicle Titles & Registration Division Director  
**Agenda Item:** 10  
**Subject:** Chapter 217, Vehicle Titles and Registration  
Amendments, §§217.2, 217.45 and 217.46  
(Relating to HB 1548, establishing procedure for issuance of license plates to golf carts and off-highway vehicles, charging a fee, and updating statutory citations; HB 3068, use of certain license plates on classic motor vehicles and travel trailers, custom vehicles, street rods, and certain exhibition vehicles; use of embossed disabled veterans' license plates on certain vehicles; and HB 3171, classification and operation of mopeds)

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### **RECOMMENDATION**

Approval to publish the rules in the *Texas Register* for public comment.

### **PURPOSE AND EXECUTIVE SUMMARY**

The purpose of proposed amendments is to implement statutory changes made by the 86th Legislature, Regular Session (2019). The proposed amendments to these sections implement House Bills (HB) 1548, 3068, and 3171 by updating existing definitions and citations, and updating and establishing processes required by these bills.

### **FINANCIAL IMPACT**

Linda M. Flores, Chief Financial Officer, has determined that for each of the first five years the amendments will be in effect, there will be minimal fiscal implications for state or local governments as a result of enforcing or administering of the proposal. The issuance of the plate will result in positive revenue for the state, but programming in the department's Registration and Title System will be necessary to implement §217.45(k). In addition, the department is unable to determine how many off-highway vehicles that are currently titled will opt to receive an off-highway license plate and is unable to anticipate which counties or municipalities may or may not authorize operation of the off-highway vehicles. The amendment setting the fee for issuance of license plates for off-highway vehicles is authorized by statute and is only applicable if a person wishes to operate the off-highway vehicle on a highway or otherwise wishes to obtain a license plate.

### **BACKGROUND AND DISCUSSION**

The proposed amendments implementing HB 1548 include:

- amending §217.2 to update the statutory reference in the definition of "all-terrain vehicle" and "recreational off-highway vehicle" and include a new definition of "off-highway vehicle," "utility vehicle," and "sand rail." Amendments also renumber the paragraphs in the section as necessary;
- amending §217.45 to add a reference to new Chapter 551A as added by the bill and add off-highway vehicle to: the types of vehicles that are issued one license plate; the categories of license plates for which personalized plates are not available; and the types of license plates that are non-transferable between vehicles; and
- adding new subsection §217.45(k) regarding off-highway vehicles, establishing the process by which a county tax assessor-collector may issue an off-highway vehicle license plate and setting the fee for an off-highway vehicle license plate at \$10, which is the same fee charged for a golf cart license plate under §217.45(j). Amendments also renumber subsections as necessary.

The proposed amendments implementing HB 3068 include:

- amending §217.45 by updating the language and adding a reference to Transportation Code, §504.202, based on the statutory change authorizing the use of disabled veteran embossed license plates on classic motor vehicles, custom vehicles, street rods, and certain exhibition vehicles.

The proposed amendments implementing HB 3171 include:

- amending §217.2 to update the statutory reference in the definition of moped; and
- adding a reference to moped in §217.46 for consistency with the statutes as amended.

**SUBCHAPTER A. MOTOR VEHICLE TITLES****43 TAC §217.2****SUBCHAPTER B. MOTOR VEHICLE REGISTRATION****43 TAC §217.45 AND §217.46**

**1. INTRODUCTION.** The Texas Department of Motor Vehicles (department) proposes amendments to 43 TAC §217.2, Definitions; §217.45, Specialty License Plates, Symbols, Tabs, and Other Devices; and §217.46, Commercial Vehicle Registration. These amendments are necessary to implement statutory changes made by the 86th Legislature, Regular Session (2019). Proposed amendments to these sections implement House Bill 1548, House Bill 3068, and House Bill 3171 by updating existing definitions and citations, and updating and establishing processes required by these bills.

**2. EXPLANATION OF PROPOSED AMENDMENTS.**

House Bill 1548 moved the definition of “golf cart” from Transportation Code, §502.001, to Transportation Code, §551.401; and transferred Transportation Code, Chapter 663, Subchapters A and B, to new Transportation Code, Chapter 551A. House Bill 1548 amended the definition of “motor vehicle” in Transportation Code, §501.002 by adding a reference to “off-highway vehicle” as defined by Transportation Code, §551A.001 and eliminating the references to “all-terrain vehicle” and “recreational off-highway vehicle.” New Transportation Code, §551A.001 defines “off-highway vehicle” as an all-terrain vehicle, recreational off-highway vehicle, or utility vehicle. The department notes that House Bill 1755, 86th Legislature, Regular Session (2019), also amended the definition of “off-highway vehicle” in Transportation Code, §663.001, by adding sand rail. As a result of both bills, an off-highway vehicle under Transportation Code, §551A.001, is an all-terrain vehicle, recreational off-highway vehicle, utility vehicle, or sand rail.

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House Bill 1548 requires the department to establish, by rule, a procedure for issuance of license plates to golf carts and unregistered off-highway vehicles, and authorizes the department to charge a fee of up to \$10 to cover the costs of issuing the plates.

Proposed amendments implement House Bill 1548 by amending §217.2 to update the statutory references in the definitions of "all-terrain vehicle" and "recreational off-highway vehicle," and to add new definitions of "off-highway vehicle," "utility vehicle," and "sand rail" by reference to new Transportation Code, §551A.001. The phrase "a motor vehicle as defined by" is added to the definitions of moped, off-highway vehicle, sand rail, and utility vehicle or UTV under proposed amended §217.2(14), (18), (22), and (25) for consistency with existing definitions for "all-terrain vehicle or ATV" and "recreational off-highway vehicle or ROV" and because the statutory definition of "motor vehicle" under Transportation Code, §501.002 as amended includes a moped and an off-highway vehicle. Amendments to §217.2 also renumber the paragraphs.

The proposed amendments to §217.45 add a reference to new Transportation Code, Chapter 551A as added by House Bill 1548 and add the phrase "off-highway vehicle" to: the types of vehicles that are issued one license plate; the categories of license plates for which personalized plates are not available; and the types of license plates that are non-transferable between vehicles. The phrase "off-highway vehicle" is added to proposed amended §217.45(c)(3)(B) because Transportation Code, §551A.052 authorizes the department to establish a procedure to issue license plates to unregistered off-highway vehicles by rule. In addition, Transportation Code, §551A.052(b) allows a person to operate an unregistered off-highway vehicle on a highway in a manner authorized by Transportation Code, Chapter 551A, Subchapter D, only if the vehicle displays a license plate issued under §551A.052. The existing requirement in §217.27(b) of this chapter (relating to Vehicle Registration Insignia) that a vehicle display two license plates is applicable to vehicles registered under Chapter 502. "Off-highway vehicle" is added

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1 to proposed amended §217.45(c)(7)(E) because license plates for off-highway vehicles are authorized by  
2 Transportation Code, Chapter 551. Personalized license plates are authorized by Transportation Code,  
3 §504.0051 and §504.101. As such, license plates for off-highway vehicles are not eligible for  
4 personalization.

5 The phrase “off-highway vehicle” is added to proposed amended §217.45(e)(1)(B) because under  
6 §551A.052(d), off-highway vehicle license plates are only authorized for off-highway vehicles, do not  
7 expire, and may not be used by a subsequent owner of an off-highway vehicle. In addition, license plates  
8 are only eligible for transfer if the vehicle is a passenger vehicle with a gross weight of 6,000 pounds or  
9 less or a light truck with a gross weight of 10,000 pounds or less. Passenger vehicles and light trucks are  
10 defined in Transportation Code, §502.001 by reference to Transportation Code, §541.201. The phrase  
11 “off-highway vehicle” is defined in new Transportation Code, Chapter 551A as added by House Bill 1548.

12 Proposed new §217.45(k) regarding off-highway vehicles, establishes the process by which a  
13 county tax assessor-collector may issue an off-highway vehicle license plate and sets the fee for an off-  
14 highway vehicle license plate. The fee for an off-highway license plate is \$10, which is the same fee  
15 charged for a license plate for a golf cart under existing §217.45(j). This fee is appropriate because the  
16 standard cost for the department to produce a license plate is \$8. However, this cost does not include  
17 programming and the cost of the receipt. Setting the fee at \$10 will account for all costs associated with  
18 issuance of the plate.

19 House Bill 3068 provides, in part, that a person who qualifies for a disabled veteran license plate  
20 under Transportation Code, §504.202 may use an embossed Texas disabled veteran license plate on a  
21 classic motor vehicle, custom vehicle, street rod, and on certain exhibition vehicles (as defined by  
22 Transportation Code, §504.501 and §504.502). The embossed disabled veteran license plate must have  
23 been issued in the same year as the model year of the vehicle and be approved for use by the department.



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House Bill 3068 also provides that any person may use a Texas license plate that is embossed with an alphanumeric pattern of a plate design that was issued the same year as the model year of the vehicle for vehicles that meet the requirements of the same two sections (Transportation Code, §504.501 and §504.502). Proposed amendments to §217.45 also include adding a reference to Transportation Code, §504.202 based on the statutory change authorizing the use of disabled veteran embossed license plates on classic motor vehicles, custom vehicles, street rods, and certain exhibition vehicles.

House Bill 3171 excludes “moped” from the definition of “commercial motor vehicle” in Transportation Code, §502.001(7). Amendments update the definition for “moped” by reference to Transportation Code, §541.0201 in §217.2, and add a reference to moped in §217.46 for consistency with the statutes as amended by House Bill 3171.

Additionally, the department proposes nonsubstantive changes throughout the text of §§217.2, 217.45, and 217.46. These nonsubstantive changes include reformatting and updating citations.

In conjunction with amending these rules, the department is also reconfiguring its internal systems. Therefore, the effective dates of the rules may be extended to correspond with completion of the programming necessary to fully implement the rules.

**3. FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Linda M. Flores, Chief Financial Officer, has determined that for each year of the first five years the amendments will be in effect, there will be minimal fiscal implications for state or local governments as a result of the enforcement or administration of the proposal. The issuance of the plate will result in positive revenue for the state, but programming in the department’s Registration and Title System will be necessary to implement §217.45(k). In addition, the department is unable to determine how many off-highway vehicles that are currently titled will opt to receive an off-highway license plate and is unable to anticipate which counties or municipalities may or may not authorize operation of the off-highway vehicles. Jeremiah Kuntz, Director of the Vehicle Titles

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1 and Registration Division, has determined that there will be no measurable effect on local employment  
2 or the local economy as a result of the proposal.

3 **4. PUBLIC BENEFIT AND COST NOTE.** Mr. Kuntz has also determined that, for each year of the first five  
4 years the amended sections are in effect, the public benefits anticipated include improved rules that are  
5 consistent with statute. Mr. Kuntz anticipates there will be no costs to comply with these rules. The  
6 amendment authorizing a fee for issuance of license plates for off-highway vehicles is authorized by  
7 statute and is only applicable if a person wishes to operate the off-highway vehicle on a highway or  
8 otherwise wishes to obtain a license plate.

9 **5. ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** Mr. Kuntz has also  
10 determined there will be no impact on small businesses, micro-business, or rural communities as a result  
11 of implementing these rules. Therefore, the department is not required to prepare a regulatory flexibility  
12 analysis as specified in Government Code, §2006.002.

13 **6. TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property  
14 interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to  
15 property that would otherwise exist in the absence of government action and, therefore, does not  
16 constitute a taking or require a takings impact assessment under the Government Code, §2007.043.

17 **7. GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that during the first  
18 five years the proposed amendments are in effect, no government program would be created or  
19 eliminated. Implementation of the proposed amendments would not require the creation of new  
20 employee positions or elimination of existing employee positions. Implementation would not require an  
21 increase or decrease in future legislative appropriations to the department or an increase or decrease of  
22 fees paid to the department. The proposed amendments will not create a new regulation, or expand,

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1 limit, or repeal an existing regulation. Additionally, the proposed amendments do not affect the number  
2 of individuals subject to the rules' applicability and will not affect this state's economy.

3 **8. REQUEST FOR PUBLIC COMMENT.**

4 If you want to comment on the proposal, submit your written comments by 5:00 p.m. CST on MM, DD,  
5 YYYY. A request for a public hearing must be sent separately from your written comments. Send written  
6 comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office of General Counsel, Texas  
7 Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the  
8 department will consider written comments and public testimony presented at the hearing.

9 **9. STATUTORY AUTHORITY.** The amendments are proposed under Transportation Code, §1002.001,  
10 which provides the board of the Texas Department of Motor Vehicles with the authority to adopt rules  
11 that are necessary and appropriate to implement the powers and the duties of the department; and more  
12 specifically, Transportation Code, §501.0041, which authorizes the department to adopt rules to  
13 administer Chapter 501; Transportation Code, §502.0021, which authorizes the department to adopt rules  
14 to administer Chapter 502; Transportation Code, §504.0011, which authorizes the board to adopt rules to  
15 implement and administer Chapter 504; Transportation Code, §504.002 as amended by House Bill 1548,  
16 which authorizes the department to charge a fee to cover the costs of issuing license plates for golf carts  
17 or off-highway vehicles in an amount established by rule; Transportation Code, §551.402, which requires  
18 the department by rule to establish a procedure to issue license plates for golf carts and charge a fee not  
19 to exceed \$10; and Transportation Code, §551A.052 as added by House Bill 1548, which requires the  
20 department by rule to establish a procedure to issue license plates for unregistered off-highway vehicles  
21 and charge a fee not to exceed \$10.

22 **10. CROSS REFERENCE TO STATUTE.** Transportation Code, §§501.002, 502.001, 504.202, 504.501,  
23 551.402, and 551A.052.

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**11. TEXT.****Subchapter A. Motor Vehicle Titles****43 TAC §217.2**

## §217.2. Definitions.

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Alias--The name of a vehicle owner reflected on a title, when the name on the title is different from the name of the legal owner of the vehicle.

(2) Alias title--A title document issued by the department for a vehicle that is used by an exempt law enforcement agency in covert criminal investigations.

(3) All-terrain vehicle or ATV--A motor vehicle as defined by Transportation Code, §551A.001~~§502.001~~, and designed primarily for recreational use. The term does not include a "utility vehicle" as defined by Transportation Code, §551A.001~~§663.001~~, or a self-propelled, motor-driven vehicle designed or marketed by the manufacturer primarily for non-recreational uses.

(4) Bond release letter--Written notification from the United States Department of Transportation authorizing United States Customs to release the bond posted for a motor vehicle imported into the United States to ensure compliance with federal motor vehicle safety standards.

(5) Date of sale--The date of the transfer of possession of a specific vehicle from a seller to a purchaser.

(6) Division director--The director of the department's Vehicle Titles and Registration Division.

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(7) Executive administrator--The director of a federal agency, the director of a Texas state agency, the sheriff of a Texas county, or the chief of police of a Texas city who by law possesses the authority to conduct covert criminal investigations.

(8) Exempt agency--A governmental body exempt by law from paying title or registration fees for motor vehicles.

(9) Federal motor vehicle safety standards--Motor vehicle safety requirements promulgated by the United States Department of Transportation, National Highway Traffic Safety Administration, set forth in Title 49, Code of Federal Regulations.

(10) House moving dolly--An apparatus consisting of metal beams and axles used to move houses. House moving dollies, by nature of their construction and use, actually form large semitrailers.

(11) Identification certificate--A form issued by an inspector of an authorized safety inspection station in accordance with Transportation Code, Chapter 548.

(12) Implements of husbandry--Farm implements, machinery, and tools used in tilling the soil, including self-propelled machinery specifically designed or especially adapted for applying plant food materials or agricultural chemicals. This term does not include an implement unless it is designed or adapted for the sole purpose of transporting farm materials or chemicals. This term does not include any passenger car or truck. This term does include a towed vehicle that transports to the field and spreads fertilizer or agricultural chemicals; or a motor vehicle designed and adapted to deliver feed to livestock.

(13) Manufacturer's certificate of origin--A form prescribed by the department showing the original transfer of a new motor vehicle from the manufacturer to the original purchaser, whether importer, distributor, dealer, or owner, and when presented with an application for title, showing, on appropriate forms prescribed by the department, each subsequent transfer between distributor and dealer, dealer and dealer, and dealer and owner.

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(14) Moped--A motor vehicle as defined by Transportation Code, §541.201 ~~[motor-driven cycle whose attainable speed is not more than 30 miles per hour and that is equipped with a motor that produces not more than two-brake horsepower. If an internal combustion engine is used, the piston displacement may not exceed 50 cubic centimeters and the power drive system may not require the operator to shift gears].~~

(15) Motor vehicle importation form--A declaration form prescribed by the United States Department of Transportation and certified by United States Customs that relates to any motor vehicle being brought into the United States and the motor vehicle's compliance with federal motor vehicle safety standards.

(16) Non United States standard motor vehicle--A motor vehicle not manufactured in compliance with federal motor vehicle safety standards.

(17) Obligor--An individual who is required to make payments under the terms of a support order for a child.

(18) Off-highway vehicle--A motor vehicle as defined by Transportation Code, §551A.001.

~~(19)~~[(18)] Person--An individual, firm, corporation, company, partnership, or other entity.

~~(20)~~[(19)] Recreational off-highway vehicle or ROV--A motor vehicle as defined by Transportation Code, §551A.001 ~~[\$502.001]~~, and designed primarily for recreational use. The term does not include a "utility vehicle" as defined by Transportation Code, §551A.001 ~~[\$663.001]~~, or a self-propelled, motor-driven vehicle designed or marketed by the manufacturer primarily for non-recreational uses.

~~(21)~~[(20)] Safety certification label--A label placed on a motor vehicle by a manufacturer certifying that the motor vehicle complies with all federal motor vehicle safety standards.

(22) Sand rail--A motor vehicle as defined by Transportation Code, §551A.001.

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1            ~~(23)~~~~(21)~~ Statement of fact--A written declaration that supports an application for a title,  
2            that is executed by an involved party to a transaction involving a motor vehicle, and that clarifies an error  
3            made on a title or other negotiable evidence of ownership. An involved party is the seller or an agent of  
4            the seller involved in the motor vehicle transaction. When a written declaration is necessary to correct an  
5            odometer disclosure error, the signatures of both the seller and buyer when the error occurred are  
6            required.

7            ~~(24)~~~~(22)~~ Title application--A form prescribed by the division director that reflects the  
8            information required by the department to create a motor vehicle title record.

9            (25) Utility vehicle or UTV--A motor vehicle as defined by Transportation Code,  
10           §551A.001, and designed primarily for utility use. The term does not include a "golf cart" as defined by  
11           Transportation Code, §551.401, or a self-propelled, motor-driven vehicle designed or marketed by the  
12           manufacturer primarily for non-utility uses.

13           ~~(26)~~~~(23)~~ Verifiable proof--Additional documentation required of a vehicle owner,  
14           lienholder, or agent executing an application for a certified copy of a title.

15           (A) Individual applicant. If the applicant is an individual, verifiable proof consists  
16           of a copy of a current photo identification issued by this state or by the United States or foreign passport.

17           (B) Business applicant. If the applicant is a business, verifiable proof consists of an  
18           original or copy of a letter of signature authority on letterhead, a business card, or employee identification  
19           and a copy of current photo identification issued by this state or by the United States or foreign passport.

20           (C) Power of attorney. If the applicant is a person in whose favor a power of  
21           attorney has been executed by the owner or lienholder, verifiable proof consists of the documentation  
22           required under subparagraph (A) or (B) of this paragraph both for the owner or lienholder and for the  
23           person in whose favor the power of attorney is executed.

**SUBCHAPTER B. MOTOR VEHICLE REGISTRATION****43 TAC §217.45 and §217.46****§217.45. Specialty License Plates, Symbols, Tabs, and Other Devices.**

(a) Purpose and Scope. Transportation Code, Chapters 504, ~~and~~ 551, and 551A charge the department with providing specialty license plates, symbols, tabs, and other devices. For the department to perform these duties efficiently and effectively, this section prescribes the policies and procedures for the application, issuance, and renewal of specialty license plates, symbols, tabs, and other devices, through the county tax assessor-collectors, and establishes application fees, expiration dates, and registration periods for certain specialty license plates. This section does not apply to military license plates except as provided by §217.43 of this title (relating to Military Specialty License Plates).

(b) Initial application for specialty license plates, symbols, tabs, or other devices.

(1) Application Process.

(A) Procedure. An owner of a vehicle registered as specified in this subchapter who wishes to apply for a specialty license plate, symbol, tab, or other device must do so on a form prescribed by the director.

(B) Form requirements. The application form shall at a minimum require the name and complete address of the applicant.

(2) Fees and Documentation.

(A) The application must be accompanied by the prescribed registration fee, unless exempted by statute.

(B) The application must be accompanied by the statutorily prescribed specialty license plate fee. If a registration period is greater than 12 months, the expiration date of a specialty license plate, symbol, tab, or other device will be aligned with the registration period and the specialty



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1 plate fee will be adjusted to yield the appropriate fee. If the statutory annual fee for a specialty license  
2 plate is \$5 or less, it will not be prorated.

3 (C) Specialty license plate fees will not be refunded after an application is  
4 submitted and the department has approved issuance of the license plate.

5 (D) The application must be accompanied by prescribed local fees or other fees  
6 that are collected in conjunction with registering a vehicle, with the exception of vehicles bearing license  
7 plates that are exempt by statute from these fees.

8 (E) The application must include evidence of eligibility for any specialty license  
9 plates. The evidence of eligibility may include, but is not limited to:

10 (i) an official document issued by a governmental entity; or

11 (ii) a letter issued by a governmental entity on that agency's letterhead.

12 (F) Initial applications for license plates for display on Exhibition Vehicles must  
13 include a photograph of the completed vehicle.

14 (3) Place of application. Applications for specialty license plates may be made directly to  
15 the county tax assessor-collector, except that applications for the following license plates must be made  
16 directly to the department:

17 (A) County Judge;

18 (B) Federal Administrative Law Judge;

19 (C) State Judge;

20 (D) State Official;

21 (E) U.S. Congress--House;

22 (F) U.S. Congress--Senate; and

23 (G) U.S. Judge.

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1 (4) Gift plates.

2 (A) A person may purchase general distribution specialty license plates as a gift  
3 for another person if the purchaser submits an application for the specialty license plates that provides:

4 (i) the name and address of the person who will receive the plates; and

5 (ii) the vehicle identification number of the vehicle on which the plates  
6 will be displayed.

7 (B) To be valid for use on a motor vehicle, the recipient of the plates must file an  
8 application with the county tax assessor-collector and pay the statutorily required registration fees in the  
9 amount as provided by Transportation Code, Chapter 502 and this subchapter.

10 (c) Initial issuance of specialty license plates, symbols, tabs, or other devices.

11 (1) Issuance. On receipt of a completed initial application for registration, accompanied  
12 by the prescribed documentation and fees, the department will issue specialty license plates, symbols,  
13 tabs, or other devices to be displayed on the vehicle for which the license plates, symbols, tabs, or other  
14 devices were issued for the current registration period. If the vehicle for which the specialty license plates,  
15 symbols, tabs, or other devices are issued is currently registered, the owner must surrender the license  
16 plates currently displayed on the vehicle, along with the corresponding license receipt, before the  
17 specialty license plates may be issued.

18 (2) Classic Motor Vehicles, Classic Travel Trailers, Custom Vehicles, Street Rods, and  
19 Exhibition Vehicles.

20 (A) License plates. Texas license plates that were issued the same year as the  
21 model year of a Classic Motor Vehicle, Travel Trailer, Street Rod, or Exhibition Vehicle may be displayed  
22 on that vehicle under Transportation Code, §504.501 and §504.502, unless:

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1 (i) the license plate's original use was restricted by statute to another  
2 vehicle type;

3 (ii) the license plate is a qualifying plate type that originally required the  
4 owner to meet one or more eligibility requirements, except for a plate issued under Transportation Code,  
5 §504.202; or

6 (iii) the alpha numeric pattern is already in use on another vehicle.

7 (B) Validation stickers and tabs. The department will issue validation stickers and  
8 tabs for display on license plates that are displayed as provided by subparagraph (A) of this paragraph.

9 (3) Number of plates issued.

10 (A) Two plates. Unless otherwise listed in subparagraph (B) of this paragraph, two  
11 specialty license plates, each bearing the same license plate number, will be issued per vehicle.

12 (B) One plate. One license plate will be issued per vehicle for all motorcycles and  
13 for the following specialty license plates:

14 (i) Antique Vehicle (includes Antique Auto, Antique Truck, Antique  
15 Motorcycle, and Antique Bus);

16 (ii) Classic Travel Trailer;

17 (iii) Rental Trailer;

18 (iv) Travel Trailer;

19 (v) Cotton Vehicle;

20 (vi) Disaster Relief;

21 (vii) Forestry Vehicle;

22 (viii) Golf Cart;

23 (ix) Log Loader;

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1 (x) Military Vehicle;

2 (xi) Package Delivery Vehicle; ~~and~~

3 (xii) Fertilizer; and[-]

4 (xiii) Off-highway Vehicle.

5 (C) Registration number. The identification number assigned by the military may  
6 be approved as the registration number instead of displaying Military Vehicle license plates on a former  
7 military vehicle.

8 (4) Assignment of plates.

9 (A) Title holder. Unless otherwise exempted by law or this section, the vehicle on  
10 which specialty license plates, symbols, tabs, or other devices is to be displayed shall be titled in the name  
11 of the person to whom the specialty license plates, symbols, tabs, or other devices is assigned, or a title  
12 application shall be filed in that person's name at the time the specialty license plates, symbols, tabs, or  
13 other devices are issued.

14 (B) Non-owner vehicle. If the vehicle is titled in a name other than that of the  
15 applicant, the applicant must provide evidence of having the legal right of possession and control of the  
16 vehicle.

17 (C) Leased vehicle. In the case of a leased vehicle, the applicant must provide a  
18 copy of the lease agreement verifying that the applicant currently leases the vehicle.

19 (5) Classification of neighborhood electric vehicles. The registration classification of a  
20 neighborhood electric vehicle, as defined by §217.3(3) of this title (relating to Motor Vehicle Titles) will  
21 be determined by whether it is designed as a 4-wheeled truck or a 4-wheeled passenger vehicle.

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(6) Number of vehicles. An owner may obtain specialty license plates, symbols, tabs, or other devices for an unlimited number of vehicles, unless the statute limits the number of vehicles for which the specialty license plate may be issued.

(7) Personalized plate numbers.

(A) Issuance. The department will issue a personalized license plate number subject to the exceptions set forth in this paragraph.

(B) Character limit. A personalized license plate number may contain no more than six alpha or numeric characters or a combination of characters. Depending upon the specialty license plate design and vehicle class, the number of characters may vary. Spaces, hyphens, periods, hearts, stars, the International Symbol of Access, or silhouettes of the state of Texas may be used in conjunction with the license plate number.

(C) Personalized plates not approved. A personalized license plate number will not be approved by the executive director if the alpha-numeric pattern:

(i) conflicts with the department's current or proposed regular license plate numbering system;

(ii) would violate §217.27 of this title (relating to Vehicle Registration Insignia), as determined by the executive director; or

(iii) is currently issued to another owner.

(D) Classifications of vehicles eligible for personalized plates. Unless otherwise listed in subparagraph (E) of this paragraph, personalized plates are available for all classifications of vehicles.

(E) Categories of plates for which personalized plates are not available. Personalized license plate numbers are not available for display on the following specialty license plates:

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- 1 (i) Amateur Radio (other than the official call letters of the vehicle owner);
- 2 (ii) Antique Motorcycle;
- 3 (iii) Antique Vehicle (includes Antique Auto, Antique Truck, and Antique
- 4 Bus);
- 5 (iv) Apportioned;
- 6 (v) Cotton Vehicle;
- 7 (vi) Disaster Relief;
- 8 (vii) Farm Trailer (except Go Texan II);
- 9 (viii) Farm Truck (except Go Texan II);
- 10 (ix) Farm Truck Tractor (except Go Texan II);
- 11 (x) Fertilizer;
- 12 (xi) Forestry Vehicle;
- 13 (xii) Log Loader;
- 14 (xiii) Machinery;
- 15 (xiv) Permit;
- 16 (xv) Rental Trailer;
- 17 (xvi) Soil Conservation;
- 18 (xvii) Texas Guard;
- 19 (xviii) Golf Cart; ~~and~~
- 20 (xix) Package Delivery Vehicle; and[-]
- 21 (xx) Off-highway Vehicle.

22 (F) Fee. Unless specified by statute, a personalized license plate fee of \$40 will be

23 charged in addition to any prescribed specialty license plate fee.

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(G) Priority. Once a personalized license plate number has been assigned to an applicant, the owner shall have priority to that number for succeeding years if a timely renewal application is submitted to the county tax assessor-collector each year in accordance with subsection (d) of this section.

(d) Specialty license plate renewal.

(1) Renewal deadline. If a personalized license plate is not renewed within 60 days after its expiration date, a subsequent renewal application will be treated as an application for new personalized license plates.

(2) Length of validation. Except as provided by Transportation Code, §§504.401, 504.4061, or 504.502, all specialty license plates, symbols, tabs, or other devices shall be valid for 12 months from the month of issuance or for a prorated period of at least 12 months coinciding with the expiration of registration.

(3) Renewal.

(A) Renewal notice. Approximately 60 days before the expiration date of a specialty license plate, symbol, tab, or other device, the department will send each owner a renewal notice that includes the amount of the specialty plate fee and the registration fee.

(B) Return of notice. The owner must return the fee and any prescribed documentation to the tax assessor-collector of the county in which the owner resides, except that the owner of a vehicle with one of the following license plates must return the documentation and specialty license plate fee, if applicable, directly to the department and submit the registration fee to the county tax assessor-collector:

(i) County Judge;

(ii) Federal Administrative Law Judge;

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1 (iii) State Judge;

2 (iv) State Official;

3 (v) U.S. Congress--House;

4 (vi) U.S. Congress--Senate; and

5 (vii) U.S. Judge.

6 (C) Expired plate numbers. The department will retain a specialty license plate  
7 number for 60 days after the expiration date of the plates if the plates are not renewed on or before their  
8 expiration date. After 60 days the number may be reissued to a new applicant. All specialty license plate  
9 renewals received after the expiration of the 60 days will be treated as new applications.

10 (D) Issuance of validation insignia. On receipt of a completed license plate  
11 renewal application and prescribed documentation, the department will issue registration validation  
12 insignia as specified in §217.27 unless this section or other law requires the issuance of new license plates  
13 to the owner.

14 (E) Lost or destroyed renewal notices. If a renewal notice is lost, destroyed, or not  
15 received by the vehicle owner, the specialty license plates, symbol, tab, or other device may be renewed  
16 if the owner provides acceptable personal identification along with the appropriate fees and  
17 documentation. Failure to receive the notice does not relieve the owner of the responsibility to renew the  
18 vehicle's registration.

19 (e) Transfer of specialty license plates.

20 (1) Transfer between vehicles.

21 (A) Transferable between vehicles. The owner of a vehicle with specialty license  
22 plates, symbols, tabs, or other devices may transfer the specialty plates between vehicles by filing an  
23 application through the county tax assessor-collector if the vehicle to which the plates are transferred:



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1 (i) is titled or leased in the owner's name; and

2 (ii) meets the vehicle classification requirements for that particular  
3 specialty license plate, symbol, tab, or other device.

4 (B) Non-transferable between vehicles. The following specialty license plates,  
5 symbols, tabs, or other devices are non-transferable between vehicles:

6 (i) Antique Vehicle license plates (includes Antique Auto, Antique Truck,  
7 and Antique Bus), Antique Motorcycle license plates, and Antique tabs;

8 (ii) Classic Auto, Classic Truck, Classic Motorcycle, Classic Travel Trailer,  
9 Street Rod, and Custom Vehicle license plates;

10 (iii) Forestry Vehicle license plates;

11 (iv) Log Loader license plates;

12 (v) Golf Cart license plates; ~~and~~

13 (vi) Package Delivery Vehicle license plates; and[-]

14 (vii) Off-highway Vehicle license plates.

15 (C) New specialty license plates. If the department creates a new specialty license  
16 plate under Transportation Code, §504.801, the department will specify at the time of creation whether  
17 the license plate may be transferred between vehicles.

18 (2) Transfer between owners.

19 (A) Non-transferable between owners. Specialty license plates, symbols, tabs, or  
20 other devices issued under Transportation Code, Chapter 504, Subchapters C, E, and F are not transferable  
21 from one person to another except as specifically permitted by statute.

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1 (B) New specialty license plates. If the department creates a new specialty license  
2 plate under Transportation Code, §504.801, the department will specify at the time of creation whether  
3 the license plate may be transferred between owners.

4 (3) Simultaneous transfer between owners and vehicles. Specialty license plates, symbols,  
5 tabs, or other devices are transferable between owners and vehicles simultaneously only if the owners  
6 and vehicles meet all the requirements in both paragraphs (1) and (2) of this subsection.

7 (f) Replacement.

8 (1) Application. When specialty license plates, symbols, tabs, or other devices are lost,  
9 stolen, or mutilated, the owner shall apply directly to the county tax assessor-collector for the issuance of  
10 replacements, except that Log Loader license plates must be reapplied for and accompanied by the  
11 prescribed fees and documentation.

12 (2) Temporary registration insignia. If the specialty license plate, symbol, tab, or other  
13 device is lost, destroyed, or mutilated to such an extent that it is unusable, and if issuance of a replacement  
14 license plate would require that it be remanufactured, the owner must pay the statutory replacement fee,  
15 and the department will issue a temporary tag for interim use. The owner's new specialty license plate  
16 number will be shown on the temporary tag unless it is a personalized license plate, in which case the  
17 same personalized license plate number will be shown.

18 (3) Stolen specialty license plates.

19 (A) The department or county tax assessor-collector will not approve the issuance  
20 of replacement license plates with the same personalized license plate number if the department's  
21 records indicate either the vehicle displaying the personalized license plates or the license plates are  
22 reported as stolen to law enforcement. The owner will be directed to contact the department for another  
23 personalized plate choice.

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(B) The owner may select a different personalized number to be issued at no charge with the same expiration as the stolen specialty plate. On recovery of the stolen vehicle or license plates, the department will issue, at the owner's or applicant's request, replacement license plates, bearing the same personalized number as those that were stolen.

(g) License plates created after January 1, 1999. In accordance with Transportation Code, §504.702, the department will begin to issue specialty license plates authorized by a law enacted after January 1, 1999, only if the sponsoring entity for that license plate submits the following items before the fifth anniversary of the effective date of the law.

(1) The sponsoring entity must submit a written application. The application must be on a form approved by the director and include, at a minimum:

- (A) the name of the license plate;
- (B) the name and address of the sponsoring entity;
- (C) the name and telephone number of a person authorized to act for the sponsoring entity; and
- (D) the deposit.

(2) A sponsoring entity is not an agent of the department and does not act for the department in any matter, and the department does not assume any responsibility for fees or applications collected by a sponsoring entity.

(h) Assignment procedures for state, federal, and county officials.

(1) State Officials. State Official license plates contain the distinguishing prefix "SO." Members of the state legislature may be issued up to three sets of State Official specialty license plates with the distinguishing prefix "SO," or up to three sets of State Official specialty license plates that depict the state capitol, and do not display the distinguishing prefix "SO." An application by a member of the

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1 state legislature, for a State Official specialty license plate, must specify the same specialty license plate  
2 design for each applicable vehicle. State Official license plates are assigned in the following order:

3 (A) Governor;

4 (B) Lieutenant Governor;

5 (C) Speaker of the House;

6 (D) Attorney General;

7 (E) Comptroller;

8 (F) Land Commissioner;

9 (G) Agriculture Commissioner;

10 (H) Secretary of State;

11 (I) Railroad Commission;

12 (J) Supreme Court Chief Justice followed by the remaining justices based on their  
13 seniority;

14 (K) Criminal Court of Appeals Presiding Judge followed by the remaining judges  
15 based on their seniority;

16 (L) Members of the State Legislature, with Senators assigned in order of district  
17 number followed by Representatives assigned in order of district number, except that in the event of  
18 redistricting, license plates will be reassigned; and

19 (M) Board of Education Presiding Officer followed by the remaining members  
20 assigned in district number order, except that in the event of redistricting, license plates will be  
21 reassigned.

22 (2) Members of the U.S. Congress.

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1 (A) U.S. Senate license plates contain the prefix "Senate" and are assigned by  
2 seniority; and

3 (B) U.S. House license plates contain the prefix "House" and are assigned in order  
4 of district number, except that in the event of redistricting, license plates will be reassigned.

5 (3) Federal Judge.

6 (A) Federal Judge license plates contain the prefix "USA" and are assigned on a  
7 seniority basis within each court in the following order:

8 (i) Judges of the Fifth Circuit Court of Appeals;

9 (ii) Judges of the United States District Courts;

10 (iii) United States Bankruptcy Judges; and

11 (iv) United States Magistrates.

12 (B) Federal Administrative Law Judge plates contain the prefix "US" and are  
13 assigned in the order in which applications are received.

14 (C) A federal judge who retired on or before August 31, 2003, and who held  
15 license plates expiring in March 2004 may continue to receive federal judge plates. A federal judge who  
16 retired after August 31, 2003, is not eligible for U.S. Judge license plates.

17 (4) State Judge.

18 (A) State Judge license plates contain the prefix "TX" and are assigned  
19 sequentially in the following order:

20 (i) Appellate District Courts;

21 (ii) Presiding Judges of Administrative Regions;

22 (iii) Judicial District Courts;

23 (iv) Criminal District Courts; and

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1 (v) Family District Courts and County Statutory Courts.

2 (B) A particular alpha-numeric combination will always be assigned to a judge of  
3 the same court to which it was originally assigned.

4 (C) A state judge who retired on or before August 31, 2003, and who held license  
5 plates expiring in March 2004 may continue to receive state judge plates. A state judge who retired after  
6 August 31, 2003, is not eligible for State Judge license plates.

7 (5) County Judge license plates contain the prefix "CJ" and are assigned by county number.

8 (6) In the event of redistricting or other plate reallocation, the department may allow a  
9 state official to retain that official's plate number if the official has had the number for five or more  
10 consecutive years.

11 (i) Development of new specialty license plates.

12 (1) Procedure. The following procedure governs the process of authorizing new specialty  
13 license plates under Transportation Code, §504.801, whether the new license plate originated as a result  
14 of an application or as a department initiative.

15 (2) Applications for the creation of new specialty license plates. An applicant for the  
16 creation of a new specialty license plate, other than a vendor specialty plate under §217.52 of this title  
17 (relating to Marketing of Specialty License Plates through a Private Vendor), must submit a written  
18 application on a form approved by the executive director. The application must include:

19 (A) the applicant's name, address, telephone number, and other identifying  
20 information as directed on the form;

21 (B) certification on Internal Revenue Service letterhead stating that the applicant  
22 is a not-for-profit entity;

23 (C) a draft design of the specialty license plate;

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(D) projected sales of the plate, including an explanation of how the projected figure was established;

(E) a marketing plan for the plate, including a description of the target market;

(F) a licensing agreement from the appropriate third party for any intellectual property design or design element;

(G) a letter from the executive director of the sponsoring state agency stating that the agency agrees to receive and distribute revenue from the sale of the specialty license plate and that the use of the funds will not violate a statute or constitutional provision; and

(H) other information necessary for the board to reach a decision regarding approval of the requested specialty plate.

(3) Review process. The board:

(A) will not consider incomplete applications;

(B) may request additional information from an applicant if necessary for a decision; and

(C) will consider specialty license plate applications that are restricted by law to certain individuals or groups of individuals (qualifying plates) using the same procedures as applications submitted for plates that are available to everyone (non-qualifying plates).

(4) Request for additional information. If the board determines that additional information is needed, the applicant must return the requested information not later than the requested due date. If the additional information is not received by that date, the board will return the application as incomplete unless the board:

(A) determines that the additional requested information is not critical for consideration and approval of the application; and

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1 (B) approves the application, pending receipt of the additional information by a  
2 specified due date.

3 (5) Board decision. The board's decision will be based on:

4 (A) compliance with Transportation Code, §504.801;

5 (B) the proposed license plate design, including:

6 (i) whether the design appears to meet the legibility and reflectivity  
7 standards established by the department;

8 (ii) whether the design meets the standards established by the  
9 department for uniqueness;

10 (iii) other information provided during the application process;

11 (iv) the criteria designated in §217.27 as applied to the design; and

12 (v) whether a design is similar enough to an existing plate design that it  
13 may compete with the existing plate sales; and

14 (C) the applicant's ability to comply with Transportation Code, §504.702 relating  
15 to the required deposit or application that must be provided before the manufacture of a new specialty  
16 license plate.

17 (6) Public comment on proposed design. All proposed plate designs will be considered by  
18 the board as an agenda item at a regularly or specially called open meeting. Notice of consideration of  
19 proposed plate designs will be posted in accordance with Office of the Secretary of State meeting notice  
20 requirements. Notice of each license plate design will be posted on the department's Internet website to  
21 receive public comment at least 25 days in advance of the meeting at which it will be considered. The  
22 department will notify all other specialty plate organizations and the sponsoring agencies who administer  
23 specialty license plates issued in accordance with Transportation Code, Chapter 504, Subchapter G, of the



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posting. A comment on the proposed design can be submitted in writing through the mechanism provided on the department's Internet website for submission of comments. Written comments are welcome and must be received by the department at least 10 days in advance of the meeting. Public comment will be received at the board's meeting.

(7) Final approval.

(A) Approval. The board will approve or disapprove the specialty license plate application based on all of the information provided pursuant to this subchapter at an open meeting.

(B) Application not approved. If the application is not approved under subparagraph (A) of this paragraph, the applicant may submit a new application and supporting documentation for the design to be considered again by the board if:

(i) the applicant has additional, required documentation; or

(ii) the design has been altered to an acceptable degree.

(8) Issuance of specialty plates.

(A) If the specialty license plate is approved, the applicant must comply with Transportation Code, §504.702 before any further processing of the license plate.

(B) Approval of the plate does not guarantee that the submitted draft plate design will be used. The board has final approval authority of all specialty license plate designs and may adjust or reconfigure the submitted draft design to comply with the format or license plate specifications.

(C) If the board, in consultation with the applicant, adjusts or reconfigures the design, the adjusted or reconfigured design will not be posted on the department's website for additional comments.

(9) Redesign of specialty license plate.

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1 (A) Upon receipt of a written request from the applicant, the department will  
2 allow redesign of a specialty license plate.

3 (B) A request for a redesign must meet all application requirements and proceed  
4 through the approval process of a new specialty plate as required by this subsection.

5 (C) An approved license plate redesign does not require the deposit required by  
6 Transportation Code, §504.702, but the applicant must pay a redesign cost to cover administrative  
7 expenses.

8 (j) Golf carts.

9 (1) A county tax assessor-collector may issue golf cart license plates as long as the  
10 requirements under Transportation Code, §551.403 or §551.404 are met.

11 (2) A county tax assessor-collector may only issue golf cart license plates to residents or  
12 property owners of the issuing county.

13 (3) A golf cart license plate may not be used as a registration insignia, and a golf cart may  
14 not be registered for operation on a public highway.

15 (4) The license plate fee for a golf cart license plate is \$10.

16 (k) Off-highway vehicle.

17 (1) A county tax assessor-collector may issue off-highway vehicle license plates as long as  
18 the requirements under Transportation Code, §551A.053 or §551A.055 are met.

19 (2) An off-highway vehicle license plate may not be used as a registration insignia, and an  
20 off-highway vehicle may not be registered for operation on a public highway.

21 (3) The license plate fee for an off-highway vehicle license plate is \$10.

22 ~~(l)~~(k) Package delivery vehicle.

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1 (1) A county tax assessor-collector may issue package delivery license plates as long as  
2 the requirements under Transportation Code, §§551.453, 551.454, and 551.455 are met.

3 (2) The license plate fee for a package delivery license plate is \$25 to be paid on an annual  
4 basis.

5  
6 §217.46. Commercial Vehicle Registration.

7 (a) Eligibility. A motor vehicle, other than a motorcycle or moped, designed or used primarily for  
8 the transportation of property, including any passenger car that has been reconstructed to be used, and  
9 is being used, primarily for delivery purposes, with the exception of a passenger car used in the delivery  
10 of the United States mail, must be registered as a commercial vehicle.

11 (b) Commercial vehicle registration classifications.

12 (1) Apportioned license plates. Apportioned license plates are issued in lieu of  
13 Combination, Motor Bus, or Truck license plates to Texas carriers who proportionally register their fleets  
14 in other states, in conformity with §217.56 of this title (relating to Registration Reciprocity Agreements).

15 (2) City bus license plates. A street or suburban bus shall be registered with license plates  
16 bearing the legend "City Bus."

17 (3) Combination license plates.

18 (A) Specifications. A truck or truck-tractor with a gross weight in excess of 10,000  
19 pounds used or to be used in combination with a semitrailer having a gross weight in excess of 6,000  
20 pounds, may be registered with combination license plates. Such vehicles must be registered for a gross  
21 weight equal to the combined gross weight of all the vehicles in the combination, but not less than 18,000  
22 pounds. Only one combination license plate is required and must be displayed on the front of the truck  
23 or truck-tractor. When displaying a combination license plate, a truck or truck-tractor is not restricted to

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pulling a semitrailer licensed with a Token Trailer license plate and may legally pull semitrailers and full trailers displaying other types of Texas license plates or license plates issued out of state. The following vehicles may not be registered in combination:

(i) trucks or truck-tractors having a gross weight of less than 10,000 pounds or trucks or truck-tractors to be used exclusively in combination with semitrailers having gross weights not exceeding 6,000 pounds;

(ii) semitrailers with gross weights of 6,000 pounds or less, or semitrailers that are to be operated exclusively with trucks or truck-tractors having gross weight of less than 10,000 pounds;

(iii) trucks or truck-tractors used exclusively in combination with semitrailer-type vehicles displaying Machinery, Permit, or Farm Trailer license plates;

(iv) trucks or truck-tractors used exclusively in combination with travel trailers and manufactured housing;

(v) trucks or truck-tractors to be registered with Farm Truck or Farm Truck Tractor license plates;

(vi) trucks or truck-tractors and semitrailers to be registered with disaster relief license plates;

(vii) trucks or truck-tractors and semitrailers to be registered with Soil Conservation license plates;

(viii) trucks or truck-tractors and semitrailers to be registered with U.S. Government license plates or Exempt license plates issued by the State of Texas; and

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(ix) vehicles that are to be issued temporary permits, such as 72-Hour Permits, 144-Hour Permits, One Trip Permits, or 30-Day Permits in accordance with Transportation Code, §502.094 and §502.095.

(B) Converted semitrailers. Semitrailers that are converted to full trailers by means of auxiliary axle assemblies will retain their semitrailer status, and such semitrailers are subject to the combination and token trailer registration requirements.

(C) Axle assemblies. Various types of axle assemblies that are specially designed for use in conjunction with other vehicles or combinations of vehicles may be used to increase the load capabilities of such vehicles or combinations.

(i) Auxiliary axle assemblies such as trailer axle converters, jeep axles, and drag axles, which are used in conjunction with truck-tractor and semitrailer combinations, are not required to be registered; however, the additional weight that is acquired by the use of such axle assemblies must be included in the combined gross weight of the combination.

(ii) Ready-mixed concrete trucks that have an auxiliary axle assembly installed for the purpose of increasing a load capacity of such vehicles must be registered for a weight that includes the axle assembly.

(D) Exchange of Combination license plates. Combination license plates shall not be exchanged for another type of registration during the registration year, except that:

(i) if a major permanent reconstruction change occurs, Combination license plates may be exchanged for Truck license plates, provided that a corrected title is applied for;

(ii) if the department initially issues Combination license plates in error, the plates will be exchanged for license plates of the proper classification;

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(iii) if the department initially issues Truck or Trailer license plates in error to vehicles that should have been registered in combination, such plates will be exchanged for Combination and Token Trailer license plates; or

(iv) if a Texas apportioned carrier acquires a combination license power unit, the Combination license plates will be exchanged for Apportioned license plates.

(4) Cotton Vehicle license plates. The department will issue Cotton Vehicle license plates in accordance with Transportation Code, §504.505 and §217.45 of this title (relating to Specialty License Plates, Symbols, Tabs, and Other Devices).

(5) Forestry Vehicle license plates. The department will issue Forestry Vehicle license plates in accordance with Transportation Code, §504.507 and §217.45 of this title.

(6) In Transit license plates. The department may issue an In Transit license plate annually to any person, firm, or corporation engaged in the primary business of transporting and delivering by means of the full mount, saddle mount, tow bar, or any other combination, new vehicles and other vehicles from the manufacturer or any other point of origin to any point of destination within the State. Each new vehicle being transported, delivered, or moved under its own power in accordance with this paragraph must display an In Transit license plate in accordance with Transportation Code, §503.035.

(7) Motor Bus license plates. A motor bus as well as a taxi and other vehicles that transport passengers for compensation or hire, must display Motor Bus license plates when operated outside the limits of a city or town, or adjacent suburb, in which its company is franchised to do business.

(8) Token Trailer license plates.

(A) Qualification. The department will issue Token Trailer license plates for semitrailers that are required to be registered in combination.

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(B) Validity. A Token Trailer license plate is valid only when it is displayed on a semitrailer that is being pulled by a truck or a truck-tractor that has been properly registered with Forestry Vehicle (in accordance with Transportation Code, §504.507), Combination (in accordance with Transportation Code, §502.255), or Apportioned (in accordance with Transportation Code, §502.091) license plates for combined gross weights that include the weight of the semitrailer, unless exempted by Transportation Code, §502.094 and §623.011.

(C) House-moving dollies. House-moving dollies are to be registered with Token Trailer license plates and titled as semitrailers; however, only one such dolly in a combination is required to be registered and titled. The remaining dolly (or dollies) is permitted to operate unregistered, since by the nature of its construction, it is dependent upon another such vehicle in order to function. The pulling unit must display a Combination or Apportioned license plate.

(D) Full trailers. The department will not issue a Token Trailer license plate for a full trailer.

(9) Tow Truck license plates. A Tow Truck license plate must be obtained for all tow trucks operating and registered in this state. The department will not issue a Tow Truck license plate unless the Texas Department of Licensing and Regulation has issued a permit for the tow truck under Occupations Code, Chapter 2308, Subchapter C.

(c) Application for commercial vehicle registration.

(1) Application form. An applicant shall apply for commercial license plates through the appropriate county tax assessor-collector upon forms prescribed by the director and shall require, at a minimum, the following information:

(A) owner name and complete address;

(B) complete description of vehicle, including empty weight; and

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1 (C) motor number or serial number.

2 (2) Empty weight determination.

3 (A) The weight of a Motor Bus shall be the empty weight plus carrying capacity,  
4 in accordance with Transportation Code, §502.055.

5 (B) The weight of a vehicle cannot be lowered below the weight indicated on a  
6 Manufacturer's Certificate of Origin unless a corrected Manufacturer's Certificate of Origin is obtained.

7 (C) In all cases where the department questions the empty weight of a particular  
8 vehicle, the applicant should present a weight certificate from a public weight scale or the Department of  
9 Public Safety.

10 (3) Gross weight.

11 (A) Determination of Weight. The combined gross weight of vehicles registering  
12 for combination license plates shall be determined by the empty weight of the truck or truck-tractor  
13 combined with the empty weight of the heaviest semitrailer or semitrailers used or to be used in  
14 combination therewith, plus the heaviest net load to be carried on such combination during the motor  
15 vehicle registration year, provided that in no case may the combined gross weight be less than 18,000  
16 pounds.

17 (B) Restrictions. The following restrictions apply to combined gross weights.

18 (i) After a truck or truck-tractor is registered for a combined gross weight,  
19 such weight cannot be lowered at any subsequent date during the registration year. The owner may,  
20 however, lower the gross weight when registering the vehicle for the following registration year, provided  
21 that the registered combined gross weight is sufficient to cover the heaviest load to be transported during  
22 the year and provided that the combined gross weight is not less than 18,000 pounds.



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(ii) A combination of vehicles is restricted to a total gross weight not to exceed 80,000 pounds; however, all combinations may not qualify for 80,000 pounds unless such weight can be properly distributed in accordance with axle load limitations, tire size, and distance between axles, in accordance with Transportation Code, §623.011.

(4) Motor number or serial number. Ownership must be established by a court order if no motor or serial number can be identified. Once ownership has been established, the department will assign a number upon payment of the fee.

(5) Accompanying documentation. Unless otherwise exempted by law, completed applications for commercial license plates shall be accompanied by:

(A) prescribed registration fees;

(B) prescribed local fees or other fees that are collected in conjunction with registering a vehicle;

(C) evidence of financial responsibility as required by Transportation Code, §502.046 if the applicant is a motor carrier as defined by §218.2 of this title (relating to Definitions), proof of financial responsibility may be in the form of a registration listing or an international stamp indicating that the vehicle is registered in compliance with Chapter 218, Subchapter B of this title (relating to Motor Carrier Registration);

(D) an application for Texas Title in accordance with Subchapter A of this chapter, or other proof of ownership;

(E) proof of payment of the Federal Heavy Vehicle Use Tax, if applicable;

(F) an original or certified copy of the current permit issued in accordance with Occupations Code, Chapter 2308, Subchapter C, if application is being made for Tow Truck license plates; and

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1 (G) other documents or fees required by law.

2 (6) Proof of payment required. Proof of payment of the Federal Heavy Vehicle Use Tax is

3 required for vehicles with a gross registration weight of 55,000 pounds or more, or in cases where the

4 vehicle's gross weight is voluntarily increased to 55,000 pounds or more. Proof of payment shall consist

5 of an original or photocopy of the Schedule 1 portion of Form 2290 receipted by the Internal Revenue

6 Service (IRS), or a copy of the Form 2290 with Schedule 1 attached as filed with the IRS, along with a

7 photocopy of the front and back of the canceled check covering the payment to the IRS.

8 (7) Proof of payment not required. Proof of payment of the Federal Heavy Vehicle Use

9 Tax is not required:

10 (A) for new vehicles when an application for title and registration is supported by

11 a Manufacturer's Certificate of Origin;

12 (B) on used vehicles when an application for title and registration is filed within

13 60 days from the date of transfer to the applicant as reflected on the assigned title, except that proof of

14 payment will be required when an application for Texas title and registration is accompanied by an out-

15 of-state title that is recorded in the name of the applicant;

16 (C) when a vehicle was previously wrecked, in storage, or otherwise out of service

17 and, therefore, not registered or operated during the current registration year or during the current tax

18 year, provided that a non-use affidavit is signed by the operator; and

19 (D) as a prerequisite to registration of vehicles apprehended for operating

20 without registration or reciprocity or when an owner or operator purchases temporary operating permits

21 or additional weight.

22 (d) Renewal of commercial license plates.

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1           (1) Registration period. The department will establish the registration period for  
2 commercial vehicles, unless specified by statute. Commercial license plates are issued for established  
3 annual registration periods as follows.

4           (A) March expiration. If a fleet under §217.54 of this title (relating to Registration  
5 of Fleet Vehicles) contains a vehicle with a combination license plate, the established annual registration  
6 period for the fleet is April 1st through March 31st.

7           (B) Five-year registration with March 31st expiration. The following license plates  
8 are available with a five-year registration period. Registration fees for the license plates listed below may  
9 be paid on an annual basis, or may be paid up front for the entire five-year period:

10           (i) Five-year Rental Trailer license plates issued for rental trailers that are  
11 part of a rental fleet; and

12           (ii) Five-year Token Trailer license plates, available to owners of  
13 semitrailers to be used in combination with truck-tractors displaying Apportioned or Combination license  
14 plates.

15           (2) License Plate Renewal Notice. The department will mail a License Plate Renewal  
16 Notice, indicating the proper registration fee and the month and year the registration expires, to each  
17 vehicle owner approximately six to eight weeks prior to the expiration of the vehicle's registration.

18           (3) Return of License Plate Renewal Notices. License Plate Renewal Notices should be  
19 returned by the vehicle owner to the department or the appropriate county tax assessor-collector, as  
20 indicated on the License Plate Renewal Notice. Unless otherwise exempted by law, License Plate Renewal  
21 Notices may be returned either in person or by mail, and shall be accompanied by:

22           (A) statutorily prescribed registration renewal fees;

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1 (B) prescribed local fees or other fees that are collected in conjunction with  
2 registration renewal;

3 (C) evidence of financial responsibility as required by Transportation Code,  
4 §502.046; and

5 (D) other prescribed documents or fees.

6 (4) Lost or destroyed License Plate Renewal Notice. If a License Plate Renewal Notice is  
7 lost, destroyed, or not received by the vehicle owner, the vehicle may be registered if the owner presents  
8 personal identification acceptable to the county tax assessor-collector. Failure to receive the notice does  
9 not relieve the owner of the responsibility to renew the vehicle's registration.

10 (e) Transfer of commercial vehicle license plates.

11 (1) Transfer between persons. With the exceptions noted in paragraph (3) of this  
12 subsection, when ownership of a vehicle displaying commercial vehicle license plates is transferred,  
13 application for transfer of such license plates shall be made with the county tax assessor-collector in the  
14 county in which the purchaser resides. If the purchaser does not intend to use the vehicle in a manner  
15 that would qualify it for the license plates issued to that vehicle, such plates must be exchanged for the  
16 appropriate license plates.

17 (2) Transfer between vehicles. Commercial vehicle license plates are non-transferable  
18 between vehicles.

19 (3) Transfer of Apportioned and Tow Truck license plates. Apportioned and Tow Truck  
20 license plates are non-transferable between persons or vehicles, and become void if the vehicle to which  
21 the license plates were issued is sold.

22 (f) Replacement of lost, stolen, or mutilated commercial vehicle license plates. An owner of lost,  
23 stolen, or mutilated commercial vehicle license plates may obtain replacement license plates by filing an

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- 1 Application for Replacement Plates and remitting the prescribed fee to the county tax assessor-collector
- 2 of the county in which the owner resides.

- 3 **12. CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be
- 4 within the state agency's legal authority to adopt.

5 Issued at Austin, Texas, on Month Day, YYYY.

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**Tracey Beaver, General Counsel**



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**To:** Texas Department of Motor Vehicles Board  
**From:** Jeremiah Kuntz, Vehicle Titles & Registration Division Director  
**Agenda Item:** 11  
**Subject:** Chapter 217, Vehicle Titles and Registration  
New, §217.15  
(Relating to HB 2315, evidence of ownership of temporary housing provided by a government agency in response to a natural disaster or other declared emergency; and automatic issuance of title to travel trailer owned by government agency in certain circumstances)

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#### **RECOMMENDATION**

Approval to publish the rule in the *Texas Register* for public comment.

#### **PURPOSE AND EXECUTIVE SUMMARY**

The purpose of the proposed new section is to implement House Bill (HB) 2315, 86th Legislature, Regular Session (2019), which added Transportation Code, §501.0341, Issuance of Title to Government Agency for Travel Trailer.

#### **FINANCIAL IMPACT**

None

#### **BACKGROUND AND DISCUSSION**

The proposed new section establishes the process for a government agency, including a Texas state agency, political subdivision of the state, and a United States government agency, to apply for and receive a title for a travel trailer used by the government agency to provide temporary housing in response to a natural disaster or other declared emergency, which includes:

- §217.15(a) – clarifies that a government agency must apply directly to the department for title for a travel trailer under this section;
- §217.15(b) – requires a government agency to comply with the standard title application requirements in §217.4, Initial Application for Title, except for the requirement to apply for title with a county tax-assessor collector; and
- §217.15(c) – provides that the department will issue title without payment of a fee unless the government agency is also applying for registration, in which case the government agency must pay any applicable state inspection fee.

**SUBCHAPTER A. MOTOR VEHICLE TITLES****43 TAC §217.15**

**1. INTRODUCTION.** The Texas Department of Motor Vehicles (department) proposes new 43 TAC §217.15, Title Issuance to Government Agency for Travel Trailer, to establish a process for the department to issue a title to a government agency for a travel trailer used by the government agency to provide temporary housing in response to a natural disaster or other declared emergency. The new section is necessary to implement House Bill 2315, 86th Legislature, Regular Session (2019), which added Transportation Code, §501.0341, Issuance of Title to Government Agency for Travel Trailer. House Bill 2315 was filed as a result of a recommendation from the report titled “*Eye of the Storm*,” created by the Governor’s Commission to Rebuild Texas in the aftermath of Hurricane Harvey. Implementation of House Bill 2315 will ensure an expedited process for issuing titles to government agencies that provide temporary housing in response to a natural disaster or other declared emergency, protecting the governmental agency from fraud by ensuring an accurate record of ownership. House Bill 2315 also provided exemptions to certain requirements for a manufactured home purchased by a federal government agency and used to provide temporary housing in response to a natural disaster or other declared emergency. Proposed new §217.15 does not address these exemptions since manufactured housing is not subject to the Certificate of Title Act, thus does not fall under the purview of the department.

**2. EXPLANATION OF PROPOSED NEW SECTION.**

Proposed new §217.15 establishes the process for a government agency to apply for and receive a title for a travel trailer used by the government agency to provide temporary housing in response to a natural disaster or other declared emergency. The proposed rule will apply to a Texas state agency, a political subdivision of the state, and a United States government agency. Proposed new §217.15(a)

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1 clarifies that a government agency may apply directly to the department for a title for a travel trailer used  
2 by the government agency to provide temporary housing in response to a natural disaster or other  
3 declared emergency. Proposed new §217.15(a) is necessary to clarify that a travel trailer owned or  
4 operated by the United States, or transferred to a state agency from the United States, or used by a  
5 governmental agency, to provide temporary housing in response to a natural disaster or other declared  
6 emergency may have a title issued under proposed new §217.15. Proposed new §217.15(b) requires a  
7 government agency to comply with the title application requirements in §217.4, Initial Application for  
8 Title, except for the requirement to apply for title with the county tax assessor-collector. The  
9 governmental agency must still comply with the time for application, information included on the  
10 application, and accompanying documentation requirements under existing §217.4(a), (c), and (d).  
11 Proposed new §217.15(c) provides that the department will issue title without payment of a fee unless  
12 the government agency is also applying for registration, in which case the government agency must pay  
13 any applicable state inspection fee. Texas state agencies and political subdivisions of the state are already  
14 exempt from payment of a title application fee under Transportation Code, §501.138. The title application  
15 fee will be waived for United States government agencies under the requirement in Transportation Code,  
16 §501.0341, that the department automatically issue title. In addition, vehicles owned by the United  
17 States, Texas state agencies, and political subdivisions of the state are already exempt from payment of  
18 registration fees under Transportation Code, §§502.451, 502.452, and 502.453; however, they are not  
19 exempt from payment of the applicable state inspection fee. The registration fee will be waived for United  
20 States government agencies since registration will be issued in accordance with Transportation Code,  
21 §§502.451, 502.452, and 502.453. Travel trailers are considered trailers for purposes of the inspection  
22 fee and are subject to inspection under Transportation Code, §548.051. Of the \$12.50 inspection fee  
23 required by Transportation Code, §548.501, \$7.50 of that fee is remitted to the state.



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**3. FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Linda M. Flores, Chief Financial Officer, has determined that for each year of the first five years the new section will be in effect, there will be no significant fiscal impact to state or local governments as a result of the enforcement or administration of the section, other than any imposed by statute. The proposed new section does not add to or decrease state revenues or expenditures. The state or a political subdivision of the state are already exempt from payment of a title application fee under Transportation Code, §501.138. Transportation Code, Chapter 501 does not apply to a motor vehicle owned or operated by the United States except as provided by Transportation Code, §501.0341, as added by House Bill 2315. The proposed rule does not require payment of a fee by a United States government agency, but a United States government agency would not have applied for a title prior to the effective date of Transportation Code, §501.0341.

Jeremiah Kuntz, Director of Vehicle Titles and Registration Division, has determined that there will be no measurable effect on local employment or the local economy as a result of the proposal.

**4. PUBLIC BENEFIT AND COST NOTE.** Mr. Kuntz has also determined that, for each year of the first five years the new section is in effect, the public benefits anticipated as a result of the proposal include an efficient process for government agencies to title travel trailers to provide temporary housing during a natural disaster, such as a hurricane.

Mr. Kuntz anticipates that there will be no significant costs to comply with the proposed new section.

**5. ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** Mr. Kuntz has also determined there will be no impact on small businesses, micro-business, or rural communities as a result of implementing this rule. Therefore, the department is not required to prepare a regulatory flexibility analysis as specified in Government Code, §2006.002.

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1 **6. TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property  
2 interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to  
3 property that would otherwise exist in the absence of government action and, therefore, does not  
4 constitute a taking or require a takings impact assessment under the Government Code, §2007.043.

5 **7. GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that during the first  
6 five years the proposed new section is in effect, no government program would be created or eliminated.  
7 Implementation of the proposed new section would not require the creation of new employee positions  
8 or elimination of existing employee positions. Implementation would not require an increase or decrease  
9 in future legislative appropriations to the department or an increase or decrease of fees paid to the  
10 department. The proposed new section will not create a new regulation, or expand, limit, or repeal an  
11 existing regulation. Additionally, the proposed new section does not affect the number of individuals  
12 subject to the rule's applicability and will not affect this state's economy.

13 **8. REQUEST FOR PUBLIC COMMENT.**

14 If you want to comment on the proposal, submit your written comments by 5:00 p.m. CST on MM, DD,  
15 YYYY. A request for a public hearing must be sent separately from your written comments. Send written  
16 comments or hearing requests by email to [rules@txdmv.gov](mailto:rules@txdmv.gov) or by mail to Office of General Counsel, Texas  
17 Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the  
18 department will consider written comments and public testimony presented at the hearing.

19 **9. STATUTORY AUTHORITY.** The new section is proposed under Transportation Code, §1002.001, which  
20 provides the board of the Texas Department of Motor Vehicles with the authority to adopt rules that are  
21 necessary and appropriate to implement the powers and the duties of the department; and more  
22 specifically, Transportation Code, §501.0041, which authorizes the department to adopt rules to  
23 administer Chapter 501; and Transportation Code, §501.0341, which requires the department to

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1 establish, by rule, a process to automatically issue a title to a government agency for a travel trailer used  
2 by the government agency to provide temporary housing in response to a natural disaster or other  
3 declared emergency.

4 **10. CROSS REFERENCE TO STATUTE.** Transportation Code, §§501.004, 501.021, 501.022, 501.023, and  
5 501.0341.

6 **11. TEXT.**

7 **Subchapter A. Motor Vehicle Titles**

8 **43 TAC §217.15**

9 §217.15. Title Issuance to Government Agency for Travel Trailer.

10 (a) A government agency may apply to the department for a title to a travel trailer purchased by  
11 or transferred to the government agency if the travel trailer is being used as temporary housing in  
12 response to a natural disaster or other declared emergency.

13 (b) A government agency applying for a title under subsection (a) of this section must comply with  
14 §217.4(a), (c), and (d) of this title (relating to Initial Application for Title).

15 (c) The department will issue a title to a government agency under this section without payment  
16 of a fee if the government agency is not applying for registration at the same time. If the government  
17 agency is also applying for registration, the government agency must pay any applicable state inspection  
18 fee to the department at the time of application.

19 **12. CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be  
20 within the state agency's legal authority to adopt.

21 Issued at Austin, Texas, on Month Day, YYYY.

22  
23 \_\_\_\_\_  
**Tracey Beaver, General Counsel**



**To:** Texas Department of Motor Vehicles Board  
**From:** Jeremiah Kuntz, Vehicle Titles & Registration Division Director  
**Agenda Item:** 12  
**Subject:** Chapter 217, Vehicle Titles and Registration  
Amendments, §217.40  
New, §217.16  
(Relating to HB 3842, new Transportation Code, §501.0236, Issuance of Title and Permits When Dealer Goes Out of Business; waiving certain fees)

### **RECOMMENDATION**

Approval to publish the rules in the *Texas Register* for public comment.

### **PURPOSE AND EXECUTIVE SUMMARY**

The purpose of the proposed new and amended sections is to implement House Bill 3842, 86th Legislature, Regular Session (2019). House Bill 3842 requires the department to adopt rules to permit a person to apply for title if an out of business dealer failed to apply for title as required by Transportation Code, §501.0234. House Bill 3842 also authorizes the department to waive fees for a title if the purchaser can show that fees for a title were paid to the dealer and for one 30-day permit.

### **FINANCIAL IMPACT**

None

### **BACKGROUND AND DISCUSSION**

The proposed new section and amendment include:

- §217.16(a) - establishes the process for a person to apply for a title if the person purchased a vehicle from a dealer who is required to apply for title, but did not because the dealer went out of business.
- §217.16(b) - provides that a dealer is considered out of business if the dealer's license has been closed or has expired, or if operations have ceased at the licensed location as determined by the department.
- §217.16(c) - allows a person to obtain a letter on department letterhead stating the dealer has gone out of business.
- §217.16(d) - requires an applicant to comply with all requirements for title application under §217.4, Initial Application for Title, except that an applicant may provide either the sales contract, retail installment agreement, or buyer's order in lieu of the assigned manufacturer's certificate of origin or title required under §217.5(a), Evidence of Motor Vehicle Ownership; and provide the letter stating the dealer has gone out of business. The new section also clarifies that release of lien is not required if the only recorded lienholder is the dealer that has gone out of business.
- §217.16(e) - provides that a title application must include a properly completed odometer disclosure statement, if applicable, or the odometer brand will be recorded as "NOT ACTUAL MILEAGE."
- §217.16(f) - provides that the department will waive the title application fee, the delinquent transfer penalty, all fees under Transportation Code, Chapter 502, and the buyer's temporary tag fee if the applicant can provide evidence the fee was paid to the dealer.
- §217.40(c) - allows for waiver of the fee for one 30-day permit if the applicant is exempt from payment of fees under Transportation Code, §501.0236, and provides the letter on department letterhead stating the dealer has gone out of business.

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**SUBCHAPTER A. MOTOR VEHICLE TITLES****43 TAC §217.16****SUBCHAPTER B. MOTOR VEHICLE REGISTRATION****43 TAC §217.40**

**1. INTRODUCTION.** The Texas Department of Motor Vehicles (department) proposes new 43 TAC §217.16, Application for Title When Dealer Goes Out of Business, and amendment to 43 TAC §217.40, Special Registrations. The new and amended sections are necessary to implement House Bill 3842, 86th Legislature, Regular Session (2019). House Bill 3842 requires the department to adopt rules to permit a person to apply for title if an out of business dealer failed to apply for title as required by Transportation Code, §501.0234. House Bill 3842 also authorizes the department to waive fees for a title, if the purchaser can show that fees for a title were paid to the dealer, and the fee for one 30-day permit.

**2. EXPLANATION OF PROPOSED NEW SECTION AND AMENDMENT.**

Proposed new §217.16(a) establishes the process for a person to apply for a title if the person purchased a vehicle from a dealer who is required to apply for title, but did not because the dealer went out of business. Proposed §217.16(b) provides that a dealer is considered out of business if the dealer's license has been closed or has expired, or if operations have ceased at the licensed location as determined by the department. Proposed §217.16(c) is necessary to allow a person to obtain a letter on department letterhead stating the dealer has gone out of business. The purpose of the letter is to confirm the dealer is out of business, regardless of whether the dealer's license has closed or expired or operations have ceased at the licensed location as determined by the department, and authorize a county tax assessor-collector to waive fees in accordance with proposed §217.16(f). A purchaser may request the letter by contacting the department, including a Regional Service Center, or a county tax assessor-collector's office by email, phone, or in-person. The department also has an online complaint entry system for the public

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1 that provides status updates on the submitted complaint that may be used to request the letter. The  
2 department may be contacted directly weekdays between 8:00 a.m. and 4:30 p.m. at 1-888-368-4689 for  
3 questions regarding a complaint submission, or a customer may go into the online system to find out the  
4 status of the submission. Additionally, once the department is made aware of a dealer closure through an  
5 initial customer's request for a letter, individuals requesting a letter could receive a letter very quickly as  
6 subsequent requests would not require additional research on the dealer. The department's Regional  
7 Service Center staff will coordinate issuance of the letter to the customer. Proposed §217.16(d) requires  
8 an applicant to comply with all requirements for title application under §217.4, Initial Application for Title,  
9 except that an applicant may provide either the sales contract, retail installment agreement, or buyer's  
10 order in lieu of the assigned manufacturer's certificate of origin or title required under §217.5(a), Evidence  
11 of Motor Vehicle Ownership. The applicant must also provide the letter stating the dealer has gone out  
12 of business, but is not required to provide a release of lien if the only recorded lienholder is the dealer  
13 that has gone out of business. The applicant will have their transaction completed at the county tax  
14 assessor-collector's office at the time they submit their application if the proper documentation is  
15 presented. Proposed §217.16(e) provides that a title application under the new section must include a  
16 properly completed odometer disclosure statement, if applicable, or the odometer brand will be recorded  
17 as "NOT ACTUAL MILEAGE." Lastly, proposed §217.16(f) provides that the department will waive the title  
18 application fee, the delinquent transfer penalty, all fees under Transportation Code, Chapter 502, and the  
19 buyer's temporary tag fee.

20 The proposed amendment to §217.40 allows for waiver of the fee for one 30-day permit if the  
21 applicant is exempt from payment of fees under Transportation Code, §501.0236, and provides the letter  
22 on department letterhead stating the dealer has gone out of business.

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**3. FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Linda M. Flores, Chief Financial Officer, has determined that for each year of the first five years the new section and amendment will be in effect, there will be no significant fiscal impact to state or local governments as a result of the enforcement or administration of the sections, other than any imposed by statute. The department cannot reasonably quantify the number of dealerships that may go out of business without applying for a title on behalf of a customer. Removing the requirement to pay the fee will save consumers time and money. Any change in revenue or expenditures is the result of the amended statute and not the rules. In addition, while fees may be waived under the proposed rules, Transportation Code, §501.0236(e) authorizes the department to recover against a dealer's surety bond for any title or permit fee waived.

Jeremiah Kuntz, Director of Vehicle Titles and Registration Division, has determined that there will be no measurable effect on local employment or the local economy as a result of the proposal.

**4. PUBLIC BENEFIT AND COST NOTE.** Mr. Kuntz has also determined that, for each year of the first five years the new section and amended section are in effect, the public benefits anticipated as a result of the proposal include a remedy for a purchaser of a vehicle to obtain a title and one 30-day permit when the dealer from which the person purchased the vehicle goes out of business and fails to apply for title on the purchaser's behalf. Prior to House Bill 3842, a purchaser in this circumstance had no clear path to obtain title, despite having purchased the vehicle and paid the required title and registration fees, and had to pay for an additional 30-day permit when the buyer's temporary tag expired. Another public benefit anticipated as a result of the proposal is that a purchaser will not have to pay title and registration fees twice in this scenario.

Mr. Kuntz anticipates that there will be no significant costs to comply with the proposed new section and amendment.

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1 **5. ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** Mr. Kuntz has also  
2 determined there will be no impact on small businesses, micro-business, or rural communities as a result  
3 of implementing these rules. Therefore, the department is not required to prepare a regulatory flexibility  
4 analysis as specified in Government Code, §2006.002.

5 **6. TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property  
6 interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to  
7 property that would otherwise exist in the absence of government action and, therefore, does not  
8 constitute a taking or require a takings impact assessment under the Government Code, §2007.043.

9 **7. GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that during the first  
10 five years the proposed new section and amendment are in effect, no government program would be  
11 created or eliminated. Implementation of the proposed new section and amendment would not require  
12 the creation of new employee positions or elimination of existing employee positions. Implementation  
13 would not require an increase or decrease in future legislative appropriations to the department.  
14 Implementation may cause a decrease of fees paid to the department; however, Transportation Code,  
15 §501.0236(e) authorizes the department to recover against a dealer's surety bond for any title or permit  
16 fee waived. The proposed new section and amendment create a new regulation that requires the  
17 purchaser to request a letter stating the dealer is out of business. However, the department currently  
18 provides a letter to a purchaser, upon request, stating the dealer is out of business. The requirement that  
19 a purchaser request the letter and provide the letter to the county tax assessor-collector is a new  
20 requirement; however, the department was already providing the information upon request. Additionally,  
21 the proposed new section and amendment do not affect the number of individuals subject to the rules'  
22 applicability and will not affect this state's economy.

23



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**8. REQUEST FOR PUBLIC COMMENT.**

If you want to comment on the proposal, submit your written comments by 5:00 p.m. CST on MM, DD, YYYY. A request for a public hearing must be sent separately from your written comments. Send written comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the department will consider written comments and public testimony presented at the hearing.

**9. STATUTORY AUTHORITY.** The new section and amendment are proposed under Transportation Code, §1002.001, which provides the board of the Texas Department of Motor Vehicles with the authority to adopt rules that are necessary and appropriate to implement the powers and the duties of the department; and more specifically, Transportation Code, §520.003, which allows the department to adopt rules to administer Transportation Code, Chapter 520, including rules that waive the payment of fees if a dealer has gone out of business and the applicant can show that fees were paid to the dealer; Transportation Code, §502.401(g), which authorizes the department to adopt rules necessary to administer registration for a vehicle being registered in a county imposing a fee under the section; Transportation Code, §502.402(f), which authorizes the department to adopt rules necessary to administer registration for a vehicle being registered in a county imposing a fee under the section; and Transportation Code, §501.0236(f), which requires the department to adopt rules necessary to implement the section.

**10. CROSS REFERENCE TO STATUTE.** Transportation Code, Chapters 501, 502, 503, and §520.003.

**11. TEXT.**

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**Subchapter A. Motor Vehicle Titles****43 TAC §217.16**§217.16. Application for Title When Dealer Goes Out of Business.

(a) A person who purchased a vehicle from a dealer who is required to apply for a title on the purchaser's behalf under Transportation Code, §501.0234 may apply for title as prescribed by this section if the dealer has gone out of business and did not apply for title.

(b) For purposes of this section, a dealer has gone out of business if:

(1) the dealer's license has been closed or has expired; or

(2) operations have ceased at the licensed location as determined by the department.

(c) For purposes of this section, a person must obtain a letter on department letterhead stating a dealer has gone out of business. A person may request the letter by contacting the department, including a Regional Service Center, or a county tax assessor-collector's office.

(d) An application under subsection (a) of this section must meet the requirements of §217.4 of this title (relating to Initial Application for Title) except the applicant:

(1) must provide the sales contract, retail installment agreement, or buyer's order in lieu of evidence of vehicle ownership as described in §217.5(a) of this title (relating to Evidence of Motor Vehicle Ownership);

(2) must provide the letter described by subsection (c) of this section; and

(3) is not required to provide a release of lien if the only recorded lienholder is the dealer that has gone out of business.

(e) If a title application under this section does not include a properly completed odometer disclosure statement, as required by Transportation Code, §501.072, the odometer brand will be recorded as "NOT ACTUAL MILEAGE."

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(f) The department will waive the payment of the following fees if the applicant can provide evidence showing the fee was paid to the dealer:

(1) a title application fee under Transportation Code, §501.138;

(2) delinquent transfer penalty under Transportation Code, §501.146;

(3) all fees under Transportation Code, Chapter 502; and

(4) the buyer's temporary tag fee under Transportation Code, §503.063.

**Subchapter B. Motor Vehicle Registration****43 TAC §217.40**

§217.40. Special Registrations.

(a) Purpose and scope. Transportation Code, Chapter 502, Subchapters C and I, charge the department with the responsibility of issuing special registration permits which shall be recognized as legal registration for the movement of motor vehicles not authorized to travel on Texas public highways for lack of registration or for lack of reciprocity with the state or country in which the vehicles are registered. For the department to efficiently and effectively perform these duties, this section prescribes the policies and procedures for the application and the issuance of temporary registration permits.

(b) Permit categories. The department will issue the following categories of special registration permits.

(1) Additional weight permits. The owner of a truck, truck tractor, trailer, or semitrailer may purchase temporary additional weight permits for the purpose of transporting the owner's own seasonal agricultural products to market or other points for sale or processing in accordance with Transportation Code, §502.434. In addition, such vehicles may be used for the transportation without charge of seasonal laborers from their place of residence, and materials, tools, equipment, and supplies from the place of purchase or storage, to a farm or ranch exclusively for use on such farm or ranch.

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(A) Additional weight permits are valid for a limited period of less than one year.

(B) An additional weight permit will not be issued for a period of less than one

month or extended beyond the expiration of a license plate issued under Transportation Code, Chapter

502.

(C) The statutory fee for an additional weight permit is based on a percentage of

the difference between the owner's annual registration fee and the annual fee for the desired gross

vehicle weight computed as follows:

(i) one-month (or 30 consecutive days)--10%;

(ii) one-quarter (three consecutive months)--30%;

(iii) two-quarters (six consecutive months)--60%; or

(iv) three-quarters (nine consecutive months)--90%.

(D) Additional weight permits are issued for calendar quarters with the first

quarter to begin on April 1st of each year.

(E) A permit will not be issued unless the registration fee for hauling the additional

weight has been paid prior to the actual hauling.

(F) An applicant must provide proof of the applicant's Texas Agriculture or Timber

Exemption Registration Number issued by the Texas Comptroller of Public Accounts. Proof of the

registration number must be:

(i) legible;

(ii) current;

(iii) in the name of the person or dba in which the vehicle is or will be

registered; and

(iv) verifiable through the online system established by the Comptroller.

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1                   (2) Annual permits.

2                           (A) Transportation Code, §502.093 authorizes the department to issue annual  
3 permits to provide for the movement of foreign commercial vehicles that are not authorized to travel on  
4 Texas highways for lack of registration or for lack of reciprocity with the state or country in which the  
5 vehicles are registered. The department will issue annual permits:

6                                   (i) for a 12-month period designated by the department which begins on  
7 the first day of a calendar month and expires on the last day of the last calendar month in that annual  
8 registration period; and

9                                   (ii) to each vehicle or combination of vehicles for the registration fee  
10 prescribed by weight classification in Transportation Code, §502.253 and §502.255.

11                           (B) The department will not issue annual permits for the importation of citrus fruit  
12 into Texas from a foreign country except for foreign export or processing for foreign export.

13                           (C) The following exemptions apply to vehicles displaying annual permits.

14                                   (i) Currently registered foreign semitrailers having a gross weight in  
15 excess of 6,000 pounds used or to be used in combination with commercial motor vehicles or truck  
16 tractors having a gross vehicle weight in excess of 10,000 pounds are exempted from the requirements to  
17 pay the token fee and display the associated distinguishing license plate provided for in Transportation  
18 Code, §502.255. An annual permit is required for the power unit only. For vehicles registered in  
19 combination, the combined gross weight may not be less than 18,000 pounds.

20                                   (ii) Vehicles registered with annual permits are not subject to the optional  
21 county registration fee under Transportation Code, §502.401; the optional county fee for transportation  
22 projects under Transportation Code, §502.402; or the optional registration fee for child safety under  
23 Transportation Code, §502.403.

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1 (3) 72-hour permits and 144-hour permits.

2 (A) In accordance with Transportation Code, §502.094, the department will issue

3 a permit valid for 72 hours or 144 hours for the movement of commercial motor vehicles, trailers,  
4 semitrailers, and motor buses owned by residents of the United States, Mexico, or Canada.

5 (B) A 72-hour permit or a 144-hour permit is valid for the period of time stated

6 on the permit beginning with the effective day and time as shown on the permit registration receipt.

7 (C) Vehicles displaying 72-hour permits or 144-hour permits are subject to vehicle

8 safety inspection in accordance with Transportation Code, §548.051, except for:

9 (i) vehicles currently registered in another state of the United States,  
10 Mexico, or Canada; and

11 (ii) mobile drilling and servicing equipment used in the production of gas,  
12 crude petroleum, or oil, including, but not limited to, mobile cranes and hoisting equipment, mobile lift  
13 equipment, forklifts, and tugs.

14 (D) The department will not issue a 72-hour permit or a 144-hour permit to a

15 commercial motor vehicle, trailer, semitrailer, or motor bus apprehended for violation of Texas  
16 registration laws. Apprehended vehicles must be registered under Transportation Code, Chapter 502.

17 (4) Temporary agricultural permits.

18 (A) Transportation Code, §502.092 authorizes the department to issue a 30-day

19 temporary nonresident registration permit to a nonresident for any truck, truck tractor, trailer, or  
20 semitrailer to be used in the movement of all agriculture products produced in Texas:

21 (i) from the place of production to market, storage, or railhead not more  
22 than 75 miles from the place of production; or

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1 (ii) to be used in the movement of machinery used to harvest Texas-  
2 produced agricultural products.

3 (B) The department will issue a 30-day temporary nonresident registration permit  
4 to a nonresident for any truck, truck tractor, trailer, or semitrailer used to move or harvest farm products,  
5 produced outside of Texas, but:

6 (i) marketed or processed in Texas; or

7 (ii) moved to points in Texas for shipment from the point of entry into  
8 Texas to market, storage, processing plant, railhead or seaport not more than 80 miles from such point of  
9 entry into Texas.

10 (C) The statutory fee for temporary agricultural permits is one-twelfth of the  
11 annual Texas registration fee prescribed for the vehicle for which the permit is issued.

12 (D) The department will issue a temporary agricultural permit only when the  
13 vehicle is legally registered in the nonresident's home state or country for the current registration year.

14 (E) The number of temporary agricultural permits is limited to three permits per  
15 nonresident owner during any one vehicle registration year.

16 (F) Temporary agricultural permits may not be issued to farm licensed trailers or  
17 semitrailers.

18 (5) One-trip permits. Transportation Code, §502.095 authorizes the department to  
19 temporarily register any unladen vehicle upon application to provide for the movement of the vehicle for  
20 one trip, when the vehicle is subject to Texas registration and not authorized to travel on the public  
21 roadways for lack of registration or lack of registration reciprocity.

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1 (A) Upon receipt of the \$5 fee, registration will be valid for one trip only between  
2 the points of origin and destination and intermediate points as may be set forth in the application and  
3 registration receipt.

4 (B) The department will issue a one-trip permit to a bus which is not covered by  
5 a reciprocity agreement with the state or country in which it is registered to allow for the transit of the  
6 vehicle only. The vehicle should not be used for the transportation of any passenger or property, for  
7 compensation or otherwise, unless such bus is operating under charter from another state or country.

8 (C) A one-trip permit is valid for a period up to 15 days from the effective date of  
9 registration.

10 (D) A one-trip permit may not be issued for a trip which both originates and  
11 terminates outside Texas.

12 (E) A laden motor vehicle or a laden commercial vehicle cannot display a one-trip  
13 permit. If the vehicle is unregistered, it must operate with a 72-hour or 144-hour permit.

14 (6) 30-day temporary registration permits. Transportation Code, §502.095 authorizes the  
15 department to issue a temporary registration permit valid for 30 days for a \$25 fee. A vehicle operated  
16 on a 30-day temporary permit is not restricted to a specific route. The permit is available for:

17 (A) passenger vehicles;

18 (B) motorcycles;

19 (C) private buses;

20 (D) trailers and semitrailers with a gross weight not exceeding 10,000 pounds;

21 (E) light commercial vehicles not exceeding a gross weight of 10,000 pounds; and

22 (F) a commercial vehicle exceeding 10,000 pounds, provided the vehicle is  
23 operated unladen.



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1 (c) Application process.

2 (1) Procedure. An owner who wishes to apply for a temporary registration permit for a  
3 vehicle which is otherwise required to be registered in accordance with this subchapter, must do so on a  
4 form prescribed by the department.

5 (2) Form requirements. The application form will at a minimum require:

6 (A) the signature of the owner;

7 (B) the name and complete address of the applicant; and

8 (C) the vehicle description.

9 (3) Fees and documentation. The application must be accompanied by:

10 (A) statutorily prescribed fees, unless the applicant is exempt from fees under  
11 Transportation Code, §501.0236 and provides the letter specified in §217.16(c) of this title (relating to  
12 Application for Title When Dealer Goes Out of Business);

13 (B) evidence of financial responsibility:

14 (i) as required by Transportation Code, Chapter 502, Subchapter B,  
15 provided that all policies written for the operation of motor vehicles must be issued by an insurance  
16 company or surety company authorized to write motor vehicle liability insurance in Texas; or

17 (ii) if the applicant is a motor carrier as defined by §218.2 of this title  
18 (relating to Definitions), indicating that the vehicle is registered in compliance with Chapter 218,  
19 Subchapter B of this title (relating to Motor Carrier Registration); and

20 (C) any other documents or fees required by law.

21 (4) Place of application.

22 (A) All applications for annual permits must be submitted directly to the  
23 department for processing and issuance.

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1 (B) Additional weight permits and temporary agricultural permits may be  
2 obtained by making application with the department through the county tax assessor-collectors' offices.

3 (C) 72-hour and 144-hour permits, one-trip permits, and 30-day temporary  
4 registration permits may be obtained by making application either with the department or the county tax  
5 assessor-collectors' offices.

6 (d) Receipt for permit in lieu of registration. A receipt will be issued for each permit in lieu of  
7 registration to be carried in the vehicle during the time the permit is valid. A one-trip or 30-day trip permit  
8 must be displayed as required by Transportation Code, §502.095(f). If the receipt is lost or destroyed, the  
9 owner must obtain a duplicate from the department or from the county office. The fee for the duplicate  
10 receipt is the same as the fee required by Transportation Code, §502.058.

11 (e) Transfer of temporary permits.

12 (1) Temporary permits are non-transferable between vehicles and/or owners.

13 (2) If the owner of a vehicle displaying a temporary permit disposes of the vehicle during  
14 the time the permit is valid, the permit must be returned to the county tax assessor-collector office or  
15 department immediately.

16 (f) Replacement permits. Vehicle owners displaying annual permits may obtain replacement  
17 permits if an annual permit is lost, stolen, or mutilated.

18 (1) The fee for a replacement annual permit is the same as for a replacement number  
19 plate, symbol, tab, or other device as provided by Transportation Code, §502.060.

20 (2) The owner shall apply directly to the department in writing for the issuance of a  
21 replacement annual permit. Such request should include a copy of the registration receipt and  
22 replacement fee.

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(g) Agreements with other jurisdictions. In accordance with Transportation Code, §502.091, and Chapter 648, the executive director of the department may enter into a written agreement with an authorized officer of a state, province, territory, or possession of a foreign country to provide for the exemption from payment of registration fees by nonresidents, if residents of this state are granted reciprocal exemptions. The executive director may enter into such agreement only upon:

- (1) the approval of the governor; and
- (2) making a determination that the economic benefits to the state outweigh all other factors considered.

(h) Border commercial zones.

(1) Texas registration required. A vehicle located in a border commercial zone must display a valid Texas registration if the vehicle is owned by a person who:

- (A) owns a leasing facility or a leasing terminal located in Texas; and
- (B) leases the vehicle to a foreign motor carrier.

(2) Exemption for trips of short duration. Except as provided by paragraph (1) of this subsection, a foreign commercial vehicle operating in accordance with Transportation Code, Chapter 648 is exempt from the display of a temporary registration permit if:

(A) the vehicle is engaged solely in the transportation of cargo across the border into or from a border commercial zone;

(B) for each load of cargo transported the vehicle remains in this state for:

- (i) not more than 24 hours; or
- (ii) not more than 48 hours, if:

(I) the vehicle is unable to leave this state within 24 hours because of circumstances beyond the control of the motor carrier operating the vehicle; and

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1 (II) all financial responsibility requirements applying to this  
2 vehicle are satisfied;

3 (C) the vehicle is registered and licensed as required by the country in which the  
4 person that owns the vehicle is domiciled or is a citizen as evidenced by a valid metal license plate attached  
5 to the front or rear exterior of the vehicle; and

6 (D) the country in which the person who owns the vehicle is domiciled or is a  
7 citizen provides a reciprocal exemption for commercial motor vehicles owned by residents of Texas.

8 (3) Exemption due to reciprocity agreement. Except as provided by paragraph (1) of this  
9 subsection, a foreign commercial motor vehicle in a border commercial zone in this state is exempt from  
10 the requirement of obtaining a Texas registration if the vehicle is currently registered in another state of  
11 the United States or a province of Canada with which this state has a reciprocity agreement that exempts  
12 a vehicle that is owned by a resident of this state and that is currently registered in this state from  
13 registration in the other state or province.

14 **12. CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be  
15 within the state agency's legal authority to adopt.

16 Issued at Austin, Texas, on Month Day, YYYY.

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Tracey Beaver, General Counsel



To: Texas Department of Motor Vehicles Board  
From: Jeremiah Kuntz, Vehicle Titles & Registration Division Director  
Agenda Item: 13  
Subject: Chapter 217, Vehicle Titles and Registration  
Amendments, §217.27  
(Relating to HB 1262, the extended registration of certain vehicles not subject to inspection)

### **RECOMMENDATION**

Approval to publish the rule in the *Texas Register* for public comment.

### **PURPOSE AND EXECUTIVE SUMMARY**

The purpose of the proposed amendment is to implement House Bill (HB) 1262, 86th Legislature, Regular Session (2019), which added Transportation Code, §502.0024, Extended Registration of Certain Vehicles Not Subject to Inspection. House Bill 1262 requires the department to develop and implement a system of registration to allow an owner of a trailer, semitrailer, or pole trailer not subject to inspection to register the vehicle for up to five years on payment of all applicable fees.

In conjunction with this rule, the department is also reconfiguring its internal systems to conform to the new requirement under HB 1262. Therefore, the effective date of the rule may be extended to correspond with completion of the programming necessary to fully implement the rule.

### **FINANCIAL IMPACT**

None

### **BACKGROUND AND DISCUSSION**

The proposed amendments include:

- §217.27(c) - authorizing a registration period of 12, 24, 36, 48, or 60 consecutive months for a trailer, semitrailer, or pole trailer having a gross weight of 7,500 or less and not subject to inspection under Transportation Code, §548.052(3) on payment of all fees for each full year of registration.
- An applicant for registration under proposed §217.27(c)(2)(A) must select a registration period and will pay one processing and handling fee under §217.182 for the registration transaction, regardless of the registration period selected. All other applicable fees must be paid for each year of registration. The department notes that extended registration is not authorized for farm trailers because a farm trailer is referenced in Transportation Code, §548.052(4).
- Additional nonsubstantive edits conform the rule text with department style and improve readability.

**SUBCHAPTER B. MOTOR VEHICLE REGISTRATION****43 TAC §217.27**

**1. INTRODUCTION.** The Texas Department of Motor Vehicles (department) proposes amendments to 43 TAC §217.27, concerning extended registration of a trailer, semitrailer, or pole trailer having an actual gross weight or registered gross weight of 7,500 pounds or less described by Transportation Code, §548.052(3). The amendments are necessary to implement House Bill 1262, 86th Legislature, Regular Session (2019), which added Transportation Code, §502.0024, Extended Registration of Certain Vehicles Not Subject to Inspection. House Bill 1262 requires the department to develop and implement a system of registration to allow an owner of a trailer, semitrailer, or pole trailer not subject to inspection to register the vehicle for up to five years on payment of all applicable fees.

**2. EXPLANATION OF PROPOSED AMENDMENTS.**

The proposed amendments to §217.27, Vehicle Registration Insignia, implement House Bill 1262 by authorizing a registration period of 12, 24, 36, 48, or 60 consecutive months for a trailer, semitrailer, or pole trailer not subject to inspection under Transportation Code, §548.052(3) on payment of all applicable fees for each full year of registration. An applicant for registration under proposed §217.27(c)(2)(A) must select a registration period and will pay one processing and handling fee under §217.182 for the registration transaction, regardless of the registration period selected. All other applicable fees must be paid for each year of registration. The department notes that extended registration is not authorized for farm trailers because a farm trailer is referenced in Transportation Code, §548.052(4). Additional nonsubstantive edits conform the rule text with department style and improve readability.

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1 In conjunction with this rule, the department is also reconfiguring its internal systems to conform  
2 to the new requirement under House Bill 1262. Therefore, the effective date of the rule may be extended  
3 to correspond with completion of the programming necessary to fully implement the rule.

4 **3. FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Linda M. Flores, Chief Financial Officer,  
5 has determined that for each year of the first five years the amendments will be in effect, there will be no  
6 significant fiscal impact to state or local governments as a result of the enforcement or administration of  
7 the proposal, other than any impact resulting from the statute. Jeremiah Kuntz, Director of Vehicle Titles  
8 and Registration Division, has determined that there will be no measurable effect on local employment  
9 or the local economy as a result of the proposal.

10 **4. PUBLIC BENEFIT AND COST NOTE.** Mr. Kuntz has also determined that, for each year of the first five  
11 years the amended section is in effect, the public benefits anticipated as a result of the proposal include  
12 a streamlined process for certain trailers not subject to state inspection to reduce the frequency of  
13 registration. In addition, a person registering a trailer under this section will pay the processing and  
14 handling fee required by §217.183 on the registration transaction, regardless of how many months of  
15 registration the person selects. A registration for 60 months will save four annual processing and handling  
16 fees since that person will be able to register for 60 months in one transaction. The department cannot  
17 reasonably quantify the number of extended registration transactions it will process. Allowing customers  
18 to apply for extended registration will save the customers time and money. Any change in revenue or  
19 expenditures is the result of the amended statute and not a result of the proposed rule.

20 Mr. Kuntz anticipates that there will be no costs to comply with this rule.

21 **5. ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** The department has  
22 determined there will be no impact on small businesses, micro-business, or rural communities as a result

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1 of implementing this rule. Therefore, the department is not required to prepare a regulatory flexibility  
2 analysis as specified in Government Code, §2006.002.

3 **6. TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property  
4 interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to  
5 property that would otherwise exist in the absence of government action and, therefore, does not  
6 constitute a taking or require a takings impact assessment under the Government Code, §2007.043.

7 **7. GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that during the first  
8 five years the proposed amendments are in effect, no government program would be created or  
9 eliminated. Implementation of the proposed amendments would not require the creation of new  
10 employee positions or elimination of exiting employee positions. Implementation would not require an  
11 increase or decrease in future legislative appropriations to the department. Implementation of the  
12 proposed rule may result in a decrease of fees (the processing and handling fee) paid to the department.  
13 The proposed amendments will not create a new or expand an existing regulation, but will limit an existing  
14 regulation to implement HB 1262. Additionally, the proposed amendments do not affect the number of  
15 individuals subject to the rule's applicability and will not affect this state's economy.

16 **8. REQUEST FOR PUBLIC COMMENT.**

17 If you want to comment on the proposal, submit your written comments by 5:00 p.m. CST on MM,  
18 DD, YYYY. A request for a public hearing must be sent separately from your written comments. Send  
19 written comments or hearing requests by email to [rules@txdmv.gov](mailto:rules@txdmv.gov) or by mail to Office of General  
20 Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is  
21 held, the department will consider written comments and public testimony presented at the hearing.

22 **9. STATUTORY AUTHORITY.** The amendments are proposed under Transportation Code, §1002.001,  
23 which provides the board of the Texas Department of Motor Vehicles with the authority to adopt rules



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1 that are necessary and appropriate to implement the powers and the duties of the department; and more  
2 specifically, Transportation Code, §502.0021, which authorizes the department to adopt rules to  
3 administer Chapter 502. The amendments are also proposed under House Bill 1262, 86th Legislature,  
4 Regular Session (2019), Section 2, that provides that not later than February 1, 2020, the department shall  
5 adopt the system required by Transportation Code, §502.0024 and any rules necessary to implement that  
6 section.

7 **10. CROSS REFERENCE TO STATUTE.** Transportation Code, §502.0024 and §548.052.

8 **11. TEXT.**

9 **Subchapter B. Motor Vehicle Registration**

10 **43 TAC §217.27**

11 §217.27. Vehicle Registration Insignia.

12 (a) On receipt of a complete initial application for registration with the accompanying documents  
13 and fees, the department will issue vehicle registration insignia to be displayed on the vehicle for which  
14 the registration was issued for the current registration period.

15 (1) If the vehicle has a windshield, the symbol, tab, or other device prescribed by and  
16 issued by the department shall be attached to the inside lower left corner of the vehicle's front windshield  
17 in a manner that will not obstruct the vision of the driver.

18 (2) If the vehicle has no windshield, the symbol, tab, or other device prescribed by and  
19 issued by the department shall be attached to the rear license plate, except that registration receipts,  
20 retained inside the vehicle, may provide the record of registration for vehicles with permanent trailer  
21 plates.

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(3) If the vehicle is registered as a former military vehicle as prescribed by Transportation Code, §504.502, the vehicle's registration number shall be displayed instead of displaying a symbol, tab, or license plate.

(A) Former military vehicle registration numbers shall be displayed on a prominent location on the vehicle in numbers and letters of at least two inches in height.

(B) To the extent possible, the location and design of the former military vehicle registration number must conform to the vehicle's original military registration number.

(b) Unless otherwise prescribed by law, each vehicle registered under this subchapter:

(1) must display two license plates, one at the exterior front and one at the exterior rear of the vehicle that are securely fastened at the exterior front and rear of the vehicle in a horizontal position of not less than 12 inches from the ground, measuring from the bottom, except that a vehicle described by Transportation Code, §621.2061 may place the rear plate so that it is clearly visible; or

(2) must display one plate that is securely fastened at or as close as practical to the exterior rear of the vehicle in a position not less than 12 inches from the ground, measuring from the bottom if the vehicle is a road tractor, motorcycle, trailer or semitrailer.

(c) Each vehicle registered under this subchapter must display license plates:

(1) assigned by the department for the period; or

(2) validated by a registration insignia issued by the department for a registration period consisting of 12 consecutive months at the time of application for registration, except that:—

(A) trailers, semitrailers, or pole trailers not subject to inspection under §548.052(3) may obtain a registration insignia for a period consisting of 12, 24, 36, 48 or 60 consecutive months on payment of all fees for each full year of registration; and

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1                    (B) vehicles ~~[Vehicles]~~ may be registered for 24 consecutive months ~~[only]~~ in  
2    accordance with Transportation Code, §548.102 on payment of all fees. ~~[However, the vehicle must be~~  
3    ~~registered for 24 consecutive months and all fees must be paid]~~ for each year of registration, regardless  
4    of the number of months remaining on the inspection at the time of registration, provided ~~[if both of the~~  
5    ~~following occur]:~~

6                    (i) [(A)] the vehicle receives a two-year inspection under §548.102; and

7                    (ii) [(B)] the application for registration is made in the name of the  
8    purchaser under Transportation Code, §501.0234.

9            (d) The department may cancel any personalized alpha-numeric pattern that was issued if the  
10   department subsequently determines or discovers that the personalized license plate was not in  
11   compliance with these guidelines when issued, or if due to changing language usage, meaning or  
12   interpretation, the personalized license plate has become non-compliant with these guidelines. When  
13   reviewing a personalized alpha-numeric pattern, the department need not consider the applicant's  
14   subjective intent or declared meaning. The department will not issue any license plate containing an  
15   alpha-numeric pattern that meets one or more of the following criteria.

16            (1) The alpha-numeric pattern conflicts with the department's current or proposed  
17   regular license plate numbering system.

18            (2) The director of the department's Vehicle Titles and Registration Division or the  
19   director's designee finds that the personalized alpha-numeric pattern, including plate patterns that  
20   feature foreign or slang words or phrases, use phonetic, numeric or reverse spelling, acronyms, patterns  
21   viewed in mirror image, or use a code which only a small segment of the community may be able to readily  
22   decipher, that may be considered objectionable or misleading, including that the pattern may be viewed  
23   as, directly or indirectly:

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(A) indecent (defined as including a reference or connotation to a sexual act, sexual body parts, excrement, or bodily fluids or functions. Additionally, "69" formats are prohibited unless used in combination with the vehicle make, for example, "69 CHEV".);

(B) a vulgarity (defined as profane, swear, or curse words);

(C) derogatory (defined as an expression that is demeaning to, belittles, or disparages any person, group, race, ethnicity, nationality, gender, sexual orientation, or refers to an organization that advocates such expressions);

(D) a reference to race, ethnicity, gender or sexual orientation whether the reference is derogatory or not;

(E) a reference to gangs, illegal activities, violence, implied threats of harm, or expressions that describe, advertise, advocate, promote, encourage, glorify, or condone violence, crime or unlawful conduct;

(F) a reference to illegal drugs, controlled substances, the physiological state produced by such substances, intoxicated states, or references that may express, describe, advertise, advocate, promote, encourage, glorify such items or states;

(G) a representation of, or reference to, law enforcement, military branches, or other governmental entities and their titles, including any reference to public office or position, military or law enforcement rank or status, or any other official government position or status; or

(H) deceptively similar to a military, restricted distribution, or other specialty plate.

(3) The alpha-numeric pattern is currently issued to another owner.

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1 (4) Notwithstanding the limitations on issuance of plate patterns in this subsection, the  
2 department may issue patterns that refer to publicly and privately funded institutions of higher education,  
3 including military academies, whether funded by state or federal sources, or both.

4 (e) A decision to cancel or not issue a personalized alpha-numeric pattern under subsection (d) of  
5 this section may be appealed to the executive director of the department or the executive director's  
6 designee within 20 days of notification of the cancellation or non-issuance. All appeals must be in writing  
7 and the requesting party may include any written arguments, but shall not be entitled to a contested case  
8 hearing. The executive director or the executive director's designee will consider the requesting party's  
9 arguments and issue a decision no later than 30 days after the submission of the appeal, unless additional  
10 information is sought from the requestor, in which case the time for decision is tolled until the additional  
11 information is provided. The decision of the executive director or the executive director's designee is final  
12 and may not be appealed. An appeal is denied by operation of law 31 days from the submission of the  
13 appeal, or if the requestor does not provide additional requested information within ten days of the  
14 request.

15 (f) The provisions of subsection (a) of this section do not apply to vehicles registered with annual  
16 license plates issued by the department.

17 (g) A person whose initial application has been denied may either receive a refund or select a new  
18 alpha-numeric pattern. If an existing personalized alpha-numeric pattern has been cancelled, the person  
19 may choose a new personalized alpha-numeric pattern which will be valid for the remainder of the term  
20 or will forfeit the remaining term purchased.

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- 1    **12. CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be  
2    within the state agency's legal authority to adopt.

3            Issued at Austin, Texas, on Month Day, YYYY.

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**Tracey Beaver, General Counsel**



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**To:** Texas Department of Motor Vehicles Board  
**From:** Jeremiah Kuntz, Vehicle Titles & Registration Division Director  
**Agenda Item:** 14  
**Subject:** Chapter 217, Vehicle Titles and Registration  
Amendment, §217.41  
(Relating to HB 643, expanding the county locations at which an application for a disabled parking placard may be submitted)

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**RECOMMENDATION**

Approval to publish the rule in the *Texas Register* for public comment.

**PURPOSE AND EXECUTIVE SUMMARY**

The purpose of the proposed amendment is to implement House Bill (HB) 643, 86th Legislature, Regular Session (2019), which expands the locations at which an applicant may apply for a disabled parking placard if the person is seeking medical treatment.

**FINANCIAL IMPACT**

None

**BACKGROUND AND DISCUSSION**

House Bill 643 amended current law to allow any individual to apply for a disability placard in the county where the applicant is seeking medical treatment, regardless of the individual's county of residence.

The proposed amendment includes:

- §217.41(f)(2) - deletes the phrase "if the applicant is not a resident of this state" that allowed an applicant, after having a disability placard seized by a law enforcement officer, to apply for a new disabled parking placard in the county in which the applicant is seeking medical treatment only if the applicant is not a Texas resident. The proposed amendment to §217.41(f)(2) is necessary for consistency with the statutory language in HB 643 and mirrors the amendment to Transportation Code, §681.003(b).

**SUBCHAPTER B. MOTOR VEHICLE REGISTRATION****43 TAC §217.41**

**1. INTRODUCTION.** The Texas Department of Motor Vehicles (department) proposes to amend 43 TAC §217.41, concerning the location at which an application for a disabled parking placard may be made. This amendment is necessary to implement House Bill (HB) 643, 86th Legislature, Regular Session (2019), which expands the locations at which an applicant may apply for a disabled parking placard if the person is seeking medical treatment.

**2. EXPLANATION OF PROPOSED AMENDMENT.**

The proposed amendment to §217.41(f)(2) implements HB 643 to allow an applicant to apply for a disability placard in the county in which the person with the disability is seeking medical treatment, regardless of whether the applicant is a Texas resident. Current law allows an individual to apply for a disability placard in the individual's county of residence or in the county where the applicant is seeking medical treatment if the applicant is not a Texas resident. House Bill 643 amended current law to allow any individual to apply for a disability placard in the county where the applicant is seeking medical treatment, regardless of the individual's county of residence. This change should alleviate the burden on caretakers who may be forced to drive long distances and take off work to submit an application or pick up a placard by providing another option.

The proposed amendment to §217.41(f)(2) deletes the phrase "if the applicant is not a resident of this state" that allowed an applicant, after having a disability placard seized by a law enforcement officer, to apply for a new disabled parking placard in the county in which the applicant is seeking medical treatment only if the applicant is not a Texas resident. The proposed amendment to §217.41(f)(2) is necessary for consistency with the statutory language in HB 643 and mirrors the amendment to Transportation Code, §681.003(b).



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1 **3. FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Linda M. Flores, Chief Financial Officer,  
2 has determined that for each year of the first five years the amendment will be in effect, there will be no  
3 fiscal impact to state or local governments as a result of the enforcement or administration of the section,  
4 other than any imposed by statute. The proposed amendment does not add to or decrease state revenues  
5 or expenditures.

6 Jeremiah Kuntz, Director of Vehicle Titles and Registration Division, has determined that there will  
7 be no measurable effect on local employment or the local economy as a result of the proposal.

8 **4. PUBLIC BENEFIT AND COST NOTE.** Mr. Kuntz has also determined that, for each year of the first five  
9 years the amended section is in effect, the public benefits anticipated as a result of the proposal include  
10 clarity regarding the place of application for a disabled parking placard. Administering and enforcing the  
11 proposed amendment will have the public benefit of ensuring that the department's rule conforms to  
12 Transportation Code, §681.003(b). The proposed amendment implements Transportation Code,  
13 §681.003(b), which makes it easier and more accessible for the public to obtain a disability placard from  
14 the county in which they are seeking medical treatment, which may be different than the county in which  
15 they reside.

16 Mr. Kuntz anticipates that there will be no costs to comply with the proposed amendment.

17 **5. ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** Mr. Kuntz has also  
18 determined there will be no impact on small businesses, micro-business, or rural communities as a result  
19 of implementing this rule. Therefore, the department is not required to prepare a regulatory flexibility  
20 analysis as specified in Government Code, §2006.002.

21 **6. TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property  
22 interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to

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property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking or require a takings impact assessment under the Government Code, §2007.043.

**7. GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that during the first five years the proposed amendment is in effect, no government program would be created or eliminated. Implementation of the proposed amendment would not require the creation of new employee positions or elimination of existing employee positions. Implementation would not require an increase or decrease in future legislative appropriations to the department or an increase or decrease of fees paid to the department. The proposed amendment will not create a new regulation. The proposed amendment, which repeats the amendment to Transportation Code, §681.003(b), limits an existing regulation by allowing more people to obtain a disability placard in the county in which the applicant is seeking medical care. Additionally, the proposed amendment does not affect the number of individuals subject to the rule's applicability and will not affect this state's economy.

**8. REQUEST FOR PUBLIC COMMENT.**

If you want to comment on the proposal, submit your written comments by 5:00 p.m. CST on MM, DD, YYYY. A request for a public hearing must be sent separately from your written comments. Send written comments or hearing requests by email to [rules@txdmv.gov](mailto:rules@txdmv.gov) or by mail to Office of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the department will consider written comments and public testimony presented at the hearing.

**9. STATUTORY AUTHORITY.** The amendment is proposed under Transportation Code, §1002.001, which provides the board of the Texas Department of Motor Vehicles with the authority to adopt rules that are necessary and appropriate to implement the powers and the duties of the department; and more specifically, Transportation Code, §504.0011, which authorizes the department to adopt rules to administer Chapter 504.

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1 **10. CROSS REFERENCE TO STATUTE.** Transportation Code, §504.201 and §681.003.

2 **11. TEXT.**

3 **Subchapter B. Motor Vehicle Registration**

4 **43 TAC §217.41**

5 §217.41. Disabled Person License Plates and Identification Placards.

6 (a) Purpose. Transportation Code, Chapters 504 and 681, charge the department with the  
7 responsibility for issuing specially designed license plates and identification placards for disabled persons.  
8 For the department to perform these duties efficiently and effectively, this section prescribes the policies  
9 and procedures for the application, issuance, and renewal of Disabled Person license plates and placards.

10 (b) Issuance.

11 (1) Disabled Person license plates.

12 (A) Eligibility. In accordance with Transportation Code, §504.201, the department  
13 will issue specially designed license plates displaying the international symbol of access to permanently  
14 disabled persons or their transporters instead of regular motor vehicle license plates.

15 (B) Specialty license plates. The department will issue Disabled Person insignia on  
16 those specialty license plates that can accommodate the identifying insignia and that are issued in  
17 accordance with §217.45 of this title (relating to Specialty License Plates, Symbols, Tabs, and Other  
18 Devices).

19 (C) License plate number. Disabled Person license plates will bear a license plate  
20 number assigned by the department or will bear a personalized license plate number issued in accordance  
21 with §217.45.

22 (2) Windshield identification placards. The department will issue removable windshield  
23 identification placards to temporarily or permanently disabled persons and to the transporters of

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1 permanently disabled persons. A person who has been issued a windshield identification placard shall  
2 hang the placard from a vehicle's rearview mirror when the vehicle is parked in a disabled person parking  
3 space or shall display the placard on the center portion of the dashboard if the vehicle does not have a  
4 rearview mirror.

5 (c) Renewal of Disabled Person license plates. Disabled Person license plates are valid for a period  
6 of 12 months from the date of issuance, and are renewable as specified in §217.28 of this title (relating to  
7 Vehicle Registration Renewal).

8 (d) Replacement.

9 (1) License plates. If Disabled Person license plates are lost, stolen, or mutilated, the  
10 owner may obtain replacement license plates by applying with a county tax assessor-collector.

11 (A) Accompanying documentation. To replace permanently Disabled Person  
12 license plates, the owner must present the current year's registration receipt and personal identification  
13 acceptable to the county tax assessor-collector.

14 (B) Absence of accompanying documentation. If the current year's registration  
15 receipt is not available and the county cannot verify that the Disabled Person license plates were issued  
16 to the owner, the owner must reapply in accordance with this section.

17 (2) Disabled Person identification placards. If a Disabled Person identification placard  
18 becomes lost, stolen, or mutilated, the owner may obtain a new identification placard in accordance with  
19 this section.

20 (e) Transfer of Disabled Person license plates and identification placards.

21 (1) License plates.

22 (A) Transfer between persons. Disabled Person license plates may not be  
23 transferred between persons. An owner who sells or trades a vehicle to which Disabled Person license

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plates have been issued shall remove the Disabled Person license plates from the vehicle. The owner shall return the license plates to the department and shall obtain appropriate replacement license plates to place on the vehicle prior to any transfer of ownership.

(B) Transfer between vehicles. Disabled Person license plates may be transferred between vehicles if the county or the department can verify the plate ownership and the owner of the vehicle is the disabled person or the vehicle is used to transport the disabled person.

(i) Plate ownership verification may include:

(I) a Registration and Title System (RTS) inquiry;

(II) a copy of the department Application for Disabled Person license plates; or

(III) the owner's current registration receipt.

(ii) An owner who sells or trades a vehicle with Disabled Person license plates must remove the plates from the vehicle.

(2) Identification placards.

(A) Transfer between vehicles. Disabled Person identification placards may be displayed in any vehicle driven by the disabled person or in which the disabled person is a passenger.

(B) Transfer between persons. Disabled Person identification placards may not be transferred between persons.

(f) Seizure and revocation of placard.

(1) If a law enforcement officer seizes and destroys a placard under Transportation Code, §681.012, the officer shall notify the department by email.

(2) The person to whom the seized placard was issued may apply for a new placard by submitting an application to the county tax assessor-collector of the county in which the person with the

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1 disability resides or in which the applicant is seeking medical treatment [~~if the applicant is not a resident~~  
2 ~~of this state~~].

3 **12. CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be  
4 within the state agency's legal authority to adopt.

5 Issued at Austin, Texas, on Month Day, YYYY.

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Tracey Beaver, General Counsel



To: Texas Department of Motor Vehicles Board  
From: Jeremiah Kuntz, Vehicle Titles & Registration Division Director  
Agenda Item: 15  
Subject: Chapter 217, Vehicle Titles and Registration  
New, §217.75  
(Relating to SB 604, providing Registration and Titling System (RTS) and fraud training and updating statutory citations)

### **RECOMMENDATION**

Approval to publish the rule in the *Texas Register* for public comment.

### **PURPOSE AND EXECUTIVE SUMMARY**

The proposed new section is to implement Transportation Code, §520.023, as added by Senate Bill (SB) 604, 86th Legislature, Regular Session (2019), which requires the department to implement a training on the department's automated registration and titling system. Senate Bill 604, Sections 4.04 and 4.06, requires the department to adopt rules to implement the training program required by §520.023 by December 1, 2019.

### **FINANCIAL IMPACT**

There will be minimal costs to comply with this rule. Training currently exists and is provided to counties through the department's online training system at no cost to counties. The department currently updates existing training and creates new training as needed, so costs associated with this will be absorbed by the department. The department will continue to provide access to the training through the department's online training system at no cost to the counties. The cost associated with taking training will vary by county based on the number of employees that have not currently taken available training. The department does not anticipate requests for additional training accounts as a result of this rule. Counties are in the best position to determine costs associated with taking training.

### **BACKGROUND AND DISCUSSION**

The proposed new section includes:

- §217.75(a) - establishes the requirement that a person performing registration or titling services through RTS must complete the training program.
- §217.75(b) - specifies training will be available through the department's online training system.
- §217.75(c) - clarifies that a person must pass each training course associated with the level of permission that person will be granted in RTS by the county tax assessor-collector (TAC) or TAC's system administrator based on that person's job duties.
- §217.75(d) - establishes the timing for completing required training. A person who is processing transactions on or before the effective date of the rule will have until August 31, 2020 to complete the required training. This will allow existing staff approximately eight months to complete training depending on the effective date of the rule. A person who is assigned permissions after the effective date of the rule must complete the training before the permissions are granted.
- §217.75(e) - requires a person to use their assigned training identifier to ensure both the TAC and the department can confirm that individual successfully completed the training.
- §217.75(f) - specifies that the TAC's system administrator will create RTS accounts and assign permissions, but the department will enable the permissions on completion of required training. This process will ensure verification of training before a person is able to access RTS. The system administrator does not need to complete the required

training to create accounts and assign permissions; however, if the system administrator wants access to RTS, the system administrator must complete the training required by this section.



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**SUBCHAPTER C. REGISTRATION AND TITLE SYSTEMS****43 TAC §217.75**

**1. INTRODUCTION.** The Texas Department of Motor Vehicles (department) proposes new section 43 TAC §217.75 concerning required training for a person performing registration or titling services through the department's registration and title system (RTS). This new section is necessary to implement Transportation Code, §520.023 as added by Senate Bill 604, 86th Legislature (2019), which requires the department to implement a training program regarding the department's automated registration and titling system and the identification of fraudulent activity. Senate Bill 604 requires the department to adopt rules to implement the training program required under Transportation Code, §520.023 by December 1, 2019.

**2. EXPLANATION OF PROPOSED NEW SECTION.**

Proposed new §217.75(a) establishes the requirement that a department employee, department contractor, county tax assessor-collector employee, or full service deputy as defined by §217.162(6) must complete training regarding transactions performed in RTS and identification of fraudulent activity related to motor vehicle registration and titling. The definition of full service deputy includes an individual who is employed, hired, or otherwise engaged by the full service deputy to serve as the deputy's agent in performing motor vehicle titling, registration, or registration renewal services. Proposed new §217.75(b) specifies that the department will make the training available for county tax assessor-collector employees or full service deputies through the department's online training system. Proposed new §217.75(c) clarifies how a county tax assessor-collector employee or full service deputy may satisfy the training regarding RTS. Specifically, a county tax assessor-collector employee or full service deputy must pass each training course associated with the permissions the person is assigned in RTS. To accomplish this, the county employee or official with an administrative role in RTS, whether that person is the county tax

## TITLE 43. TRANSPORTATION

## Proposed Section

## Part 10. Texas Department of Motor Vehicles

## Chapter 217 – Vehicle Titles and Registration

1 assessor-collector or county tax assessor-collector system administrator, must create accounts for and  
2 assign RTS permissions to each employee or full service deputy who will be given access to RTS based on  
3 that person's job duties. The department will assign training content for specific permissions in RTS. A  
4 person must take the required training using the person's assigned training identifier for the department's  
5 online training system. The department will enable a permission once the required training for the  
6 assigned permission has been completed. This process will ensure verification of training before a person  
7 is able to access RTS. The system administrator does not need to complete the required training to create  
8 accounts and assign permissions; however, if the system administrator wants access to RTS, the system  
9 administrator must complete the training required by this section.

10 A person who is processing transactions on or before the effective date of the rule will have until  
11 August 31, 2020 to complete the required training. This will allow existing staff approximately eight  
12 months to complete training depending on the effective date of the rule. Similarly, a person who is  
13 processing transactions when new training is created will have 90 days to complete new required training.  
14 This deadline should provide sufficient time for existing staff to complete training without unduly  
15 interfering with that person's workload. A person who is assigned permissions after the effective date of  
16 the rule or after new training is created must complete all required training before the permissions are  
17 enabled. This requirement is reasonable because a new employee will likely have no experience with RTS  
18 and will have more time available to dedicate to training. Finally, proposed new §217.75(d) provides that  
19 the department will disable a permission if a person fails to complete the training required for that  
20 permission.

21 In conjunction with this rule, the department is also reconfiguring its internal systems to conform  
22 to the new requirements under the proposed rule. Therefore, the effective date of the rule may be  
23 extended to correspond with completion of the programming necessary to fully implement the rule.

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1 **3. FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Linda M. Flores, Chief Financial Officer,  
2 has determined that for each year of the first five years the new section will be in effect, there will be no  
3 significant fiscal impact to state or local governments as a result of the enforcement or administration of  
4 the proposal, other than any imposed by the statute. The required training currently exists and is provided  
5 to counties through the department's online training system. The required training is provided free of cost  
6 to the counties. While the department may incur nominal additional costs verifying training and enabling  
7 permissions, the department anticipates it will be able to absorb these costs. Any change in revenue or  
8 expenditures is the result of the amended statute and not the rule. Jeremiah Kuntz, Director of the Vehicle  
9 Titles and Registration Division, has determined that there will be no measurable effect on local  
10 employment or the local economy as a result of the proposal.

11 **4. PUBLIC BENEFIT AND COST NOTE.** Mr. Kuntz has also determined that, for each year of the first five  
12 years the new section is in effect, the public benefits anticipated include ensuring all people who perform  
13 registration and titling transactions in RTS will be trained consistently on how to use the system and  
14 identify fraud, in turn leading to greater efficiency and accuracy for consumers, an increased ability to  
15 detect and prevent fraudulent transactions, and greater assurance RTS is used appropriately, and the  
16 records are accurate.

17 Anticipated Costs To Comply With The Proposal. Mr. Kuntz anticipates that there will be minimal  
18 costs to comply with this rule. Training currently exists and is provided to counties through the  
19 department's online training system at no cost to counties. The department currently updates existing  
20 training and creates new training as needed, so costs associated with this will be absorbed by the  
21 department. The department will continue to provide access to the training through the department's  
22 online training system at no cost to the counties. The time required to complete training varies by training  
23 module; however, it is self-paced and can be taken in a manner conducive to county operations. Counties

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## Proposed Section

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## Chapter 217 – Vehicle Titles and Registration

are currently allocated one training account per RTS workstation assigned to the county. There are 254 counties with varying number of personnel and workstations per office. The cost associated with taking training will vary by county based on the number of employees that have not currently taken available training. The department does not anticipate requests for additional training accounts as a result of this rule. Counties are in the best position to determine costs associated with taking training.

**5. ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** The department has determined there will be no impact on small businesses, micro-business, or rural communities as a result of implementing this rule. Therefore, the department is not required to prepare a regulatory flexibility analysis as specified in Government Code, §2006.002.

**6. TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking or require a takings impact assessment under the Government Code, §2007.043.

**7. GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that during the first five years the proposed new section is in effect, no government program would be created or eliminated. Implementation of the proposed new section would not require the creation of new employee positions or elimination of existing employee positions. Implementation would not require an increase or decrease in future legislative appropriations to the department or an increase or decrease of fees paid to the department. The proposed new section will create a new regulation in §217.75 to implement Senate Bill 604. The proposed new section does not affect the number of individuals subject to the rule's applicability and will not affect this state's economy.

**8. REQUEST FOR PUBLIC COMMENT.**

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If you want to comment on the proposal, submit your written comments by 5:00 p.m. CST on MM, DD, YYYY. A request for a public hearing must be sent separately from your written comments. Send written comments or hearing requests by email to [rules@txdmv.gov](mailto:rules@txdmv.gov) or by mail to Office of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the department will consider written comments and public testimony presented at the hearing.

**9. STATUTORY AUTHORITY.** The new section is proposed under Transportation Code, §1002.001, which provides the board of the Texas Department of Motor Vehicles with the authority to adopt rules that are necessary and appropriate to implement the powers and the duties of the department; and more specifically, Transportation Code, §520.021, which authorizes the department to adopt rules and policies for the maintenance and use of the department's automated registration and titling system; and Transportation Code, §520.023, which requires the department to implement a training program providing information on the department's automated registration and titling system and identification of fraudulent activity related to vehicle registration and titling.

**10. CROSS REFERENCE TO STATUTE.** Transportation Code, §520.021 and §520.023.

**11. TEXT.**

### **Subchapter C. Registration and Title Systems**

#### **43 TAC §217.75**

§217.75. Required Training on the Registration and Title System and Identification of Fraud.

(a) Required training. A person performing registration or titling services through RTS, including a department employee, department contractor, county tax assessor-collector employee, or full service deputy as defined by §217.162(6) of this title (relating to Definitions), must complete a training program as prescribed by this section. Required training will include, at a minimum:

(1) training regarding transactions performed in RTS; and

## TITLE 43. TRANSPORTATION

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1                   (2) identification of fraudulent activity related to vehicle registration and titling.

2                   (b) Online training. The department will make required training for county tax assessor-  
3 collector employees and full service deputies available through the department's online training  
4 system.

5                   (c) Registration and Title System training for county tax assessor-collector staff and full service  
6 deputies. To satisfy the training requirements under subsection (a)(1) of this section, a county tax  
7 assessor-collector employee or full service deputy must pass each training course associated with the  
8 permissions that person is assigned in RTS.

9                   (1) A county tax assessor-collector or county tax assessor-collector's system administrator  
10 must create accounts for and assign permissions in RTS to each employee or full service deputy who will  
11 be given access to RTS based on that person's job duties as determined by the county tax assessor-  
12 collector or the county tax assessor-collector's system administrator.

13                   (2) The department will assign training content for specific permissions in RTS.

14                   (3) A person must take required training using the person's individually assigned  
15 training identifier for the department's online training system.

16                   (4) The department will enable a permission on completion of required training.

17                   (5) A person with permissions in RTS on or before the effective date of this section  
18 must complete required training under this section by August 31, 2020. A person who has not been  
19 assigned permissions in RTS on or before the effective date of this section must complete all required  
20 training before permissions are enabled by the department.

21                   (6) If new training is created for a new or existing permission, a person with  
22 permissions enabled before the creation of the new training must complete the required training  
23 within 90 days of the department's notification that the training is available.

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1           (d) The department will disable a permission if a person fails to complete required training  
2           for the permission within the timeframes required by this section.

3           **12. CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it  
4           to be within the state agency's legal authority to adopt.

5           Issued at Austin, Texas, on Month Day, YYYY.

6           \_\_\_\_\_  
7           Tracey Beaver, General Counsel

Board Meeting Date: 8/8/2019

**ACTION ITEM**

**To:** Texas Department of Motor Vehicles Board  
**From:** Linda M. Flores, CPA, Chief Financial Officer, Finance & Administrative Services Division Director  
**Agenda Item:** 17.A  
**Subject:** Recommended FY 2020 Operating Budget

**RECOMMENDATION**

1. Approval of the Recommended FY 2020 Operating Budget.
2. Approval for the Executive Director to negotiate and execute the routine and required contracts contained in Part V of the document and specific approval of the following three contracts:
  - a. Southwest Research Institute (SWRI). This contract provides specialized assistance and consulting services for the Motor Carrier Division for the Texas Commercial Vehicle Information Exchange Window, from September 1, 2019 through January 31, 2020.
  - b. American Association of Motor Vehicle Administrators (AAMVA) National Motor Vehicle Title Information System (NMVTIS). This contract allows the agency to maintain access to AAMVA NMVTIS for the period of September 1, 2019 through August 31, 2020.
  - c. Interagency Agreement (IAC) with the Texas Department of Transportation (TxDOT). This contract specifies the duties and obligations of the two agencies for shared facilities, services, and equipment for the period of September 1, 2019 through August 31, 2021.

**PURPOSE AND EXECUTIVE SUMMARY**

The Texas Department of Motor Vehicles (TxDMV) develops annual operating budgets based on approved biennial appropriations. The recommended FY 2020 operating budget implements the first year of appropriations for the 2020-2021 biennium. This recommended operating budget allocates \$169.9 million in appropriations recommended by the Senate/House Budget Conference Committee and is structurally balanced to support recurring expenses throughout the department organization.

**FINANCIAL IMPACT**

The department's recommended FY 2020 operating budget of \$169.9 million will be primarily supported by TxDMV Fund 0010 collections estimated to be \$173.7 million. In addition to the TxDMV Fund 0010 the department's budget is also funded by a combination of General Revenue appropriations (\$12.8 million), estimates of carryforward of FY 2019 Automation balances (\$7.9 million); and HQ Maintenance (\$4.2 million) and federal reimbursements (\$743,750). This recommended budget document includes a list of contracts that will be funded as part of the FY 2020 budget.



## **BACKGROUND AND DISCUSSION**

### **Revenues**

Estimated FY 2020 revenue of \$173.7 million includes collections from the processing and handling fee estimated to be \$58.9 million, \$82.8 million associated with titles and registration fees and \$16.1 million in fees for oversize/overweight permits. Increases in the registered vehicle population coupled with natural population growth and healthy auto sales are factors affecting increased revenue collections. The staff estimates that TxDMV will collect approximately \$2.0 billion for the State in FY 2020.

### **Appropriations**

The FY 2020 recommended operating budget is \$169.9 million and is based on the appropriations recommended by the 86th Legislature's Senate/House Conference Committee. The attached budget document includes baseline funding for 802 full time equivalents (FTE), online fulfillment of vehicle registrations, license plate production, the Data Center Services (DCS) contract with the Department of Information Resources, vehicle replacements and other projects. The 86<sup>th</sup> Legislature's approved recommendations includes an additional 23 full time equivalents (FTE) and funding in FY 2020 for the following programs:

- Information Technology Division Development and Maintenance Improvements – 12 new FTEs (\$1.0M)
- Information Technology Division Infrastructure Improvements (\$1.8M)
- Consumer Relations Division Customer Service Enhancement – 9 new FTEs (\$486,090)
- Consumer Protection and Tracking Resources (\$567,500)
- Statewide Cost Allocation Plan (SWCAP) increases (\$731,000)
- Regional Service Center Capital (\$250,000)
- Digital License Plates funding – 2 new FTEs (\$1.3M)

The Legislature approved four new riders related to the use of unexpended balances for Federal grants and State matching funds, TxDMV HQ Security and Badge System, TxDMV HQ Maintenance, and balances within the biennium.

The Legislature also approved an additional rider for funding related to the implementation of digital license plates. The rider appropriates a total of approximately \$1.3 million in FY 2020 for one-time technology services and 2 FTEs for the Vehicles, Titles, and Registration (VTR) Division.

### **Unexpended Balance Authority**

In addition to \$25.7 million in Fiscal Year 2020 capital appropriations, the recommended capital budget includes \$12.1 million in estimated unexpended balance carry-forward. The carry forward consists of \$7.9 million in Fiscal Year 2019 TxDMV Automation balances and \$4.2 million in FY 2019 HQ Maintenance balances.

The Automation balances will be utilized for the completion of the Web Lien, Kiosk Pilot, Call Center, RTS Testing Tools, and Computer Aided Software Testing (CAST) software projects, along with funding an unallocated reserve for future initiatives.

**Contracts**

The department's resolution adopting contract approval procedures specifies that the Executive Director must obtain board approval for contracts \$200,000 or more prior to award or renewal unless specifically excluded. The contracts listed below require Board approval for the award and/or renewal and proposed contract amounts for FY 2020.

Southwest Research Institute – This contract stipulates modifications to the TxCVIEW as Federal Motor Carrier Safety Administration (FMCSA) moves their data to a cloud environment; modifies some of their web services; changes databases or requirements for TxCVIEW; and facilitates FMCSA's rollout of a new Unified Carrier Registration application.

American Association of Motor Vehicle Administrators – This contract provides online access to meet the TxDMV's obligation to receive and report information to the National Motor Vehicle Title Information System (NMVTIS) as required by federal statute. NMVTIS serves as a repository of information related to vehicles that have been in the possession of auto recyclers, junk yards and salvage yards. States and consumers use the information to ensure that junk or salvage vehicles are not later resold and ensures that vehicle identification numbers (VINs) from destroyed vehicles are never used for stolen vehicles.

Texas Department of Transportation - The IAC with TxDOT outlines duties and obligations of the two agencies regarding IT functions, facilities operations and maintenance, and the division of costs for shared services between the two agencies. The not to exceed amount of this contract for the two-year period beginning September 1, 2019 will be \$2.0 million, or \$1.0 million per year.

# Recommended Operating Budget

## Fiscal Year 2020



August 8, 2019



# Texas Department of Motor Vehicles

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Texas Department *of* Motor Vehicles

## **Part I: Fiscal Year 2020-2021 Legislative** **Appropriations Request**



# Texas Department of Motor Vehicles

## Fiscal Year 2020-2021 Legislative Appropriations Request

The Legislative Appropriations Request (LAR) is the starting point for the agency's budget. In August 2018, the Texas Department of Motor Vehicles (TxDMV) submitted its appropriations request of \$359.1 million: \$321.5 million baseline plus \$37.6 million in exceptional items. The current approved biennial budget totals \$309.4 million: \$300.9 million baseline plus \$8.5 million in approved exceptional items; and \$1.4 million in rider contingency, for a difference of \$10.7 million less than requested. The following table details the adjustments made during the legislative process.

	Legislative Appropriations Request (LAR)	Enrolled FY 2020-2021
<b>A. Goal: Optimize Services and Systems</b>		
A.1.1. Strategy: Titles, Registrations, and Plates	\$ 142,682,844	\$ 145,051,663
A.1.2. Strategy: Vehicle Dealer Licensing	\$ 8,294,710	\$ 8,352,160
A.1.3. Strategy: Motor Carrier Permits & Credentials	\$ 18,296,274	\$ 18,422,753
A.1.4. Strategy: Technology Enhancement & Automation	\$ 11,949,000	\$ 12,020,851
A.1.5. Strategy: Customer Contact Center	\$ 5,653,804	\$ 6,596,969
<b>Total, Goal A: Optimize Services and Systems</b>	<b>\$ 186,876,632</b>	<b>\$ 190,444,396</b>
<b>B. Goal: Protect the Public</b>		
B.1.1. Strategy: Enforcement	\$ 13,920,886	\$ 14,584,805
B.2.1. Strategy: Motor Vehicle Crime Prevention	\$ 38,917,804	\$ 25,671,702
<b>Total, Goal B: Protect the Public</b>	<b>\$ 52,838,690</b>	<b>\$ 40,256,507</b>
<b>C. Goal: Indirect Administration</b>		
C.1.1. Strategy: Central Administration	\$ 16,354,086	\$ 16,467,357
C.1.2. Strategy: Information Resources	\$ 49,228,344	\$ 52,997,037
C.1.3. Strategy: Other Support Services	\$ 16,165,848	\$ 10,595,423
<b>Total, Goal C: Indirect Administration</b>	<b>\$ 81,748,278</b>	<b>\$ 80,059,817</b>
<b>Grand Total, Department of Motor Vehicles</b>	<b>\$ 321,463,600</b>	<b>\$ 310,760,720</b>
<b>Difference</b>		<b>\$ (10,702,880)</b>
<b>Detail for Adjustments to Fiscal Year 2020-2021 LAR Request</b>		
<b>A.1.1 Titles, Registrations, and Plates</b>		
Approval of Rider Contingency for Digital License Plates	\$	1,383,994
<b>A.1.5 Customer Contact Center</b>		
Approval of Exceptional Item - Customer Service Enhancement	\$	904,005
<b>B.1.1. Strategy: Enforcement</b>		
Approval of Exceptional Item - Consumer Protection and Tracking	\$	567,500
<b>B.2.1. Strategy: Motor Vehicle Crime Prevention</b>		
Exceptional Items not Funded - Expansion of MVCPA Grants	\$	(13,246,102)
<b>C.1.2. Strategy: Information Resources</b>		
Approval of Exceptional Item - IT Maintenance and Development	\$	1,922,568
Approval of Exceptional Item - IT Infrastructure	\$	2,700,000
Reduction in Baseline Data Center Services	\$	(1,186,845)
<b>C.1.3. Strategy: Other Support Services</b>		
Reduction in Baseline for Headquarters (HQ) Badge & Security and HQ Furniture	\$	(650,000)
Reduction in Baseline for HQ Capital	\$	(5,000,000)
<b>Multiple Strategies</b>		
Approval of Exceptional Item - Statewide Cost Allocation Plan (SWCAP)	\$	1,902,000
<b>Total Adjustments to Fiscal Year 2020-2021 LAR Request</b>	<b>\$</b>	<b>(10,702,880)</b>



## Texas Department of Motor Vehicles

### Exceptional Items and Riders Disposition for TxDMV

**Exceptional Items:** The Legislative Budget Board (LBB) distributes instructions to state agencies and higher-education entities in the preparation of its biennial appropriations request. State agencies determine its baseline request by compiling actual/estimated/budgeted expenditures for the current biennium with specific guidance from the LBB. The baseline computation is approved by the LBB and the Governor's Office and becomes the basis for the next biennium's appropriations. Programs and services not included in the baseline request are considered exceptional items and may be submitted for consideration. The TxDMV originally submitted five exceptional items in August 2019 and subsequently submitted nine revised items in January 2019. The table below details the TxDMV's revised exceptional items considered during the legislative process.

Priority	Exceptional Items	TxDMV Baseline Biennial Request		Conference Committee HB1 Biennial Amounts	
		FTEs	Amount	FTEs	Amount
1	Information Technology Infrastructure Improvements		\$ 2,700,000		\$ 2,700,000
2	Information Technology Development and Maintenance	12.0	\$ 1,922,568	12.0	\$ 1,922,568
3	Consumer Protection and Tracking		\$ 567,500		\$ 567,500
4	Customer Service Enhancement	9.0	\$ 904,005	9.0	\$ 904,005
5	Statewide Cost Allocation Plan		\$ 1,902,000		\$ 1,902,000
6	Headquarters Facility		\$ 5,112,000		\$ -
7	Regional Service Center Capital		\$ 500,000		\$ 500,000
	<b>Subtotal TxDMV Fund</b>	<b>21.0</b>	<b>\$ 13,608,073</b>	<b>21.0</b>	<b>\$ 8,496,073</b>
1	MVCPA Crime Reduction Strategy		\$ 6,600,000		\$ -
2	MVCPA Grants		\$ 17,400,000		\$ -
	<b>Subtotal General Revenue</b>		<b>\$ 24,000,000</b>		<b>\$ -</b>
	<b>Total</b>	<b>21.0</b>	<b>\$ 37,608,073</b>	<b>21.0</b>	<b>\$ 8,496,073</b>



## Texas Department of Motor Vehicles

**Riders** - A rider provides specific instructions regarding the expenditure or collection of funds by an agency. It may or may not include additional funding to an agency. In addition to specific riders in the agency's bill pattern, several provisions in the General Appropriations Act (GAA), Article IX, authorize the agency to increase or decrease appropriations.

Riders are the mechanism to identify the authority to carry forward funds from a prior year's appropriation. An unexpended balance (UB) rider includes unobligated/unspent balance remaining in an appropriation, i.e., only that part of an appropriation, if any, that has not been set apart by the incurring of an obligation, commitment, or indebtedness by a state agency authorized to spend the appropriation.

Riders Previously Approved in FY 2018-2019 and Recommended for FY 2020-2021	
<b>Special License Plates</b> – This rider provides additional appropriations each year of the biennium for making payments to the contract vendor for the marketing and sale of specialty license plates. The rider also allows for unexpended balances to be carried forward into the next fiscal year of the biennium for the same purposes.	Approved
<b>Texas Department of Motor Vehicles Fund Report</b> – This rider requires the department to submit an annual report on TxDMV Fund 0010 expenditures/revenues to the Legislative Budget Board.	Approved
<b>Unexpended Balance and Capital Authority – TxDMV Automation System</b> – This rider allows the department to carry forward any unexpended funds appropriated in Strategy A.1.4, Technology Enhancement and Automation, for the TxDMV Automation System capital budget projects remaining at the end of FY 2019 and expended for the same purpose to the new biennium beginning September 1, 2019.	Approved
New Riders Recommended for FY 2020-2021	
<b>Unexpended Balance – Federal Grants and State Matching Funds</b> – This rider allows the department to spend unexpended balances of state matching funds for federal grants from FY 2020 in FY 2021.	Approved
<b>Unexpended Balance – TxDMV Headquarters Security and Badge System</b> - This rider allows the department to carry forward any unexpended funds appropriated for the Headquarters Security and Badge System remaining at the end of FY 2019 to the new biennium.	Approved
<b>Unexpended Balance – TxDMV Headquarters Maintenance Projects</b> – This rider allows the department to carry forward to the new biennium beginning September 1, 2019 any unexpended funds appropriated in Strategy C.1.3, Other Support Services capital budget projects for the Headquarters Maintenance Projects Capital remaining at the end of FY 2019.	Approved
<b>Unexpended Balance Within the Biennium</b> – This rider allows the department to carry forward any unexpended funds appropriated to TxDMV at the end of FY 2020 for the same purpose for the new fiscal year beginning September 1, 2020.	Approved
<b>Contingency Rider for HB 1711/SB 604</b> – This rider provides an appropriation for legislation relating to the issuance of digital license plates. This rider appropriates a total of \$1,383,994 over the FY 2020-2021 biennium and includes an increase of 2.0 FTEs	Approved





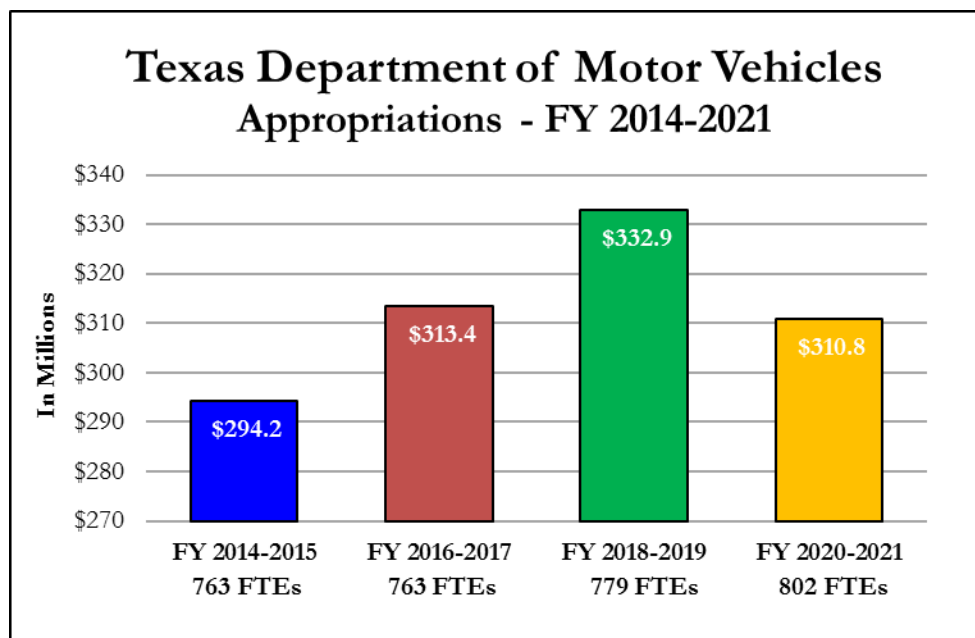
## Texas Department of Motor Vehicles

### Texas Department of Motor Vehicles - Appropriations History

Since the agency's inception in FY 2010, agency appropriations have more than doubled from the original \$142.9 million. In FY 2012-2013, the agency's appropriation increased due to the addition of the Motor Carrier Oversize/Overweight permitting program after passage of S.B. 1420 (82nd Legislature). Appropriations in subsequent years include additional funding for Automation Capital and license plate production. With the passage of H.B. 1692, 83rd Legislature, Regular Session, the agency established the Office of Administrative Hearings to conduct contested case hearings for warranty performance and "Lemon Law" disputes internally, rather than referring such cases to the State Office of Administrative Hearings.

In FY 2016-2017, the agency's appropriations increased almost 7% from FY 2014-2015. The agency received funds in FY 2016-2017 to cover higher license plate production and volume costs, relocation of two regional service centers and the Bull Creek campus. In addition, the agency's ongoing Automation Project (including information technology separation efforts) was fully funded.

The following table illustrates the TxDMV appropriation and FTE history since the FY 2014-2015 biennium.



The 85th Legislature provided funding for FY 2018-2019 in an approved amount of \$332.9 million, a 6% increase over the FY 2016-2017 biennium. The increase in FY 2018-2019 is primarily driven by the approval of funding for TxDMV Headquarters (HQ) maintenance costs (\$9.8 million).

The agency received funding for a Special Investigations Unit (\$1.9 million) to address more complicated motor vehicle crimes that are often not detected or investigated but cost the state considerable losses in both dollars and public confidence. Some of the crimes are related to other serious criminal enterprises, such as auto theft, illegal drug and human trafficking.



## Texas Department of Motor Vehicles

The department received appropriations from the TxDMV Fund to create a function that specializes in these more complicated types of theft and fraud in an effort to assist law enforcement and protect citizens in a more timely and effective manner. The appropriation included an additional 13 FTEs, as well as funds for four vehicles, travel and related expenses. The department hired the division director in January 2018 and successfully stood up the division in June 2018.

### ***TxDMV Facilities - Background***

In the department's FY 2016-2017 Legislative Appropriations Request to the 84th Legislature, TxDMV presented two options, through exceptional item requests, to consolidate and relocate its headquarters operations. The first option was the request to purchase land and construct a building and the second option was the request to lease commercial space to house TxDMV's headquarters operations. During the course of the session, the 84th Legislature included in the General Appropriations Act \$57.9 million to purchase land and construct a building through the Texas Facilities Commission. However, the request was ultimately not approved. Discussions between the Governor's Office and TxDOT ultimately led to the development of a long-term low-cost solution to house TxDMV headquarters staff. As a result, Motor Carrier Division staff were relocated to Building 6, 5th Floor on Camp Hubbard on January 2018. S.B. 1349, 85th Legislature, Regular Session granted TxDMV authority to buy, improve, sell and lease property. S.B. 1349 also gave TxDOT legal authority to donate two tracts of property (Tract 1 is Camp Hubbard Buildings 1 through 5 and Tract 2 is Camp Hubbard Buildings 6 through 10 and the associated parking of both tracts) to TxDMV via negotiations and the sale of real property through the General Land Office.

Since the creation of the TxDMV as a separate agency, its headquarters facilities have been housed in TxDOT-owned facilities. These properties were located on Jackson Avenue (known as Camp Hubbard) and Bull Creek Road in Austin. As part of the appropriation, three additional FTEs were approved to handle facilities and maintenance needs related to the property. The agency will collaborate with TxDOT to transition facilities maintenance tasks and costs at Camp Hubbard to TxDMV.

The agency was appropriated \$9.8 million for the biennium (FY 2018-2019) to begin undertaking maintenance-related expenses associated with the buildings occupied by TxDMV staff.

In FY 2020-2021, the department's total appropriations decreases by 7.1% from the previous biennium. The decrease is primarily a result of the complete elimination of an appropriation for Texas.gov service fees and an overall reduction in one-time capital project funding. Decreases in the capital funding are the result of several capital projects ending, including RTS refactoring, which will be transitioning into maintenance. The main source of funding is the TxDMV Fund, while the Motor Vehicle Crime and Prevention Authority (MVCPA), previously named Automobile Theft and Prevention Authority, will continue to be funded through General Revenue.

TxDMV carefully reviewed each program and budget strategy to determine the value of each dollar requested. The department's appropriations for the biennium is \$310.8 million, \$157.8 million in FY 2020 and \$153.0 million in FY 2021, with 802 FTEs.

As the TxDMV moves into the next biennium and prepares for the future, the primary catalyst for enhancing service delivery will be technology-driven changes. To support these changes, the department recognizes the need to concentrate on emerging hardware and software as well as the human resources required to implement, sustain and support technological advances. TxDMV will also need to address how best to educate customers to fully utilize new technologies available. Finally, the department recognizes its need to increase its efforts to combat motor vehicle burglary and theft prevention, not only with an increase in existing grants, but also with an expansion of the scope of the program. Many of these issues were addressed in the recommendations included in the *Sunset Advisory Commission's Staff Report* and are supported by the TxDMV Board and executive management.



## Texas Department of Motor Vehicles

The department's approved appropriations increase program efficiencies and effectiveness, align with state executive leadership direction and include recommendations from the Sunset Commission's Staff Report. TxDMV will work to ensure that improvements in its operations maximize service delivery to the department's customers in the upcoming biennium.

The department's FY 2020-2021 appropriations include additional funding for:

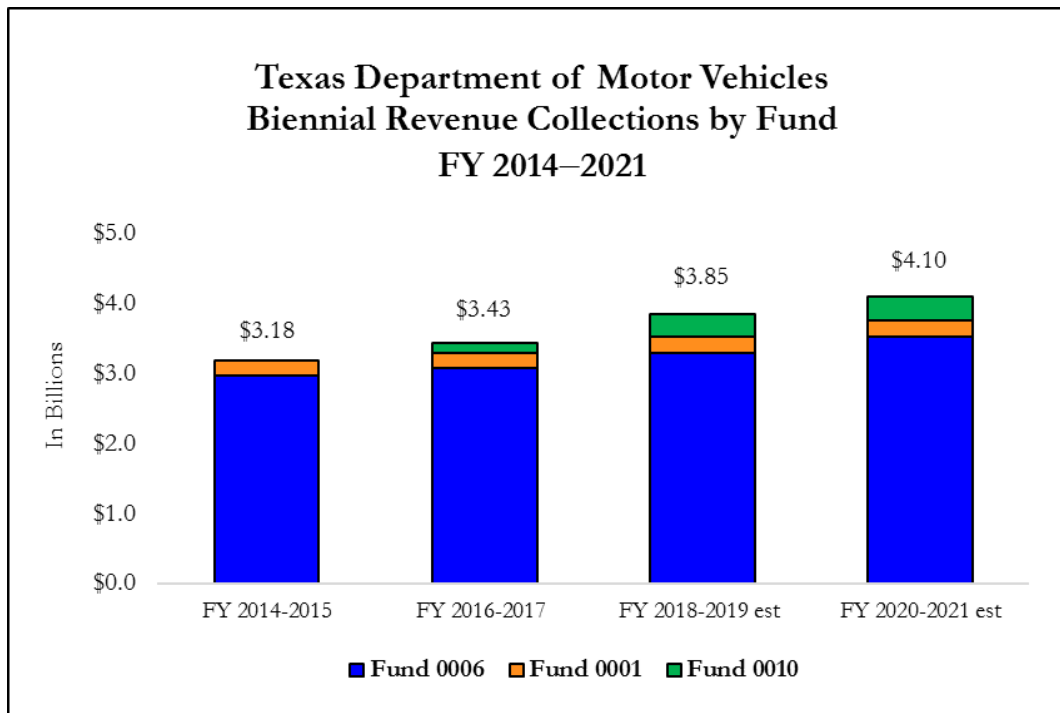
- Information Technology Services Division Development and Maintenance Improvements - 12 FTEs; \$1.9 million
- Information Technology Services Division Infrastructure Improvements - \$2.7 million
- Consumer Protection and Tracking Resources - \$567,500
- Consumer Service Enhancement - 9 FTEs; \$904,005
- Statewide Cost Allocation Plan (SWCAP) increase - \$1.9 million
- Regional Service Centers Capital - \$500,000
- Rider contingency - 2 FTEs and \$1.4 million for the implementation of digital license plates

The department's request for headquarters renovations (\$5.1 million) was not approved. These funds would have accommodated renovations to two floors in Building 1. However, the department received a rider that allows the carryforward of unspent HQ Capital dollars into the new biennium. This will allow the agency to continue needed repairs to Building 1's infrastructure such as weatherization and the replacement of Building 5's roof.

Finally, TxDMV received riders that provide the department with enhanced flexibility in efficiently and effectively spending its appropriations as well as providing the department with additional tools for planning and aligning its expenditures with its needs.



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The table above shows the sum totals per biennium of all-fund TxDMV revenue collections broken down by fund number. Agency revenue collections continue to rise in the current biennium (FY 2018-2019) as compared to the FY 2016-2017 biennium. In FY 2018, TxDMV collected \$1.93 billion in total revenue. This comprises \$1.64 billion to the State Highway Fund (0006); \$112.50 million to the General Revenue Fund (0001); and \$171.63 million to the TxDMV Fund (0010). In FY 2019, State Highway Fund collections are estimated to be \$1.65 billion; General Revenue Fund collections are estimated to be \$110.05 million; and TxDMV Fund revenue collections are estimated to be \$163.91 million. These figures result in estimated collections of \$3.85 billion in FY 2018-2019.

The TxDMV Fund was created in FY 2017 to support the department's operations. In the FY 2020-2021 biennium, TxDMV Fund revenue collections are projected to be \$348.87 million, a 4.0% increase compared to the current biennium. The upward revenue trend for all funds is expected to continue in FY 2020-2021, with total revenue collections estimated to be \$4.10 billion. A strong Texas economy and increases in the number of registered vehicles from population growth were considered in the comptroller's FY 2020-2021 biennial revenue estimate.



Texas Department *of* Motor Vehicles

## **Part II: Fiscal Year 2020 Revenues**



# Texas Department of Motor Vehicles

## Fiscal Year 2018-2021 Revenue Summary

TxDMV collects revenues from registrations, licenses, titles, permits, and credentials for deposit into the State Highway Fund (Fund 0006), the General Revenue Fund (Fund 0001) and the TxDMV Fund. Total revenue collections are estimated to be \$1.92 billion in FY 2019 in all funds combined. FY 2019 revenue estimates shown below are conservative projections determined by the department during FY 2018. Based on current trends, total actual revenue collections for each fund are likely to exceed these amounts. In FY 2019 and the final months of FY 2018, revenue collections from oversize/overweight permit issuance and motor vehicle registrations were higher than projected. Additionally, TxDMV Fund interest collections have exceeded projections, as the fund balance is higher than projected and interest rates have increased. Growth in revenues is mostly the result of an increase in the number of registered vehicles, natural population growth and a strong Texas economy. As shown in the FY 2018-2021 summary below, this growth is expected to continue in the FY 2020-2021 biennium, resulting in year-over-year revenue increases.

## Fiscal Year 2018-2021 Revenue Summary

<i>Revenue Fund and Fee Categories</i>	<i>FY 2018 Actual</i>	<i>FY 2019 Estimated</i>	<i>FY 2020 Estimated*</i>	<i>FY 2021 Estimated*</i>
<b>General Revenue Fund 0001</b>				
Motor Vehicle Certificates of Title	\$ 37,095,019	\$ 36,604,000	\$ 37,843,000	\$ 38,222,000
Motor Vehicle Registration	\$ 15,960,844	\$ 16,430,000	\$ 16,306,000	\$ 16,306,000
Motor Carrier - Oversize/Overweight	\$ 49,399,440	\$ 46,831,000	\$ 54,172,000	\$ 54,714,000
Motor Carrier Credentialing	\$ 5,954,605	\$ 5,908,000	\$ 5,938,000	\$ 5,968,000
Miscellaneous Revenue	\$ 4,091,610	\$ 4,278,000	\$ 4,292,000	\$ 4,320,000
<b>Total Fund 0001 Revenue</b>	<b>\$ 112,501,518</b>	<b>\$ 110,051,000</b>	<b>\$ 118,551,000</b>	<b>\$ 119,530,000</b>
<b>State Highway Fund 0006</b>				
Motor Vehicle Certificates of Title	\$ 9,764,464	\$ 8,789,000	\$ 10,157,000	\$ 10,360,000
Motor Vehicle Registration	\$ 1,516,742,393	\$ 1,524,270,000	\$ 1,599,601,000	\$ 1,639,591,000
Motor Carrier - Oversize/Overweight	\$ 116,627,035	\$ 113,565,000	\$ 126,106,000	\$ 128,588,000
<b>Total Fund 0006 Revenue</b>	<b>\$ 1,643,133,892</b>	<b>\$ 1,646,624,000</b>	<b>\$ 1,735,864,000</b>	<b>\$ 1,778,539,000</b>
<b>Texas Department of Motor Vehicles Fund 0010</b>				
Motor Vehicle Certificates of Title	\$ 43,441,426	\$ 41,397,000	\$ 43,670,000	\$ 43,988,000
Motor Vehicle Registration	\$ 38,696,773	\$ 33,291,000	\$ 39,083,000	\$ 39,278,000
Motor Carrier - Oversize/Overweight	\$ 15,349,386	\$ 15,259,000	\$ 16,117,000	\$ 16,278,000
Business Dealer Licenses	\$ 8,157,612	\$ 8,420,000	\$ 8,223,000	\$ 8,264,000
Miscellaneous Revenue	\$ 7,708,698	\$ 7,458,000	\$ 7,736,000	\$ 7,777,000
Processing and Handling Fee	\$ 58,271,922	\$ 58,082,000	\$ 58,902,000	\$ 59,556,000
<b>Total Fund 0010 Revenue</b>	<b>\$ 171,625,817</b>	<b>\$ 163,907,000</b>	<b>\$ 173,731,000</b>	<b>\$ 175,141,000</b>
<b>TOTAL REVENUE DEPOSITS TO FUNDS 0001, 0006, AND 0010</b>	<b>\$ 1,927,261,227</b>	<b>\$ 1,920,582,000</b>	<b>\$ 2,028,146,000</b>	<b>\$ 2,073,210,000</b>

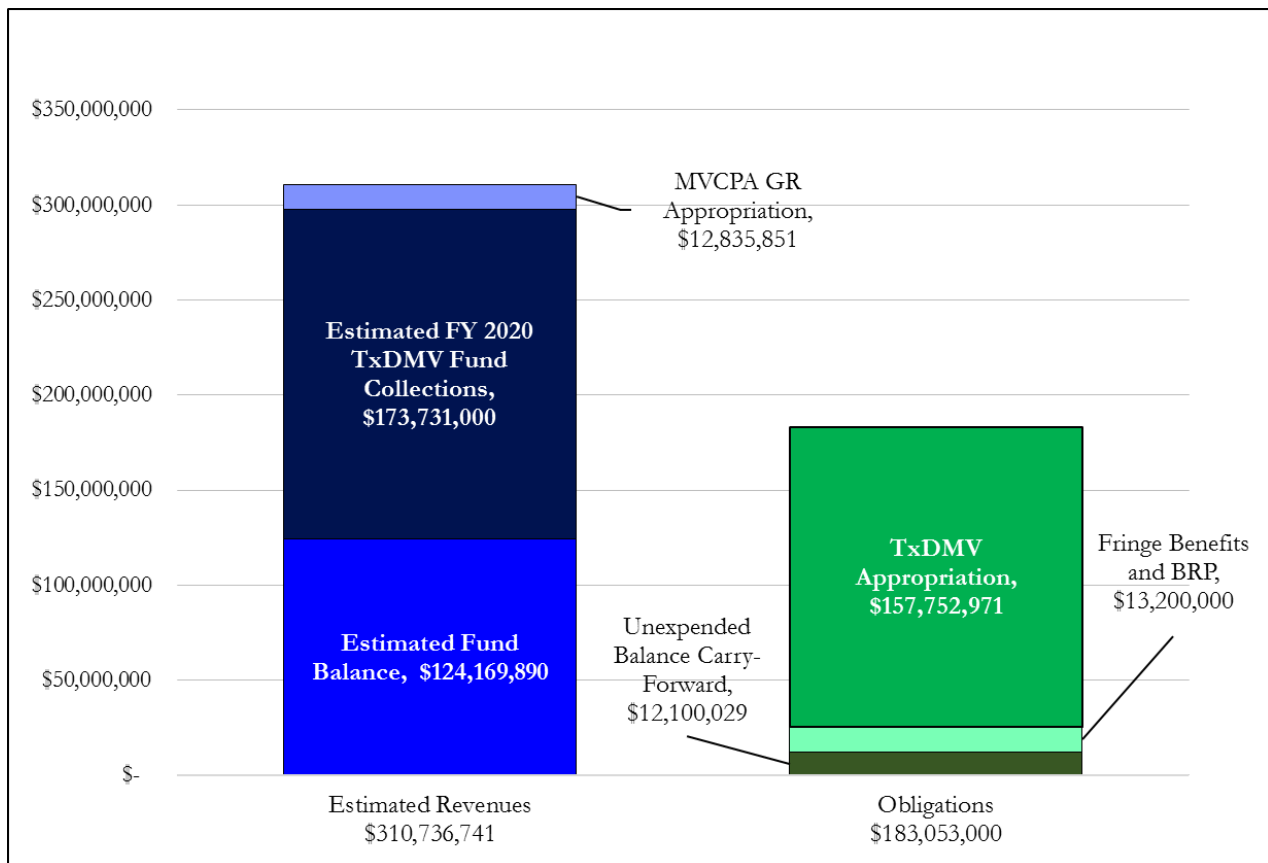
\*Source: Texas Comptroller of Public Accounts, Biennial Revenue Estimate, 2020-2021 Biennium, 86th Texas Legislature, January 2019 and the department's Legislative Appropriations Request dated August 10, 2018.



## Texas Department of Motor Vehicles

### Fiscal Year 2020 TxDMV Estimated Revenues vs. Obligations

Total estimated revenues of approximately \$310.7 million consists of: \$124.2 million in estimated FY 2019 year-end TxDMV Fund balance monies; \$173.7 million in estimated FY 2020 TxDMV Fund collections; and \$12.8 million in GR appropriations for MVCPA. The chart below reflects that the estimated available funds are sufficient to cover TxDMV obligations of \$183.0 million for FY 2020. Obligations include all recommended budget amounts for all expenditures in FY 2020.





Texas Department *of* Motor Vehicles

## **Part III: Fiscal Year 2020 Recommended Operating Budget**





## Texas Department of Motor Vehicles

### **Fiscal Year 2020 Recommended Operating Budget by Appropriation**

The General Appropriations Act (GAA) has appropriated \$157.8 million for FY 2020. This amount funds the TxDMV FY 2020 annual operations. The GAA also includes additional appropriations for certain unexpended balances and other allowable costs. The following chart depicts the TxDMV FY 2020 budget by Program Goal and Strategy. This recommended budget includes adjustments between strategies for position transfers and increases to appropriations for Benefit Replacement Pay (BRP) (see Budget Terms and Definitions) and estimated carry-forward of FY 2019 unexpended balances in Automation and HQ Maintenance.

The following table reflect the amounts approved by the 86th Legislature Conference Committee.

<b>A. Goal: Optimize Services and Systems</b>		<b>FY 2020 Recommended Operating Budget</b>
A.1.1. Strategy: Titles, Registrations, and Plates	\$	72,974,245
A.1.2. Strategy: Vehicle Dealer Licensing	\$	4,169,189
A.1.3. Strategy: Motor Carrier Permits & Credentials	\$	9,270,184
A.1.4. Strategy: Technology Enhancement & Automation	\$	9,306,276
A.1.5. Strategy: Customer Contact Center	\$	3,327,875
<b>Total, Goal A: Optimize Services and Systems</b>	<b>\$</b>	<b>99,047,769</b>
<b>B. Goal: Protect the Public</b>		
B.1.1. Strategy: Enforcement	\$	7,467,087
B.2.1. Strategy: Motor Vehicle Crime & Prevention Authority	\$	12,835,851
<b>Total, Goal B: Protect the Public</b>	<b>\$</b>	<b>20,302,938</b>
<b>C. Goal: Indirect Administration</b>		
C.1.1. Strategy: Central Administration	\$	8,220,092
C.1.2. Strategy: Information Resources	\$	26,935,545
C.1.3. Strategy: Other Support Services	\$	3,246,627
<b>Total, Goal C: Indirect Administration</b>	<b>\$</b>	<b>38,402,264</b>
<b>Total TxDMV Appropriation Budget</b>	<b>\$</b>	<b>157,752,971</b>
<b>Other Adjustments</b>		
Estimated Increase for Benefit Replacement Pay	\$	65,728
Projected Unexpended Balance Carry-Forward (UB)		
Capital - TxDMV Automation Systems Article VII Rider 5	\$	7,890,524
Capital - TxDMV HQ Maintenance Rider	\$	4,209,505
<b>Total, Other Adjustments</b>	<b>\$</b>	<b>12,165,757</b>
<b>Total TxDMV Operating Budget</b>	<b>\$</b>	<b>169,918,728</b>
<b>Method of Finance</b>		
General Revenue Fund (includes estimated Automation UB)	\$	19,346,110
TxDMV Fund (includes estimated Automation and HQ Maintenance UB)	\$	149,828,868
Federal Reimbursements	\$	743,750
<b>Total, Method of Finance</b>	<b>\$</b>	<b>169,918,728</b>

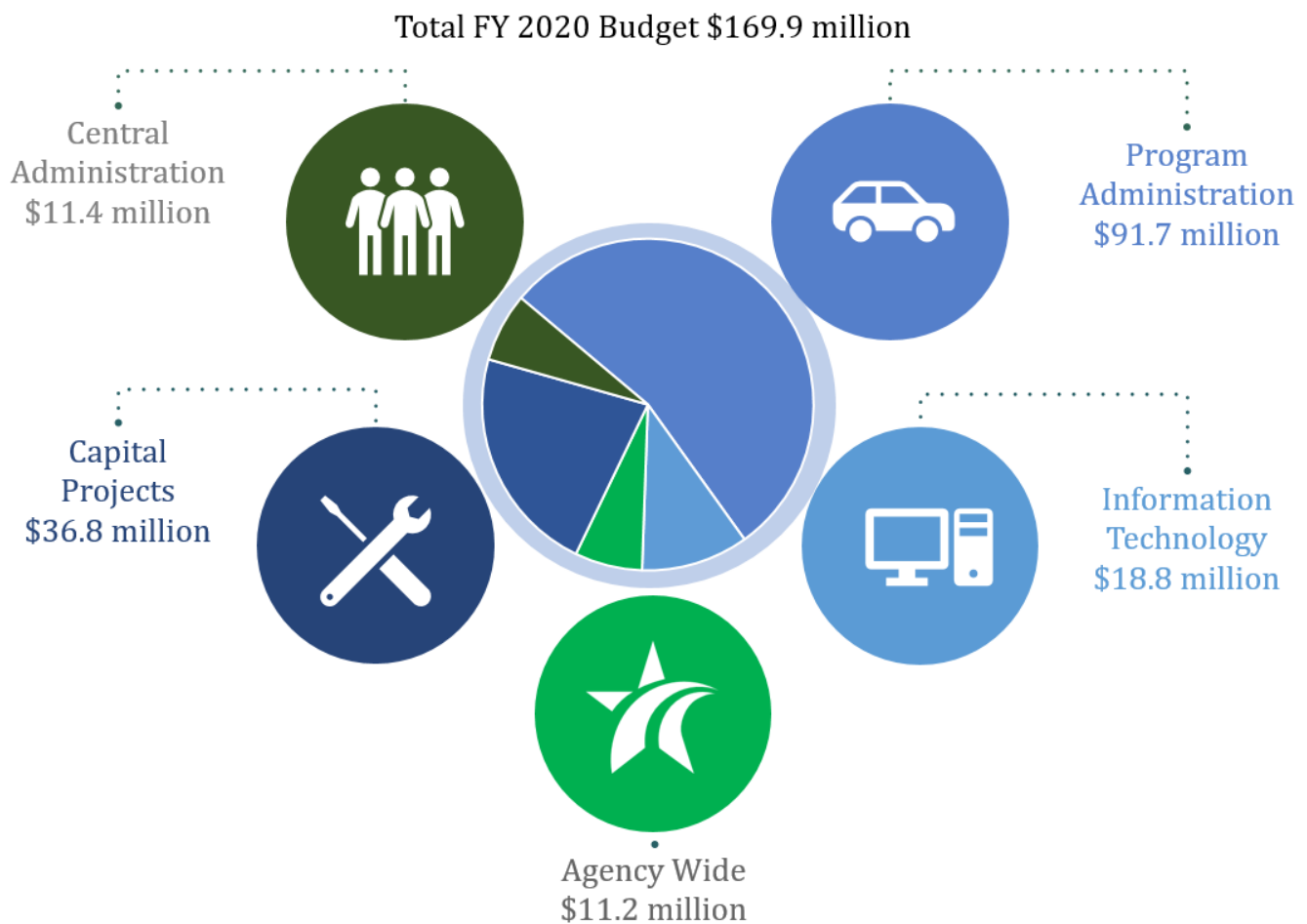


## Texas Department of Motor Vehicles

### Fiscal Year 2020 Expenditure Budget Highlights

#### Summary

The department's FY 2020 recommended operating budget totals \$169.9 million. Appropriations for current and new Automation Technology projects are continued for FY 2020 as well as carry forward of unspent funds for facilities and technology projects.



#### **Program Administration: \$91.7 million**

Program administration includes the department's core program areas such as MVCPA, Motor Vehicle, Motor Carrier programs (Oversize/Overweight and Texas IRP), Enforcement, Compliance and Investigations, Lemon Law (including management and administrative hearings), Consumer Relations, the Office of Administrative Hearings, and Vehicle Titles and Registration activities including Digital License Plate.



## Texas Department of Motor Vehicles

### **Central Administration: \$11.4 million**

Provides funding for Executive Management and Administrative Services such as Finance and Administrative Services, General Counsel, Human Resources, Government and Strategic Communications, Internal Audit and Board Support.

### **Information Technology: \$18.8 million**

Provides administrative oversight of all department technology functions and projects.

### **Capital Projects: \$36.8 million**

Major technology capital initiatives include new appropriations that will be utilized for addressing RTS defects and batch-scheduling processes. Funding is also approved for the continuation of Data Center Services (DCS), County Technology, and Agency Growth and Enhancement. New funding is provided for Information Technology infrastructure improvements. Other initiatives in FY 2020 include Regional Service Center (RSC) improvements, replacement vehicles, and Headquarters maintenance projects that will be funded through the carry-forward of funds from FY 2019.

### **Agency Wide: \$11.2 million**

Provides funding for department expenses such as fringe benefits and special programs, MyPlates and credit card payments. MyPlates is a third-party vendor that designs, markets and sells specialty license plates as a result of legislation. This is a revenue-generating contract. The vendor guarantees that the General Revenue Fund will receive at least \$15 million in royalty payments by the end of the contract term in November 2019. The vendor met the \$15 million guarantee in August 2017.

### **TxDMV Strategies and Goals**

TxDMV strategies are allocated through three broad categories to support its operations: 1) core functions that are public facing, 2) technology enhancements and automation primarily supporting the core functions and 3) indirect costs that are integral to the operations of any state agency.

- Core Functions include:
  - Providing title, registration and specialty license plate services (Goal 1, Strategy A.1.1.)
  - Regulating vehicle dealer licensing (Goal 1, Strategy A.1.2.)
  - Issuing motor carrier permits and credentials (operating authority) (Goal 1, Strategy A.1.3.)
  - Responding to customer inquiries through the Contact Center (Goal 1, Strategy A.1.5.)
  - Performing enforcement activities of the TxDMV regulated community and conducting investigations, including those of fraud, waste and abuse (Goal 2, Strategy B.1.1.)
  - Assisting in the prevention of motor vehicle burglary and theft (Goal 2, Strategy B.2.1.)



## Texas Department of Motor Vehicles

The core functions of the department represent almost 70% of TxDMV's total baseline request, or approximately \$218.0 million.

- Technology Enhancements and Automation and Information Resources include:
  - Upgrades, enhancements and deployment of systems that primarily support the department's core functions and its partners and the department resources dedicated to supporting these systems (Goal 1, Strategy A.1.4.; Goal 3, Strategy C.1.2.).

Technology enhancements and automation and Information Resources represent about 20% of TxDMV's total baseline request, or \$61.95 million.

- Indirect Administration includes:
  - Central Administration includes the department's support functions such as human resources, financial services, government and strategic communications, project management and other offices and support services that are critical to the maintaining day-to-day operations of the TxDMV. (Goal 3, Strategies C.1.1. and C.1.3.)

Total Indirect Administration represents approximately 10% of TxDMV's total baseline request, or \$31.8 million. Central Administration totals only 5% of the department's entire baseline budget request.

Major considerations integrated in the department's appropriations include amounts necessary to cover the impact of payroll growth for the state pension systems and employee group benefits, continuation of upgrades and enhancements of automation and technology projects and facilities maintenance.

External factors such as statewide population growth and a positive economic environment have been considered. As most of the services provided by the TxDMV are consumer-driven, the department is diligent in monitoring changes to the state and national economies. Any significant changes in trends are evaluated by executive management for the impact on departmental services. This is necessary to ensure continuity of service delivery and appropriate staffing.

Maintaining current levels of funding in core areas have been determined to be critical to the efficiency and effectiveness of TxDMV's operations. Also taken into consideration are recommendations and management actions included in the *Sunset Advisory Commission's Draft Staff Report*.

### FY 2018-2019 Accomplishments

TxDMV is continually examining the way it conducts business to optimize customers' experiences and provide more efficient and effective service delivery. Some of the significant changes to policy, provision of services and stakeholders served implemented during FY 2018-2019 and continuing through FY 2020-2021 are highlighted below.

- Established the Compliance and Investigations Division (CID). The CID was funded through an exceptional item request approved by the 85th Legislature with funding included in the General Appropriations Act (GAA). The CID is responsible for detecting and preventing fraud, waste and



## Texas Department of Motor Vehicles

abuse. The division investigates allegations of fraud related to motor vehicle title registration, provides support for law enforcement and identifies and recommends best practices to assist Tax Assessor-Collector (TAC) offices and TxDMV RSCs. CID's function has become increasingly more important in light of several high-profile cases that have resulted in criminal charges.

- Began redesigning the complaint process system. First identified as being insufficient by the *State Auditor's Office (SAO) Audit Report, March 2017, No. 17-036*, TxDMV began reevaluating the way it documents, investigates and processes complaints. The department began updating and documenting Standard Operating Procedures (SOPs) for its complaint process, including the processes for reviewing complaint investigations, notifying parties of the status of their complaint and documenting complaints where no action will be taken. TxDMV implemented restricted access in its complaint tracking systems eLICENSING and Complaint Management System (CMS) to only those that require access to perform their job duties. Complaint processing and tracking improvements are also included in the *Sunset Advisory Committee's Staff Report, Issue 3* as needing further attention. The department agrees with the recommendation and will be working toward making further improvement and modifications during the FY 2020-2021 biennium.
- Deployed the eLICENSING system. The eLICENSING system provides motor vehicle dealers, salvage dealers and industry licensees operating in Texas to apply for, renew or amend motor vehicle dealer licenses online. This system replaced a paper-based system with an online self-service hub for all motor vehicle licensees and salvage dealers operating in Texas. eLICENSING provides such benefits as 24-hour access to licensing information, elimination of paper processing, ability to submit license applications and payments online, a guided application process facilitating faster approvals and the ability to track the progress of submitted applications.
- Created a Kiosk Pilot project. Kiosks are self-service devices that provide safe, secure service availability. Kiosks are an efficient and innovative way to deliver various TxDMV products and services that reduce brick and mortar office space and staff. They have the added benefit of reducing wait times in TAC offices as customers will be able to complete transactions at alternative locations.
- Standardizing queuing systems at RSCs. TxDMV is currently in the process of standardizing queuing systems in its RSCs. Queuing systems allow TxDMV to monitor customer wait times, types of transaction being completed, time needed to complete each transaction, time spent with each customer and the number of transactions in each office. Collecting and analyzing this data identifies peak volume times and provides TxDMV with information needed for appropriate staff and training in RSCs, resulting in more efficient customer services. Queuing systems also allow TxDMV customers to "save a place in line" using mobile devices. Finally, the systems also have the capability of providing customers with satisfaction surveys. Currently, 11 of the 16 RSCs have completed queuing systems, with the remaining five installations to be completed by the end of FY 2020.



## Texas Department of Motor Vehicles

### Fiscal Year 2020 Recommended Operating Budget by Category

The table below outlines the FY 2020 recommended operating budget by TxDMV budget categories. The allocations represent estimates of anticipated costs based on prior year expenditures and planned expenditures.

#### 2020 Estimated TxDMV Budget by Budget Category

Budget Category	FY 2020 Recommended Operating Budget
Salaries and Wages	\$ 44,423,295
Benefit Replacement Pay	\$ 65,727
Other Personnel Costs	\$ 1,223,201
Professional Fees and Services	\$ 34,394,760
Fuels & Lubricants	\$ 81,000
Consumable Supplies	\$ 1,155,911
Utilities	\$ 4,715,298
Travel In-State	\$ 460,270
Travel Out-of-State	\$ 100,200
Rent - Building	\$ 899,040
Rent - Machine and Other	\$ 346,762
Purchased Contract Services	\$ 30,833,311
Advertising & Promotion	\$ 150,550
Computer Equipment Software	\$ 1,189,232
Fees & Other Charges	\$ 5,626,393
Freight	\$ 831,690
Maintenance & Repair	\$ 5,582,941
Memberships & Training	\$ 316,084
Other Expenses	\$ 6,780,706
Postage	\$ 11,175,498
Reproduction & Printing	\$ 5,524,582
Services	\$ 1,122,859
Grants	\$ 12,293,618
Other Capital	\$ 625,800
<b>Total</b>	<b>\$ 169,918,728</b>

A description of the budget categories are in [Appendix A](#).



Texas Department *of* Motor Vehicles

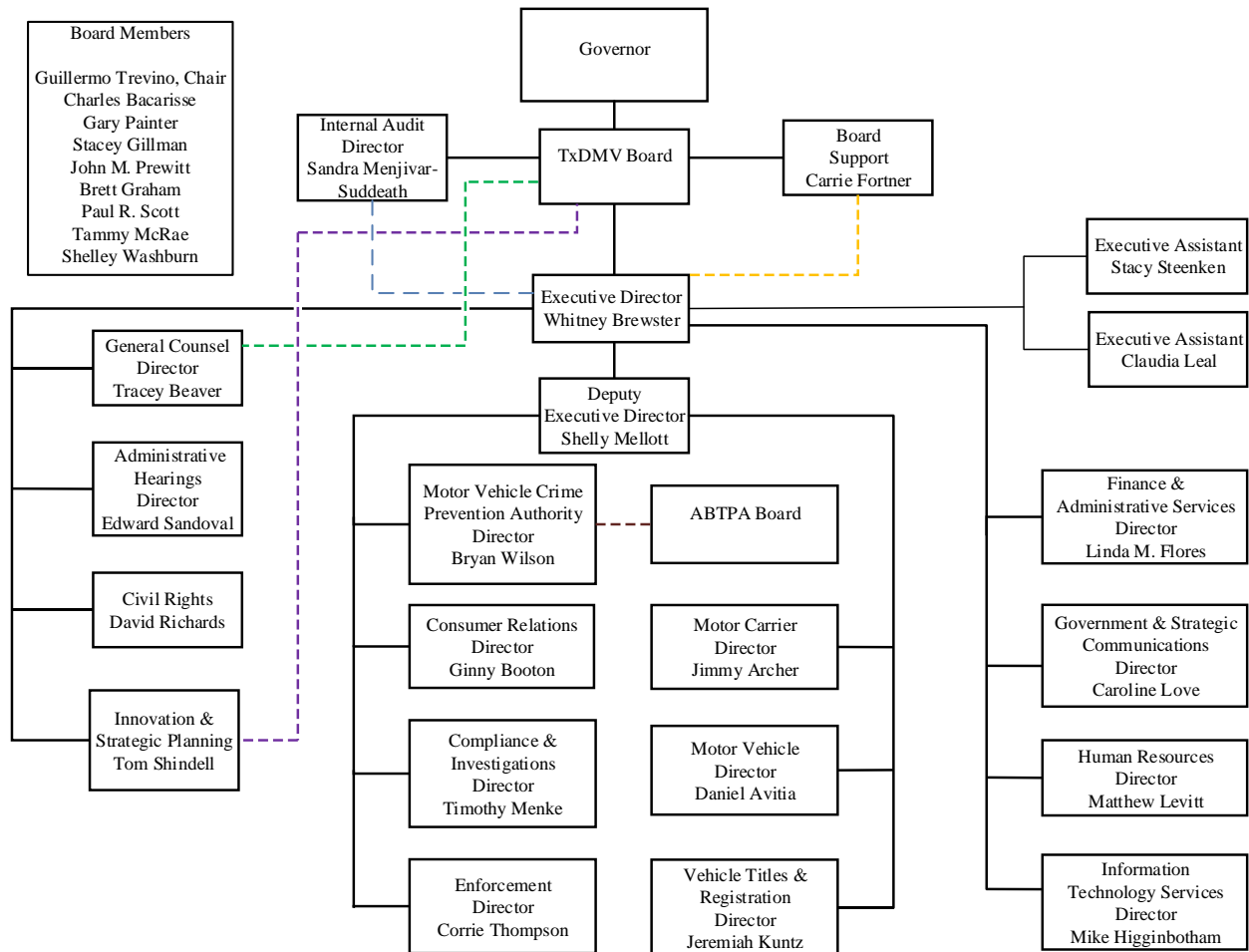
## **TxDMV Organizational Chart**



# Texas Department of Motor Vehicles

## TxDMV Organizational Chart

### Texas Department of Motor Vehicles







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## **Part IV: Fiscal Year 2020 Recommended Capital Projects**



## Texas Department of Motor Vehicles

### Fiscal Year 2020 Recommended Capital Budget

The following chart categorizes the uses for the capital budget and identifies three significant areas for FY 2020. The Automation project budget includes \$6.6 million of new funding and \$7.9 million in project balances that carry forward from FY 2019. Other technology projects total \$18.8 million and other capital projects total \$4.5 million, which includes the HQ Maintenance capital project of \$4.2 million.

<b>TxDMV Capital Project Appropriations</b>		<b>FY 2020</b>
Fiscal Year 2020 Appropriation	\$	25,685,171
Estimated Unexpended Balance Carry-Forward	\$	12,100,029
<b>Total Capital Appropriations</b>	<b>\$</b>	<b>37,785,200</b>

<b>TxDMV Automation System <sup>1</sup></b>	<b>FY 2020 Preliminary Budget</b>
RTS Defects	\$ 5,500,000
Re-Architect RTS Batch Cycle	\$ 1,066,078
Web Lien*	\$ 2,514,619
Kiosk Pilot Program*	\$ 469,639
Call Center Upgrades*	\$ 597,399
RTS Tools*	\$ 500,000
CAST Software*	\$ 443,000
Unallocated*	\$ 3,365,867
<b>TxDMV Automation System Subtotal</b>	<b>\$ 14,456,602</b>

<b>Other Technology Projects</b>	
Growth and Enhancements - Agency Operations Support	\$ 807,498
Technology Replacement & Upgrades - County Support	\$ 5,000,000
PC Replacement	\$ 225,800
Data Center Consolidation	\$ 10,875,795
Cybersecurity Initiative	\$ 400,000
Consumer Protection and Tracking	\$ 470,000
IT Infrastructure Improvements	\$ 1,000,000
<b>Other Technology Projects Subtotal</b>	<b>\$ 18,779,093</b>

<b>Other Capital Projects</b>	
Vehicle Replacement	\$ 90,000
Regional Service Center	\$ 250,000
HQ Maintenance (Unexpended Balance)*	\$ 4,209,505
<b>Other Capital Projects Subtotal</b>	<b>\$ 4,549,505</b>

<b>TxDMV Total Capital Budget</b>	<b>\$ 37,785,200</b>
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1. The TxDMV Automation project includes project funds for FY 2020, which will be funded from budget balances remaining at year end of FY 2019.

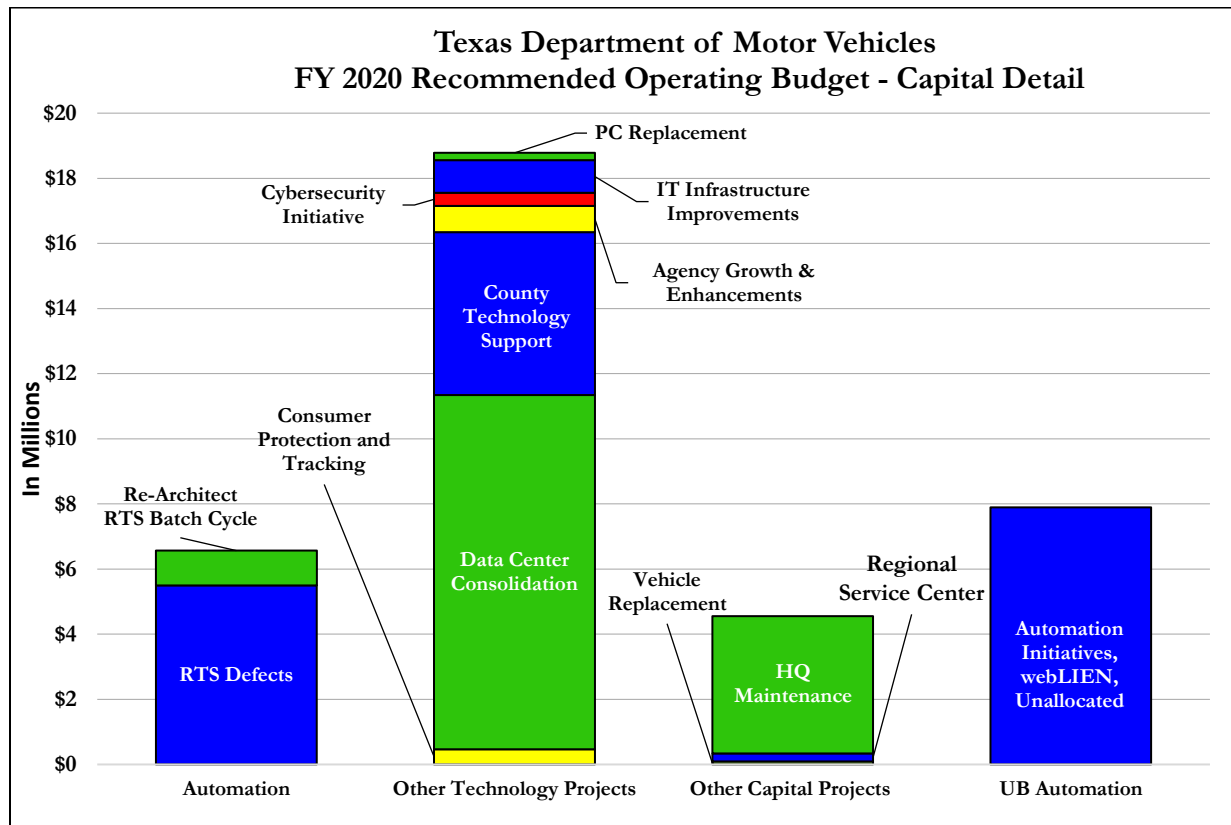
\* - Project funded through Unexpended Balance (UB) carry-forward from FY 2019



# Texas Department of Motor Vehicles

## Capital Project Details

The chart below depicts the uses and allocations of the capital budget to help illustrate where funds are being allocated and to which project.



### TxDMV Automation Systems Project (\$6.5 million new funding + estimated \$7.9 million unexpended balance carry-forward)

TxDMV is developing information technology assets to improve customer services and access to agency programs for the public through the TxDMV Automation System Project. This project encompasses entire agency operations to take advantage of operational efficiencies. This project also allows data sharing between agency functions to improve customer service. As the project continues to be refined, the initiatives in FY 2020 that will be addressed through the TxDMV Automation Systems Project are as follows:

#### Capital Appropriations:

**RTS Defect and Batch Cycle Processes** –In June 2013, TxDMV entered into a contract with Deloitte Consulting LLP to refactor the former Registration and Titling System (RTS)



## Texas Department of Motor Vehicles

by converting the code from a mainframe program to a JAVA web-based system. The system holds nearly 100 million current and archived vehicle registration and titling records. The contract with them consisted of multiple work streams that continued through FY 2018.

The RTS Refactoring project, which began implementation in May 2015, is currently fully deployed to TxDMV headquarters staff, the Regional Service Centers and all 254 counties.

For FY 2020, the Automation Project will focus on two initiatives, identifying and resolving the remaining outstanding issues and defects for statewide roll-out of the RTS System and a re-architect of the RTS batch cycle processes to enhance functionality of the system for the agency.

### **Project Continuation (funded from Unexpended Balances):**

**webLIEN Project** – webLIEN is an expansion of the current Electronic Lien and Title (ELT) system providing lienholders with an internet-enabled application. The application will facilitate the recording and removal of liens electronically.

**Automation Initiatives** – Several automation and technology initiatives began in FY 2019 and will carry forward for completion in FY 2020. Workgroups consisting of program and IT staff have been formed to outline scope for the following projects:

- **Kiosks Pilot Project** – These planned applications are to provide customers with the ability to electronically access TxDMV services more conveniently.
- **Call Center Upgrades** – Upgrade agency telephone equipment allowing TxDMV's call centers to incorporate new functionality.
- **RTS Testing Tools** – Provides automated application testing and data tools that will augment production environment impact of version updates and module modifications. These tools are critical in maintaining and supporting the RTS applications to ensure application stability, security and maintainability.
- **Computer Aided Software Testing (CAST)** – Provides the ability to test the software at a much higher level than if done manually.

### **Technology Replacement & Upgrades for Counties (\$5.0 million)**

This appropriation provides funding to maintain printers, computers, monitors, laptops, cash drawers, and other related equipment deployed at county tax assessor-collector offices throughout the state. Additionally, it provides funding to support point-to-point connectivity to the agency's Registration and Titling System for all 254 counties and their 508 primary and substation locations.

### **Data Center Consolidation (\$10.9 million)**

This appropriation supports information technology infrastructure assets and functions through statutorily required participation in the State Data Center maintained by the Department of Information Resources. Also included are costs for printing and mailing of registration processed



## Texas Department of Motor Vehicles

online. This allows TxDMV to fund data center services resulting from continued efforts to build an IT infrastructure and the implementation of the RTS enhancements.

### **Agency Growth and Enhancements (\$0.8 million)**

This line item includes replacement of peripheral devices; telephone system replacements and upgrades; replacement and upgrades of network equipment; the development of a VOIP (Voice over Internet Protocol) infrastructure; and the software licenses for enterprise applications. Additionally, the project includes division-level imaging and document management in the development of workgroup applications.

### **PC Replacement (\$0.2 million)**

The PC Replacement project was contained in Growth & Enhancement in previous years. It has now been separated into a unique capital line item. This project includes replacement of desktop computers, desktop printers, and laptops.

### **Cybersecurity Initiative (\$0.4 million)**

This project provides funding for initiatives to improve security for statewide information technology systems. Initiatives include the acquisition of malware and email security tools and the implementation of a managed security service provider through the DIR Data Center Services contract.

### **Consumer Protection and Tracking (\$0.5 million)**

This project allows the department to implement a proactive, risk-based approach to enforcement and fraud detection through leveraging technology. Specifically, this item will fund three initiatives: 1) construction of a public-facing database for case histories for motor vehicle and motor carrier licensees; 2) enhancements to the existing case management system to improve reporting of motor vehicle and motor carrier enforcement data, including complaints by source and license type, nature of complaint, resolution by allegation type and enhanced reporting of cases referred to the State Office of Administrative Hearings; and 3) provision of the newly established Compliance and Investigations Division with software tools to help detect and assist in the investigation of auto theft, auto fraud, curbstoning, insurance fraud, scofflaws and unlicensed businesses. The department plans to acquire software that will automate identification of vulnerabilities, trends and other indicators of fraud and criminal behavior, including activity on online classifieds, e-commerce and social media websites.

### **IT Infrastructure Improvements (\$1.0 million)**

This item provides funding to implement identified improvements that will facilitate a comprehensive, holistic approach in application development, maintenance and updating of TxDMV information technology infrastructure. Professional fees will be used to implement testing improvements to facilitate the creation of self-service test data, obtaining automated testing tools and creating automated tests. Additionally, funding is needed for application development to build out self-service



## Texas Department of Motor Vehicles

password reset functionality in the Registration and Titling System and Motor Vehicle Inquiry Network (MVINET) and to modify International Registration Plan System (IRP) to reduce errors.

### **Other Capital Projects (\$0.9 million)**

This category consists of three projects for TxDMV. The fleet will be increased by eight vehicles that will support investigation activities in the Enforcement Division and Compliance and Investigations Divisions (CID). Seven vehicles will be assigned to the Enforcement Division in Austin, Houston, Fort Worth, Odessa and Longview. One vehicle will be assigned to CID in Houston.

Additionally, two medium-sized Regional Service Centers (RSCs) will be updated to standardize the look of TxDMV facilities across the state.

Finally, the TxDMV HQ Maintenance and Repair project includes funding for several major projects such as weatherization, roof replacement, and internal and external upgrades for the building, including several hard wall office constructions complete with HVAC, electrical and cabling needs.



Texas Department *of* Motor Vehicles

## **Part V – Fiscal Year 2020 Contracts**



## Texas Department of Motor Vehicles

### **Fiscal Year 2020 Contract Summary**

The agency executes contracts that are statutorily required and executes contracts that are not required by law but enable it to perform its duties and operations. The Board's approval of the operating budget constitutes approval of any contracts listed in the operating budget. Procedures for Board contract procedures may be found in Appendix A, of this document.

The agency will execute approximately 203 new contracts and renewals of existing contracts that are not statutorily required but assist the agency in performing its operations.

The agency anticipates the renewal of 15 statutorily required contracts in Fiscal Year 2020.

The Fiscal Year 2020 budget currently includes:

- 14 contracts of more than \$200,000
- 6 contracts between \$100,000-\$200,000
- 153 contracts of less than \$100,000
- 15 IT Staff Augmentation contracts
- 15 statutorily required contracts

The following pages detail both statutorily required and optional contracts by division, vendor, purpose, contract period, and amount.

*Note:*

*The contracts listed on the following pages are subject to change based on the final terms and conditions negotiated.*





## Texas Department of Motor Vehicles

### Contracts Requiring Board Approval

The contracts listed below require Board approval for the award and/or renewal and proposed contract amounts for Fiscal Year 2020. Additional procurements may be conducted during the fiscal year and will be presented to the Board individually upon occurrence.

Division	Vendor	Purpose	Contract Period Award      Expire		FY 2019 Contract Amount	FY 2020 Contract Amount	Total Contract Amount as of FY 2020
Motor Carrier	Southwest Research Institute	TxCVIEW Annual Support	3/31/2014	1/31/2020	\$ 1,125,000	\$ 600,000	\$ 3,243,157
Vehicle Titles and Registration	American Association of Motor Vehicle Administration	Information systems title check through AAMVA	10/1/2018	9/30/2020	\$ 334,207	\$ 411,558	\$ 1,368,696
Finance and Administrative Services	Texas Dept of Transportation	Interagency contract between TxDMV & TxDOT	9/1/2018	8/31/2020	\$ 1,100,000	\$ 1,000,000	\$ 1,000,000
Total					\$ 1,459,207	\$ 2,011,558	\$ 4,611,853



# Texas Department of Motor Vehicles

## Statutorily Required Contracts

Contracts required by statute include the State Office of Administrative Hearings (contested cases), the State Office of Risk Management, Workers Compensation, vehicle liability insurance and property insurance and the Texas Department of Criminal Justice (manufacturing of license plates, registration stickers and placards, etc.). Line items below represent anticipated statutorily required contracts for the upcoming fiscal year.

Term Contracts are contracts negotiated by the Texas Comptroller of Public Accounts (CPA) for use by all state agencies. These competitively bid contracts include goods and services such as photocopier leases, automated mailing services, printing services, consumable office supplies and Point of Sale registration paper. State agencies have little or no negotiation authority for these contracts.

Division	Vendor	Purpose	Contract Period Award      Expire		FY 2020 Contract Amount	Total Contract Amount as of FY 2020
Agency Wide	State Office of Risk Management	Workers compensation & Risk management service	9/1/2018	8/31/2020	\$ 87,703	\$ 379,574
Capital Projects	Texas Dept. of Information Resources	Data Center Services	7/8/2014	8/31/2020	\$ 10,825,795	\$ 56,756,743
Finance and Administrative Services	Alliant Insurance Services	Fleet liability ins premium	5/13/2016	8/31/2020	\$ 26,970	\$ 75,870
Finance and Administrative Services	Arthur J Gallagher Risk Management Services, Inc	Property Liability insurance per State Office of Risk Management	9/1/2016	8/31/2020	\$ 10,728	\$ 40,028
Finance and Administrative Services	Open Text	Digital Imaging services	9/1/2016	8/31/2020	\$ 3,678,565	\$ 17,120,198
Finance and Administrative Services	Texas Dept of Criminal Justice	Manufacturing of License Plates/Stickers	9/1/2016	8/31/2020	\$ 18,928,186	\$ 102,192,651
Finance and Administrative Services	Texas State Library	Records Storage	9/1/2016	8/31/2020	\$ 8,000	\$ 58,000
Finance and Administrative Services	TIBH Industries Inc.	Janitorial/Custodial Services at Regional Service Centers	7/1/2017	6/30/2020	\$ 242,342	\$ 1,223,227
Finance and Administrative Services	TIBH Industries Inc.	HQ Janitorial Services	9/1/2016	8/31/2020	\$ 245,723	\$ 1,156,180
Finance and Administrative Services	TIBH Industries, Inc.	Transportation/freight services for plates provided by Southeast Vocational Alliance (SVA) Services	9/1/2016	8/31/2020	\$ 803,077	\$ 3,030,077
Finance and Administrative Services	TX Comptroller of Public Accounts	Fleet mgmt system support fee	5/11/2015	8/31/2020	\$ 407	\$ 3,254
Information Technology Services	Texas Dept. of Information Resources	Web Hosting TX.Gov	9/1/2016	8/31/2019	\$ 70,000	\$ 3,161,614
Motor Vehicle	State Office of Administrative Hearings	Interagency contract for administrative hearings	9/1/2015	8/31/2020	\$ 167,200	\$ 609,960
Vehicle Titles and Registration	Taylor Communications	Vehicle Registration Decals	4/16/2015	4/15/2020	\$ 4,241,362	\$ 19,897,317
Vehicle Titles and Registration	TIBH Industries, Inc.	Specialty license plates mail preparation & mailing service	9/1/2016	8/31/2020	\$ 743,603	\$ 3,458,271
Total					\$ 40,079,661	\$ 209,162,964



# Texas Department of Motor Vehicles

## Contracts Greater than \$200K

The following contracts have a cumulative cost value of more than \$200,000. In accordance with the Board Resolution Adopting Contract Approval Procedures, these contracts are excluded from Board approval procedures. These contracts include (1) routine operations; (2) procured from the Texas Council on Competitive Government (CCG); (3) Texas Department of Information Resources (DIR); and (4) Texas Procurement and Support Services (TPASS).

Division	Vendor	Purpose	Contract Period Award      Expire		FY 2020 Contract Amount	Total Contract Amount as of FY 2020
Capital Projects	Insight Public Sector Inc.	County refresh and ongoing maintenance of County equipment	8/7/2017	8/6/2020	\$ 300,000	\$ 7,561,134
Finance and Administrative Services	Ragsdale-Brook	Houston RSC	6/26/2014	8/31/2024	\$ 280,609	\$ 3,596,182
Finance and Administrative Services	TIBH Industries, Inc.	Toner for County Tax-Assessor Collector offices	9/1/2017	8/31/2020	\$ 800,000	\$ 3,200,000
Finance and Administrative Services	TBD	HQ Security Services	9/1/2019	8/31/2020	\$ 250,000	\$ 250,000
Information Technology Services	CDW	Cisco Smart Net	7/29/2016	7/28/2020	\$ 238,818	\$ 1,001,652
Information Technology Services	Carahsoft	Salesforce eLicensing Annual license fees	8/31/2017	8/30/2020	\$ 1,159,573	\$ 3,259,573
Information Technology Services	Explore	IRP Maintenance	4/1/2017	3/31/2020	\$ 336,300	\$ 1,313,176
Motor Carrier	Promiles Software Development Corp.	TxPROS software maintenance	5/12/2016	8/31/2019	\$ 603,180	\$ 3,015,900
Vehicle Titles & Registration	RR Donnelly Company	Title Paper	3/6/2016	3/8/2020	\$ 388,532	\$ 2,778,340
Vehicle Titles & Registration	Taylor Communications	VTR RTS-500 Form	9/1/2017	8/31/2020	\$ 602,250	\$ 2,221,850
Vehicle Titles & Registration	Pitney Bowes	Postage	9/1/2016	8/31/2020	\$ 10,840,000	\$ 39,762,586
Total					\$ 15,799,262	\$ 67,960,393



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### Contracts Greater than \$100K but less than \$200K

Contracts, including Statewide Contracts that have an annual cost value from \$100,000 to \$200,000 (Commodities over \$25,000 and Services over \$100,000 must be reviewed by the Texas Comptroller of Public Accounts; Government Code 2156.121) may be delegated to the agency by the Texas Comptroller of Public Accounts. If delegated, these are executed at the executive director's discretion within budget guidelines and in accordance with established procurement contract laws, rules, regulations and policies of oversight agencies. The executive director will report contract executions to the board.

Division	Vendor	Purpose	Contract Period		FY 2020 Contract Amount	Total Contract Amount as of FY 2020
			Award	Expire		
Finance and Administrative Services	Purple Tree LLC	Dallas/ Carrollton RSC	6/18/2013	3/31/2020	\$ 122,829	\$ 1,050,540
Finance and Administrative Services	Voyager Fleet Systems Inc.	Fleet fuel and maintenance	4/4/2014	8/31/2020	\$ 162,000	\$ 937,276
Finance and Administrative Services	Pitney Bowes	Agency postage	9/1/2017	8/31/2020	\$ 175,000	\$ 525,000
Information Technology Services	Voice Products Inc	Communication Maintenance	9/1/2018	8/31/2020	\$ 131,970	\$ 263,940
Information Technology Services	Red River Consulting Services	External Website Renovation	2/1/2019	12/31/2019	\$ 137,000	\$ 225,000
Information Technology Services	Solid Border	Security Software	10/21/2016	10/20/2019	\$ 118,820	\$ 667,188
Information Technology Services	National Auto Research Division	Web Portal Services	6/1/2017	5/31/2020	\$ 108,000	\$ 633,250
Total					\$ 955,619	\$ 4,302,193



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### Contracts Less than \$100K

Contracts, including Statewide Contracts under \$100,000 annually for services and \$25,000 for commodities are delegated to state agencies by the Texas Comptroller of Public Accounts (Government Code 2155.132). These include but are not limited to competitively bid contracts for goods and services that are executed at the executive director's discretion within budget guidelines and in accordance with established procurement contract laws, rules, regulations and policies of oversight agencies.

Category	Division	Vendor	Purpose	Contract Period Award      Expire		FY 2020 Contract Amount	Total Contract Amount as of FY 2020
Temporary Staffing	Consumer Relations	TIBH Industries, Inc.	Temporary staffing	7/5/2018	8/31/2020	\$ 40,219	\$ 148,462
	Finance and Administrative Services	Workquest	Temporary staffing	7/8/2019	12/31/2019	\$ 31,122	\$ 51,890
Building Leases	Finance and Administrative Services	Burnham Properties LTD	El Paso RSC	7/3/2014	10/31/2019	\$ 56,565	\$ 103,703
	Information Technology Services	Texas Dept. of Information Resources	Data Recovery Center	4/16/2014	4/30/2020	\$ 12,000	\$ 24,000
	Finance and Administrative Services	Corpus Christi Regional Transportation	Corpus Christi RSC	4/1/2017	3/31/2020	\$ 45,324	\$ 71,489
	Finance and Administrative Services	4015 Limited Partnership	CPA Warehouse	5/1/2015	4/30/2020	\$ 20,337	\$ 40,674
	Finance and Administrative Services	Tony Martin Trustee	Waco RSC	4/2/2012	8/31/2020	\$ 38,226	\$ 76,452
	Finance and Administrative Services	Riverbend Complex LLC	Ft. Worth RSC	7/1/2015	9/30/2020	\$ 77,625	\$ 155,250
	Finance and Administrative Services	Herrero & Company LLC	San Antonio RSC	5/1/2017	4/30/2027	\$ 81,825	\$ 163,650
	Information Technology Services	SHI Govt Solutions	GoTo Webinar	5/18/2015	5/18/2020	\$ 7,151	\$ 14,309
Information Technology	Information Technology Services	PCMG	Acrobat Licenses	9/1/2017	8/31/2020	\$ 36,574	\$ 145,148
	Information Technology Services	P&C Communications	Agency Wide Cabling Services	5/21/2015	8/31/2020	\$ 90,000	\$ 215,000
	Information Technology Services	Smarty Streets	Address Lookup	7/1/2016	6/30/2020	\$ 10,000	\$ 37,400
Employee Resources	Human Resources	Alliance	Employee Assistance Program (EAP)	1/1/2017	12/31/2020	\$ 27,416	\$ 94,898
Accounting Services	ABTPA	Texas Comptroller of Public Accounts (CPA)	Collection and Reporting of ABTPA related fees	9/1/2017	8/31/2020	\$ 10,000	\$ 30,000
Other Services	Multiple	On the Record Reporting & Transcription	Reporting and Transcription Services	11/1/2017	8/31/2020	\$ 10,000	\$ 38,500
HQ Landscaping	Finance and Administrative Services	TBD	HQ Landscaping	9/1/2019	8/31/2020	\$ 75,000	\$ 75,000
Cellular Services	Multiple	AT&T Wireless	Cellular Services	9/1/2017	8/31/2020	\$ 95,193	\$ 258,469
<b>Total</b>						<b>\$ 764,577</b>	<b>\$ 1,744,294</b>



## Texas Department of Motor Vehicles

### Summary of Contracts Grouped by Category

The following table is a summary of contracts that are less than \$100,000 grouped by similar category and not itemized as shown on Page 35.

Category	Purpose	FY 2020 Average Contract Amount	FY 2020 Contract Amount	Total Combined Contract Amount as of FY 2020
Memberships & Licenses 26 Contracts	Bar Dues \$5,186			
Subscriptions 33 Contracts	Memberships \$60,942 Subscriptions \$243,600	\$ 5,249.64	\$ 309,729	\$ 1,049,535
Technology, Hardware/Software Maintenance 11 Contracts	Technology, Hardware/Software Maintenance \$163,759	\$ 14,887.18	\$ 163,759	\$ 831,657
Copier Leases 50 Contracts	50 Copiers \$157,851	\$ 3,157.02	\$ 157,851	\$ 1,491,188
Service Contracts 15 Contracts	Mailing \$82,000 Broadband Services \$9,145 Other \$22,867	\$ 8,064	\$ 120,956	\$ 2,554,508
<b>Total</b>			<b>\$ 752,295</b>	<b>\$ 5,926,888</b>



## Texas Department of Motor Vehicles

### IT Staff Augmentation Contracts

Generally, contracts over \$200,000 must be reviewed and approved by the TxDMV Board; however, the TxDMV Board resolution adopting contract approval procedures excludes from approval those contracts with DIR for routine operations. The following list of Information Technology-related staff augmentation contracts for 2020 are for informational purposes only.

Note that contract amounts are subject to change based on agency needs and the final terms and conditions negotiated.

Division	Vendor	Purpose	Contract Period Award	Contract Period Expire	Primary Project	FY 2020 Contract Amount	Total Contract Amount
Information Technology	Apex Systems	Technology Services Staff Augmentation	1/5/2017	1/4/2020	RTS Refactoring	\$ 187,200	\$ 533,880
Information Technology	TIBH	Technology Services Staff Augmentation	5/11/2017	8/31/2020	RTS Refactoring	\$ 201,760	\$ 359,833
Information Technology	NF Consulting	Technology Services Staff Augmentation	6/29/2017	8/31/2020	Operating/Kiosk	\$ 201,760	\$ 728,572
Information Technology	NF Consulting	Technology Services Staff Augmentation	7/4/2017	8/31/2020	RTS Refactoring	\$ 199,680	\$ 596,735
Information Technology	NF Consulting	Technology Services Staff Augmentation	8/1/2017	8/31/2020	RTS Refactoring	\$ 235,040	\$ 812,696
Information Technology	Dataman USA	Technology Services Staff Augmentation	8/21/2017	8/9/2020	Cybersecurity	\$ 218,400	\$ 218,400
Information Technology	Sistema Technologies	Technology Services Staff Augmentation	11/14/2017	11/13/2020	RTS Refactoring	\$ 196,747	\$ 388,385
Information Technology	NF Consulting	Technology Services Staff Augmentation	4/1/2019	8/31/2020	Enhancements /Cybersecurity	\$ 200,720	\$ 281,780
Information Technology	NF Consulting	Technology Services Staff Augmentation	1/1/2019	8/31/2020	Enhancements /Web Dealer	\$ 201,760	\$ 636,000
Information Technology	NF Consulting	Technology Services Staff Augmentation	4/2/2019	2/18/2020	IT Operating	\$ 176,800	\$ 176,800
Information Technology	NF Consulting	Technology Services Staff Augmentation	3/1/2019	8/31/2020	Enterprise Reporting	\$ 197,600	\$ 628,315
Information Technology	NF Consulting	Technology Services Staff Augmentation	5/1/2019	6/21/2020	IT Operating	\$ 208,832	\$ 208,832
Information Technology	Apex Systems	Technology Services Staff Augmentation	7/1/2019	8/31/2020	IT Operating	\$ 208,832	\$ 208,832
Information Technology	TekSystems	Technology Services Staff Augmentation	4/23/2018	4/22/2019	IT Operating	\$ 270,483	\$ 540,966
Information Technology	TBD	Technology Services Staff Augmentation	9/1/2019	8/31/2020	New Projects for FY 2020	\$ 3,328,000	\$ 3,328,000
						<b>\$ 6,233,614</b>	<b>\$ 9,648,026</b>



Texas Department *of* Motor Vehicles

## **Appendix A: Purchasing Contract Resolution**





# Texas Department of Motor Vehicles

## BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES

### CONTRACT APPROVAL PROCEDURES

Revised May 2, 2019

The Board of the Texas Department of Motor Vehicles (Board) finds it necessary to adopt procedures relating to contracts executed on behalf of the Texas Department of Motor Vehicles (department). The Executive Director (or designee) has the authority to sign and/or approve contracts on behalf of the department without Board approval, to the extent this contract approval procedures does not require prior Board approval and Board approval is not required by law. The Board authorizes the Executive Director to adopt separate internal procedures to assist with the implementation of this contract approval procedures.

#### **Procurement Process:**

The department may enter into the procurement process to acquire goods and/or services without consultation or prior Board approval provided that the department complies with the General Contract Approval procedures below.

#### **General Contract Approval:**

Department contracts must be submitted to the Board by the Executive Director (or designee) for review and approval prior to execution and/or award if:

- the contract or contract renewal exceeds \$200,000.
- a change order, individually or in combination with other change orders (other than the exercise of available renewal options), increases the original contract by twenty-five percent or more, as long as the dollar amount of the change order is \$50,000 or more.
- any change order, individually or in combination with other change order (other than the exercise of available renewal options), increases the original contract by \$100,000 or more.

At the discretion of the Executive Director (or designee), the department may request the Board consider any contract of any amount.

#### **Exclusions:**

The department is not required to obtain approval for any grants awarded to the department or awarded by the department or any contracts which do not obligate the department to pay, such as the contract for the TexasSure program.

The following department contracts are for routine operations and are excluded from the contract approval procedures listed above:



## Texas Department of Motor Vehicles

Statewide Procurement Division (SPD) Contracts	Lawn Services
Department of Information Resources (DIR) Contracts	Janitorial Services
Council on Competitive Government (CCG) Contracts	Vehicles
Hardware/Software Maintenance	Leased Copiers
Vehicle Registration Renewal Notices	Copier Maintenance
Vehicle Titles	Trash Disposal
TXMAS Contracts <sup>1</sup>	Interagency/Interlocal Agreements <sup>2</sup>
Registration Stickers	Software - Off-the shelf
Equipment Maintenance	Set-Aside Contracts <sup>3</sup>
Temporary Staff Services	Postage
Security Services	

### **Emergency Procurements:**

In the event a contract is needed on an emergency basis, the Executive Director (or designee) will contact the Board Chairman or the Finance and Audit Committee for approval to execute such a contract and will brief the full Board at the next regularly scheduled Board meeting.

An emergency procurement is an unforeseeable situation requiring a procurement and the possible execution and/or award of a contract to:

- prevent a hazard to life, health, safety, welfare, or property;
- avoid undue additional costs to the state; or
- avoid undue delay to any department operations.

### **Budgeting and Reporting:**

Even though the routine contracts listed above are excluded from Board review, the Executive Director (or designee) must still ensure that all contracts are within budget guidelines and adhere to all established procurement contract laws, rules, regulations and policies of oversight agencies.

No later than August 31<sup>st</sup> of each fiscal year, the Chief Financial Officer (or designee) shall submit to the Board an annual report which identifies all agency contracts which are expected to exceed \$200,000 in the next fiscal year. This report shall include, but not be limited to, vendor name, contract purpose, contract amount, and contract duration. Additionally, the Chief Financial Officer (or designee) shall state whether sufficient funds are available in the agency's proposed operating budget for such contracts.

<sup>1</sup> Texas Multiple Award Schedule (TXMAS) contracts are contracts that have been developed from contracts awarded by the federal government or any other governmental entity of any state.

<sup>2</sup> However, the interagency contract between TxDMV and the Texas Department of Transportation pursuant to House Bill 3097 from the 81<sup>st</sup> Regular Legislative Session and/or Senate Bill 1420 from the 82<sup>nd</sup> Regular Legislative Session is excluded from this exclusion. So the department must obtain Board approval for this contract prior to execution of such contract, to the extent the dollar amount triggers the requirement for Board approval.

<sup>3</sup> Set-aside contracts are a specific set of contracts for which a competitive procurement is not required, such as contracts for commodities or services that are available from Texas Correctional Industries and the Central Nonprofit Agency under contract with the Texas Workforce Commission (TWC). Currently, TIBH Industries, Inc. is the Central Nonprofit Agency under contract with TWC.

Contract Approval Procedures



## Texas Department of Motor Vehicles

Funds for the department's contracts are first considered when the Board reviews and approves the department's operating budget. The Board's approval of the operating budget constitutes approval of any contracts listed in the operating budget. After the Board approves the operating budget, the department's Executive Director (or designee) is authorized to execute such contracts according to established procurement and contract laws, rules, regulations and policies of oversight agencies.

IT IS THEREFORE ORDERED by the Board that these contract approval procedures are adopted. The contract approval procedures dated November 03, 2016, and titled *Board of the Texas Department of Motor Vehicles, Contract Approval Procedures* is rescinded, effective May 2, 2019.

The Department is directed to take necessary steps to implement the actions authorized in this contract approval procedures.

May 2, 2019

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Guillermo "Memo" Treviño, Chair  
Board of the Texas Department of Motor Vehicles



Texas Department *of* Motor Vehicles

## **Appendix A: Budget Category Definitions**



## Texas Department of Motor Vehicles

### **Budget Category Definitions**

*In Alphabetical Order*

**Advertising and Promotion** – Includes radio/media ads, posters, signage, brochures, flyer production, and other promotional items.

**Benefit Replacement Pay** – Benefit Replacement Pay (BRP) is compensation authorized by the Texas Legislature to offset the loss of state-paid Social Security contributions. See budget terms and definitions for further explanation.

**Capital** – Expenditures related to the acquisitions, lease-purchase or ancillary cost (including contracts) associated with a capital items/projects over \$100,000.

**Computer Equipment** – The purchase and replacement of personal information technology equipment and peripherals such as workstations, monitors, keyboards, and laptops.

**Consumables** – Standard consumable costs required to run the day-to-day operations of the agency such as paper, pens, pencils, media discs and USB drives, paper clips and staples.

**Contract Services** – Services outsourced to third party entities for the benefit of the agency such as MyPlates and Standard Register.

**Exceptional Items** – The Legislative Budget Board (LBB) distributes instructions to state agencies and higher-education entities in the preparation of its biennial appropriations request. State agencies determine its baseline request by compiling actual/estimated/budgeted expenditures for the current biennium with specific guidance from the LBB. The baseline computation is approved by the LBB and the Governor's Office and becomes the basis for the next biennium's appropriations. Programs and/or services not included in the baseline request are considered exceptional items and may be submitted for consideration.

**Fees and Other Charges** – Credit card processing fees, employee health insurance fees, State Office of Risk Management insurance charges, and court filing fees.

**Freight** – Goods transported in bulk by truck, train, ship, or aircraft. For example, the costs to transport license plates to county tax offices.

**Fuels and Lubricants** – Fleet maintenance and operation costs related to oil changes and refueling fleet vehicles.

**Grants** – Pass-through funds designated for use by city, county, and other state agencies for a specific, contractual requirement.

**Maintenance and Repair** – Expenditures related to the upkeep of agency facilities, equipment, and software used on agency systems for annual application support such as e-Tags and International Registration Plan (IRP).



## Texas Department of Motor Vehicles

**Memberships and Training** – Fees for training courses and conference registrations for agency staff. Also included are expenditures for memberships for agency personnel such as Texas Association of Public Purchasers, American Association of Motor Vehicle Administrators (AAMVA) and the National Board of Motor Vehicle Boards and Commissions.

**Other Expenses** – Includes office furniture and equipment, and miscellaneous non-categorized costs such as employee awards, publication purchases, parts, promotional items, and non-capitalized tools. Also included in this category is a portion of the funding for TxDMV Automation and Growth and Enhancement.

**Postage** – Includes costs of metered mailing for license plates, registration renewal notices, and titles; and includes the cost of the rental of agency post office boxes.

**Professional Fees** – Work, requiring specific expertise, provided by third party professionals holding specific certifications and qualifications.

**Rent – Building/Rent – Machine, Other** – Costs associated with procurement of project facilities such as office rental, off-site training rooms; and costs associated with the rental of office equipment such as postage meters and copy machines.

**Reproduction and Printing** – Includes all agency printed materials primarily used in registration renewal notices and titles such as notification inserts, envelopes, and title paper.

**Salary** – Includes staff compensation and interns, longevity pay, health insurance contributions, and retirement contributions. Does not include contract workers who are not a part of the organization's normal payroll.

**Services** – Includes costs associated with services provided to TxDMV through subscription such as National Motor Vehicle Title Information System (NMVTIS) and LexisNexis.

**Travel (In-State/Out-of-State)** – that which has official state business purpose, attending approved job-related training, working on behalf of or officially representing the department. Includes transportation, meals and accommodations, and travel per-diems.

**Utilities** – Costs associated with providing services at facility locations and/or HQ such as electricity, telephone, water, and natural gas.



Texas Department *of* Motor Vehicles

## **Appendix B: Budget Terms and Definitions**



## Texas Department of Motor Vehicles

### **Budget Terms and Definitions**

**Annual Operating Budget** – An agency's Annual Operating Budget represents a one-year financial plan supporting the agency's business operations and addresses base operating requirements and adjustments. The budget covers funding for each division and reflects the most appropriate method of finance and strategy for core activities and continuing programs. The TxDMV Recommended Operating Budget reflects FY 2020 appropriations as identified in the 86th Legislature, Conference Committee. The agency's Annual Operating Budget covers a one-year period from September 1 through August 31.

**Appropriation** – Refers to funding or associated full-time equivalent (FTE) positions authorized for specific fiscal years and provisions for spending authority.

**Appropriation Year (AY)** – Refers to the specific fiscal year for which an appropriation is made. The appropriation year dictates the year to which the expenditure is authorized/charged.

**Base Request** – The base request represents the basis for the agency's biennial budget. The base request cannot exceed the appropriated amount established by the legislature through the prior biennial GAA, adjusted for Article IX appropriation adjustments.

**Benefit Replacement Pay** – Benefit Replacement Pay (BRP) is compensation authorized by the Texas Legislature to offset the loss of state-paid Social Security contributions. S.B. 102, 74th Legislature, eliminated the state-paid Social Security payment, effective December 31, 1995. After this date, eligible employees began receiving a supplement known as BRP in place of the state-paid Social Security payment. Eligible employees include those that were employed by the state and subject to FICA taxes on August 31, 1995, and have been continuously employed by the state since that date; employees that left the state but returned within 30 consecutive calendar days and those that retired before June 1, 2005, and returned to work with the state before September 30, 2005.

**Biennium** – Two-year funding cycle for legislative appropriations.

**Capital Budget** – The portion of an agency's appropriation that is restricted to expenditures for designated capital construction projects, capital acquisitions or projects.

**Centralized Accounting and Payroll/Personnel System (CAPPS)** – CAPPS is the official name of the statewide Enterprise Resource Planning (ERP) system created by the Comptroller of Public Accounts (CPA) ProjectONE team. CAPPS will replace legacy systems with a single software solution for financial and Human Resources (HR)/Payroll Administration for Texas state agencies. The modules for TxDMV's CAPPS include: Asset Management; General Ledger/Commitment Control (Budget); Payables; Purchasing/eProcurement; HR and Payroll Administration.

**Expended** – Refers to the actual dollars or positions utilized by an agency or institution during a completed fiscal year; a goal or strategy; an object of expense; or an amount from a particular method of finance.





## Texas Department of Motor Vehicles

**General Appropriations Act (GAA)** – The law that appropriates biennial funding to state agencies and higher-education institutions for specific fiscal years and sets provisions for spending authority.

**General Revenue (GR) (Fund 0001)** – The fund that receives state tax revenues and fees considered available for general spending purposes and certified as such by the Comptroller of Public Accounts.

**Federal Funds/Grants** – Funds received from the United States government by state agencies and institutions that are appropriated to those agencies for the purposes for which the federal grant, allocation, payment or reimbursement was made.

**Fiscal Year (FY)** – September 1 through August 31, and specified by the calendar year in which the fiscal year ends. For example, FY 2020 runs from September 1, 2019 through August 31, 2020.

**Full-Time Equivalents (FTEs)** – Units of measure that represent the monthly average number of state personnel working 40 hours per week.

**Lapsed Funds** – The unobligated balance in an item of appropriation that has not been encumbered at the end of a fiscal year or at the end of the biennium. Appropriations expire if they are not 1) obligated by August 31 of the appropriation year in which they were made or 2) expended within two years following the last day of the annual year.

**Line-item** – An element of spending authority granted to an agency or institution in an appropriations bill. It is, literally, a line in the General Appropriations Act specifying an agency's appropriations for a specific designated use. In Texas, the governor may veto a line-item.

**Method of Finance** – This term usually appears as a heading for a table that lists the sources and amounts authorized for financing certain expenditures or appropriations made in the General Appropriations Act (GAA). A source is either a "fund" or "account" established by the comptroller or a category of revenues or receipts (e.g., federal funds).

**Processing and Handling Fee** – In accordance with H.B. 2202, 83rd Legislature, Regular Session, in June 2016, effective January 1, 2017, a new processing and handling (P&H) fee for registration activities was adopted. The P&H fee is set at an amount (\$4.75) sufficient to cover the costs of registration services.

**Rider** – Sets specific instructions regarding the expenditure or collection of funds by an agency.

**Salary Budget** – Fiscal year salaries include projected annual costs based on prior year actual salaries with adjustments for vacancies, merits and projected longevity costs.

**State Highway Fund (Fund 0006)** – Constitutionally created fund that dedicates net revenues from motor vehicle registration fees and taxes on motor fuels and lubricants. Revenue in the State Highway Fund is used for highway construction and maintenance, acquisition of rights-of-way and law enforcement on public roads.



## Texas Department of Motor Vehicles

**TxDMV Fund (Fund 0010)** – S.B. 1512, 84th Legislature, Regular Session, re-created the TxDMV Fund outside of the GR Fund and directed the agency to change its deposit schedule beginning in FY 2017. S.B. 1512 also redirected the revenues previously identified in H.B. 2202, 83rd Legislature, Regular Session, associated with certain TxDMV fees to be deposited to the credit of the newly established TxDMV Fund. MVCPA, however, continues to be self-funded through the collection of a \$2 fee on insurance policy renewals and its fees are deposited to the credit of the General Revenue Fund.

**Unexpended Balance (UB) or Carry-Forward** – The amount left in an item of appropriation at the end of an appropriation period and includes only that part of the appropriation, if any, which has not had an obligation or commitment made by the agency in charge of spending the appropriation. The term also refers to the amount of an appropriation, a fund or a category of revenue which is brought forward (appropriated) to the succeeding fiscal year. Agencies must have legislative authority to move funds from one year to the next and/or from one biennium to the next biennium.



Texas Department *of* Motor Vehicles

## Appendix C: Finance and Administrative Services Contacts



## Texas Department *of* Motor Vehicles

### **Finance and Administrative Services Contacts**

Linda M. Flores, Chief Financial Officer  
512-465-4125

Sergio Rey, Assistant Chief Financial Officer  
512-465-4203

Debra Rosas, Purchasing Director  
512-465-1257

Vacant, Accounting Operations Director  
512-465-4203

Ann Pierce, Assistant Division Director, Administrative Services  
512-465-4100

#### **Budget Analysts**

John Ralston, Budget Team Lead  
512-465-4182

Dawna Rooks, Senior Budget Analyst  
512-465-4178

Shelia Bledsoe, Budget Analyst  
512-465-5831

Dawne Crichlow-Rouse, Budget Analyst  
512-465-4195

#### **Revenue Forecasting**

Brian Kline, Revenue Forecasting Team Lead  
512-465-4194

Laura Fowler, Financial Analyst  
512-465-5851

Steve Sandoval, Financial Analyst  
512-465-1448

#### **Planning**

Lisa Conley, Planner  
512-465-4186



Board Meeting Date: 8/8/2019

**ACTION ITEM**

**To:** Texas Department of Motor Vehicles Board  
**From:** Linda M. Flores, CPA, Chief Financial Officer, Finance & Administrative Services Division Director  
**Agenda Item:** 17.B  
**Subject:** FY 2020-2021 Interagency Contract between TxDMV and TxDOT

**RECOMMENDATION**

TxDMV staff requests the Board to authorize Executive Director Brewster to negotiate any final changes to the Interagency Contract between TxDMV and TxDOT, and to execute the contract with the approval of the board Chairman.

**PURPOSE AND EXECUTIVE SUMMARY**

TxDMV has negotiated and executed an Interagency Contract with TxDOT every year since TxDMV became an agency. The Interagency Contract is necessary due to shared facilities, and the need to cooperate on different programs and issues, such as the routing of certain overweight vehicles.

**FINANCIAL IMPACT**

The Interagency Contract sets TxDMV's maximum payment at \$1 million per fiscal year.

**BACKGROUND AND DISCUSSION**

TxDMV redlined the current Interagency Contract to indicate the changes TxDMV staff proposes at this time. Staff deleted language that is no longer needed, added language to improve the coordination between the two agencies, and updated information.

TxDOT recently provided TxDMV with redlines. TxDOT's redlines are not included in these materials because TxDMV management needs to discuss the redlines internally prior to beginning negotiations with TxDOT.

**THE STATE OF TEXAS                    §**

**THE COUNTY OF TRAVIS               §**

## **INTERAGENCY CONTRACT FOR FISCAL YEARS 2020-2021**

**THIS AGREEMENT** is entered into by and between the State agencies shown below under the authority granted and in compliance with the provisions of Chapter 771 of the Government Code.

### **I. PARTIES**

TxDMV    Texas Department of Motor Vehicles  
TxDOT    Texas Department of Transportation

### **II. LEGAL AUTHORITY**

TxDMV and TxDOT are authorized to enter into this contract by Chapter 771, Government Code; HB 3097, 81st Leg., Regular Session, 2009 (hereafter HB 3097); and SB 1420, 82<sup>nd</sup> Leg., Regular Session, 2011 (hereafter SB 1420).

### **III. TERM**

This contract begins September 1, 2019, and terminates at the end of August 31, 2021.

### **IV. MAXIMUM AMOUNT PAYABLE**

The maximum amount payable by TxDMV to TxDOT under this contract shall not exceed \$1 million per fiscal year, unless this amount is amended as provided by Section XIV of this contract.

The maximum amount payable by TxDOT to TxDMV under this contract shall not exceed \$1 million per fiscal year, unless this amount is amended as provided by Section XIV of this contract.

### **V. SCOPE AND INTENT**

It is the intent of the parties that this contract shall govern the provision of services and the reimbursement of actual costs.

### **VI. NOTICES**

Official notices under this contract shall be sent by first-class mail. Advance copies may be sent by facsimile transmission or email to the appropriate project manager or point of contact. Official notices shall be directed as follows:

Notices to TxDMV:  
Executive Director  
Texas Department of Motor Vehicles  
4000 Jackson Avenue  
Austin, TX 78731  
(512) 465-3001 Phone  
(512) 465-3004 Fax

Notices to TxDOT:  
Director of Contract Services  
Texas Department of Transportation  
125 E. 11th Street  
Austin, Texas 78701  
(512) 416-4620 Phone  
(512) 416-4621 Fax

## **VII. FUNDING**

The agency that provides deliverables (performing agency) to the other agency (receiving agency) shall provide an itemized invoice to the receiving agency, except as otherwise stated in this contract.

The receiving agency shall pay the actual costs of all deliverables provided by or through the performing agency under this contract, except as stated otherwise in this contract.

The basis for calculating actual costs is set forth in Attachment A, which is incorporated by reference in this contract. Actual costs shall be invoiced no more frequently than monthly and within 90 days of the date those costs are incurred.

Neither agency shall make a profit from its participation in this contract.

## **VIII. FACILITIES, EQUIPMENT, AND PERSONNEL**

- A. TxDMV personnel may occupy assigned TxDOT facilities and use TxDOT equipment on the same terms as TxDOT employees. For facilities where TxDOT controls access to buildings, TxDOT shall issue security badges to TxDMV employees, board members, and contractors. The badges shall associate the recipients with TxDMV and enable access to TxDOT facilities as required by TxDMV business operations. Neither agency shall have any right of access to buildings occupied exclusively by the other agency except to perform functions authorized by the contract. Either party may mutually agree on an ad hoc basis to permit the other party access for the purpose of a particular function. TxDMV shall make no alterations or additions to TxDOT facilities without prior written approval from TxDOT. With regard to security at Camp Hubbard, Buildings 1 and 5, TxDMV may at its convenience install its

own electronic card access system and video surveillance system, and provide its own security guard services. TxDOT will continue under the current arrangement with respect to security guard services until TxDMV provides its own services. TxDMV will be solely responsible for the installation, maintenance and repair of said systems. TxDMV must at all times allow TxDOT Facilities Team and Security Team personnel uninterrupted 24/7 access to all locations in each building.

- B. TxDMV shall give TxDOT one year written notice of its intent to vacate a TxDOT facility (whether owned by or leased to TxDOT) unless agreed otherwise by the parties. TxDOT shall give TxDMV one year written notice to vacate prior to the date TxDMV is required to vacate a TxDOT facility, regardless of whether TxDOT owns or leases the facility, provided, however, that TxDOT may not require TxDMV to vacate prior to the midpoint of the following scheduled legislative session.
- C. TxDMV employees shall have access to TxDOT resources (such as Crossroads) as agreed to by both parties. Domain Admin and Supervisor Access will no longer be provided without agreement in advance by TxDMV and TxDOT. Use of either party's computer equipment by any employee of the other party shall be conditioned on that employee's execution of and adherence to an agreement stating the employee shall adhere to the providing agency's policies governing the use of their computer equipment. Each party shall take appropriate action to protect the other party's network and computer system from misuse. In the case of contradiction between TxDOT and TxDMV policies or procedures governing equipment, network or systems, TxDOT policies and procedures take precedence as it relates to TxDOT equipment, network, or systems, and TxDMV policies and procedures take precedence as it relates to TxDMV equipment, networks or systems.
- D. Because TxDOT has outsourced most of its information technology functions and has no way of capturing the labor or incremental cost of those functions, TxDOT shall have no responsibility for providing TxDMV with services that TxDOT obtains through a contractor.
- E. Wherever and whenever TxDMV employees occupy space owned or leased by TxDOT, TxDMV and its employees shall follow facility management, building maintenance, parking, and security policies, procedures, and standards established by TxDOT. Requests for deviation from these policies, procedures, and standards shall be reviewed as needed by a committee consisting of two persons appointed by TxDOT and two persons appointed by TxDMV. No deviation is permitted without TxDOT's advance written approval.
- F. In the event of a disaster affecting TxDMV headquarters, TxDOT agrees to provide additional office space to TxDMV as specified in Appendix I.
- G. TxDMV and TxDOT established a facility maintenance workgroup consisting of facilities, maintenance, and purchasing staff from both agencies. The objective of the facility maintenance workgroup is to develop a strategy which will allow TxDMV to assume responsibility for the maintenance of any buildings located



at Camp Hubbard that are transferred to TxDMV in accordance with SB 1349, 85<sup>th</sup> Leg., Regular Session, 2017, if and when such transfer occurs. Nothing in this agreement obligates TxDOT to transfer ownership or sets any timeframes or deadlines for such transfer. TxDOT agrees to share with TxDMV through the working group all relevant information relating to the facility maintenance and upkeep, including but not limited to current maintenance or service contracts, utility locations, specifications, drawings, designs, safety information and the like.



## **IX. SHARING OF INFORMATION**

The parties shall share information as necessary to fulfill the terms of this contract.

Each party shall promptly notify the other party of any changes that may reasonably affect the operations of the other party, and both parties shall cooperate fully in managing those changes. Each party shall promptly notify the other party of any significant changes in operations affecting obligations under this Contract and shall promptly provide the other agency with copies of any required documentation. Each party shall keep the other party informed of any significant issues relating to contemplated or pending litigation or requests for information that may affect the responsibilities of the other party.

Neither party is authorized to accept a public information request, service of a subpoena, or any other formal notice on behalf of the other party.

The parties shall cooperate fully in preparing any reports required by state or federal law.

To the extent permitted by law, each party shall treat the other party's information as confidential. As provided in the Texas Public Information Act (Tex. Government Code Ch. 552), confidential information of one party shall remain confidential despite its disclosure to the other party, and disclosure between the parties shall not act as a waiver of confidentiality.

TxDMV shall continue to provide TxDOT batch inquiry title and registration information from the Texas Motor Vehicle Title and Registration database and remote electronic access through Motor Vehicle Inquiry to the Motor Vehicle Title and Registration database without charge, as further outlined in Section XI, Services to be Provided by TxDMV.

TxDOT must use its best efforts to timely provide TxDMV with current information TxDMV needs to issue and to complete permits under Chapters 621 through 623, Transportation Code. TxDOT must use its best efforts to timely provide TxDMV with such information through direct lines of communication to enable TxDMV to timely serve the motor carrier industry. TxDOT shall continue to provide access to Crossroads resources necessary for TxDMV to map restrictions and route oversize/overweight loads (as specified further in subsection X.I., below).

TxDMV shall provide access to TxDOT to all records and reports necessary to enable

TxDOT to determine that accurate road and maintenance information is being used by TxDMV to issue permits under Chapters 621 through 623, Transportation Code.

Both parties must use best efforts to ensure that they do not introduce into the other party's electronic systems any malware, including, but not limited to viruses, spyware, computer worms, Trojan horses, rootkits, dishonest adware, and other malicious or unwanted software.

Each party understands and acknowledges that it uses the other party's systems at its own risk. Neither party shall be responsible to the other for any injury, damage, liability, claims or suits resulting from the party's use of the other party's systems.

## **X. SERVICES TO BE PROVIDED BY TxDOT**

At the request of TxDMV, TxDOT shall provide the following support services to TxDMV:

- A. Validation tests for license plates and other related registration and titling insignia per TxDMV specifications.
- B. Facility maintenance support to include building maintenance, parking, and security.
- C. Facility support and access to shop services for the TxDMV regional office employees in the same manner as TxDOT employees.
- D. Contact information for two employees per district assigned to coordinate with TxDMV on permit issues during regular TxDOT office hours and emergency contact information for after hour and weekend emergency situations.
- E. Contact information for one TxDOT employee responsible for responding to generic permit process questions, including any questions about changes in the permit program which would require coordination between TxDMV and TxDOT.
- F. Information regarding road restrictions, maintenance schedules, and any other relevant information that will affect the issuance of oversize and overweight permits. Any information under this section must be provided a minimum of five business days prior to the start of any construction or maintenance of a road or bridge, unless advance notice is impossible.
- G. Auditing of TxDMV records to determine that all road information provided by TxDOT is being used in the issuance of oversize and overweight permits.
- H. If TxDOT discovers that it has provided incorrect road information to TxDMV which has been or will be used in the issuance of an oversize or overweight permit, TxDOT shall take all actions available to correct the information to limit damage to the roadway or other hazards.
- I. TxDOT shall provide continued access to the following resources used to map

restrictions needed to route oversize/overweight loads:

1. TxDOT Permanent Structure Numbers: <http://crossroads/apps/psn/>
  2. TxDOT's TARHE Geodatabase: provided by TxDOT IT/NTT Data
  3. TxDOT LZ bridges: <http://apps.dot.state.tx.us/apps/gis/lrbm/>
  4. TxDOT Crossroads: <http://crossroads/> (Necessary to access division and district organization charts and personnel info for contact information)
  5. TxDOT statewide mapping: <http://crossroads/org/tpp/StatewideMapping/>
  6. TxDOT Roadway portal: [http://iapps/apps/txdot\\_gis\\_portal/Map.aspx](http://iapps/apps/txdot_gis_portal/Map.aspx)
  7. Bridge Underclearance database (UCDB): <http://iapps/apps/ucdb/>
  8. LIDAR data and updates: received from Bridge Division
  9. Daily posting of Structure.Pontis\_Brinsap\_Mst\_Pnt feature class data (Pontis data) from TxDOT GIS GDB to PSDC FTP: provided by TxDOT IT/NTT Data
  10. TxDOT Facilities Asset Management Information System (FAMIS): <http://crossroads/org/mnt/FacManInfo.htm>
- J. TxDOT shall ensure that TxDOT district offices coordinate with TxDMV on the handling of oversize or overweight (OS/OW) traffic in emergency/disaster events. TxDOT will maintain TxDMV on TxDOT's statewide Emergency Operations Center (EOC) notification list. TxDOT District Permit Coordinators and/or Maintenance Supervisors/Area Engineers shall provide TxDMV with timely emergency road closure notifications, including contra flow locations through TxDMV's Emergency Operations Center email address [MCD-EOC@txdmv.gov](mailto:MCD-EOC@txdmv.gov). TxDOT District Permit Coordinators and/or Maintenance Supervisors/Area Engineers shall provide TxDMV with alternate contact information, including contacts for local law enforcement and/or other emergency personnel, for the purposes of assisting with OS/OW loads in emergency/disaster events.
- K. TxDOT shall provide TxDMV access to crash records information (CRIS) without charge.

## **XI. SERVICES TO BE PROVIDED BY TxDMV**

- A. TxDMV shall scan any bonds filed with TxDMV (that are payable to TxDOT) and provide TxDOT with an electronic copy of any bond, upon TxDOT's request. TxDOT authorizes TxDMV to destroy the original bond once TxDMV creates an electronic copy.
- B. TxDMV shall provide contract management services for any enhancements or modifications TxDOT requests regarding the Texas Permitting & Routing Optimization System (TxPROS). TxDMV shall bill TxDOT for any time and materials associated with such contract management services.

- C. TxDMV shall not alter or disregard road information provided by TxDOT for the purposes of oversize or overweight permits. To the extent TxDOT provides TxDMV with a notification of a route or road restriction, TxDMV shall not issue an oversize or overweight permit that does not apply the new route or road information. TxDMV shall also not alter a route designated or approved by TxDOT in the issuance of an oversize or overweight permit. If TxDMV needs to vary a route to complete a requested permit, TxDMV must work with TxDOT to obtain approval on an alternate route designation.
- D. If TxDOT discovers that TxDMV did not take into account road information provided by TxDOT in the issuance of an oversize or overweight permit, TxDMV shall take all actions available to correct the permit to limit damage to the roadway.
- E. TxDMV shall not take actions that allow permitted loads to be routed onto any TxDOT-operated toll road, as long as TxDOT provides TxDMV with the applicable road restriction information as required by Section X.F. of this contract.
- F. TxDMV shall continue to provide TxDOT batch inquiry title and registration information from the Texas Motor Vehicle Title and Registration database without charge. TxDMV shall continue providing the information to TxDOT or its vendor in a secure manner [via Secure File Transfer Protocol (SFTP)] as it has under prior versions of the Interagency Contract (IAC) with TxDOT and as agreed upon by both parties. TxDOT shall ensure its vendors use the Texas Motor Vehicle Title and Registration database and all data retrieved only for TxDOT operations and as requested by TxDMV and will provide signed certifications from vendors verifying compliance. The parties may agree, through their respective CIO's, to a different delivery method. TxDMV shall continue to provide TxDOT the ability to submit batch inquiries to the VTR database to retrieve ownership information. TxDMV shall also continue to provide the files required for processing eTags, temporary permits, commercial fleet plates, such as apportioned plates and dealer license plates, and special license plates. TxDMV will also provide a one-time copy, annually, of the complete VTR database (the "TxDMV masterfile"), as well as weekly updates files. TxDOT will work with TxDMV to jointly develop a transition plan to access systems and data subscription files on all Texas plates and tags registered with TxDMV for a more consistent process statewide. Consistent with the existing statutory authorities of both parties, TxDMV and TxDOT shall also jointly develop a plan for exchanging updated customer address information to ensure the most current information available is maintained between the two agency systems which utilize registration information in the future.

- G. TxDMV shall take the actions required by Texas Transportation Code §502.011 to deny registration of a motor vehicle after TxDOT provides written notice of a final determination that the registered owner of a motor vehicle is a habitual violator (HV) in accordance with Transportation Code, Subchapter C, Chapter 372. TxDOT Toll Operations Division (TOD) shall provide the list of habitual violators, pay required fees for entry of registration blocks, and notify TxDMV when an HV is no longer determined to be a habitual violator or an appeal has been perfected.
- H. TxDMV shall also provide TxDOT with remote electronic access through Motor Vehicle Inquiry to the Motor Vehicle Title and Registration database without charge. Upon request from TxDOT, TxDMV shall provide a written certification verifying the accuracy of the Motor Vehicle Title and Registration database (to standard that current processes support). Except in connection with a criminal investigation or prosecution, TxDOT shall be assessed the required fee(s) for TxDMV staff to conduct title history research, production of title history documents, and certification of these documents, provided, however, that TxDMV shall provide the first 20 certified title history searches per fiscal year to TxDOT at no charge.
- I. TxDMV and TxDOT will discuss possible interfaces between TxDOT toll operations and TxDMV regional service centers. Any recommendations developed through these discussions may be considered for possible inclusion of additional terms in existing or future IACs.
- J. TxDMV will provide TxDOT District offices with emergency contact information and instructions necessary to reach TxDMV OS/OW staff in the event of an emergency requiring coordination as required under paragraph X.J, above. The TxDMV will notify the EOC groups via email of procedures and hours of operations for each emergency/disaster situation. In no event shall OS/OW traffic be routed onto TxDOT operated toll roads without specific written approval from TxDOT's Toll Operations Division.

## **XII. LITIGATION AND LIABILITY**

TxDMV shall be solely responsible for any litigation that was managed before November 1, 2009, by one of the TxDMV divisions that transferred under HB 3097, without regard to when the litigation arose or was filed. TxDMV shall be solely responsible for any litigation that was managed before January 1, 2012, by the TxDOT Motor Carrier Division that transferred under SB 1420, without regard to when the litigation arose or was filed. With respect to any other litigation arising out of events that occurred before the November 1, 2009, transfer under HB 3097 or the January 1, 2012, transfer under SB 1420, TxDOT shall retain responsibility, without regard to whether the

litigation relates to activities or employees of TxDMV.

Whenever one party is involved in litigation that relates to activities or employees of the other party or that may reasonably involve payments from appropriation strategies that are allocated to the other party, the party managing the litigation shall provide the other party with timely copies of all pleadings and shall not settle the litigation without the prior consent of the other party. Liability arising from litigation shall be charged to the appropriations strategy of the activity that gave rise to the litigation.

### **XIII. RESPONSIBILITIES OF THE PARTIES**

This contract does not create a partnership, joint venture, or other joint enterprise. It is an agreement between two independent state agencies governing their mutual rights and obligations. Each party acknowledges that it is not an agent, servant, or employee of the other party. Each party is solely responsible for its own acts and deeds and for those of its agents, servants, or employees.

### **XIV. AMENDMENTS**

This contract may only be amended by a written supplement executed by both parties prior to the expiration of the contract.

### **XV. TERMINATION**

This contract may be terminated by satisfactory completion of all services and obligations contained in this contract, by mutual written agreement, or as provided by Section III of this contract.

### **XVI. COMPLIANCE WITH LAWS**

The parties shall comply with all federal, state, and local laws, statutes, ordinances, rules, and regulations and with the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of this contract.

### **XVII. RIGHTS AND OBLIGATIONS OF THE PARTIES REGARDING TxPROS**

- A. Although all ownership rights in TxPROS transferred to TxDMV on January 1, 2012, TxDMV shall provide TxDOT with reasonable access to and the right to use TxPROS for the purposes of carrying out TxDOT's statutory functions. TxDMV shall provide this access to TxDOT at no cost.
- B. TxDMV shall be responsible for maintaining TxPROS, using money specifically appropriated for this purpose.
- C. Each party is responsible for paying for any modifications or enhancements that it makes or causes to be made to TxPROS. TxDMV is responsible for contracting with a vendor or otherwise providing personnel to make any



modifications or enhancements that TxDMV authorizes to be made to TxPROS.

- D. If TxDOT wants to make any modifications or enhancements to TxPROS, the TxDOT Information Management Division Director shall provide to the TxDMV CIO the specifications and scope of work for the proposed modifications or enhancements. If agreement cannot be reached between the TxDMV CIO and the TxDOT Information Management Division Director regarding any TxDOT proposed modifications or enhancements, then TxDOT's Executive Director may escalate the issue to the TxDMV Executive Director for consideration.
- E. The contact information for the respective information technology contacts is as follows:  
  
Mike Higginbotham  
TxDMV Chief Information Officer  
E-mail: [mike.higginbotham@txdmv.gov](mailto:mike.higginbotham@txdmv.gov)  
Phone: (512) 465-4040  
  
Dana Glover  
TxDOT Information Management Division Director  
E-mail: [dana.glover@txdot.gov](mailto:dana.glover@txdot.gov)  
Phone: (512) 467-3837
- F. TxDMV has the final say on any TxDOT requested modifications or enhancements to TxPROS. To the extent TxDMV determines any TxDOT proposed modification or enhancement will not be made, TxDMV shall supply TxDOT with written justification for the decision.
- G. The primary purpose for TxPROS is for the permitting and routing of oversize or overweight motor vehicles. TxDMV shall consider this fact when making any decisions regarding any modifications or enhancements to TxPROS. Also, TxDOT is only authorized to request modifications or enhancements to TxPROS to enable TxPROS to run reports or to provide improvements on the collection of road information provided by TxDOT.
- H. To the extent TxDMV wants to make any modifications or enhancements to TxPROS that affect the report, access, or audit capabilities of TxDOT, the TxDMV CIO shall coordinate those modifications with the TxDOT Information Management Division Director, including the specifications and scope of work for the proposed modifications or enhancements.
- I. The parties shall act in good faith regarding any modifications or enhancements to TxPROS to minimize the impact to the other agency's operations.
- J. To the extent TxDMV authorizes any TxDOT proposed modifications or

enhancements, TxDMV shall serve as the contract manager for the modifications or enhancements.

- K. Regarding any TxDOT proposed enhancements or modifications to TxPROS, TxDOT shall do the following:
1. Jointly participate in any contract negotiations,
  2. Approve any contracts prior to signature,
  3. Jointly review any deliverables with the TxDMV contract manager,
  4. Approve any receiving reports that TxDMV creates,
  5. Timely notify TxDMV of any reason to dispute payment under Chapter 2251, Government Code, and
  6. Timely transfer money to TxDMV to pay for any deliverables prior to any payment deadlines under Chapter 2251, Government Code. TxDOT is responsible for any interest that results from an overdue payment if the late payment is due to TxDOT's failure to timely transfer money to TxDMV to pay any invoice.
- L. With the exception of the following, TxDOT owns the data it inputs or causes to be input into TxPROS:
1. Data regarding the issuance and completion of any permits; and
  2. Any data purchased from a third party under a contract that says otherwise.
- M. TxDMV owns the data regarding the issuance and completion of any permits.

## **XVIII. SEVERABILITY**

If any provision of this contract is held by a final judgment or order of a court of competent jurisdiction to be invalid, unenforceable, or illegal, such provision shall be reformed to the minimum extent necessary to permit enforcement thereof. The validity, enforceability, or legality of the remaining provisions of this contract shall not be affected or impaired, even if such invalid, unenforceable, or illegal provision cannot be reformed.

**THE UNDERSIGNED PARTIES** bind their respective agency to the faithful performance of this contract.

Texas Department of Transportation

Texas Department of Motor Vehicles

\_\_\_\_\_  
James M. Bass  
Executive Director

\_\_\_\_\_  
Whitney H. Brewster  
Executive Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_





## **Attachment A**

### **Interagency Contract (IAC) Management**

TxDMV and TxDOT agree to appoint a single point-of-contact for information technology (IT) issues, and a single point-of-contact for non-IT issues to facilitate the process for requesting services and invoicing for those services between the two agencies. The designated points-of-contact in each agency shall act as the TxDMV and TxDOT project manager(s).

The Project Managers are as follows:

TxDMV Project Manager, Non-IT: Sergio Rey, Director of Accounting

TxDMV Back-Up Project Manager, Non-IT: Debra Rosas, Director of Purchasing

TxDMV Project Manager, IT: Mike Higginbotham, CIO

TxDOT Project Manager, Non-IT: Casey Rowe, Revenue Accounting Manager

TxDOT Back-Up Project Manager, Non-IT: Crystal Myers, Accounting Specialist

TxDOT Project Manager, IT: Dana Glover, Information Management Division Director

TxDOT Back-Up Project Manager, IT: Keith Handrick, Business Relationship Manager

### **Cost of Services Provided by TxDOT Generally to State Agencies**

TxDOT provides some services to multiple state agencies, including flight services and printing services. These services shall not be included or invoiced under this contract, and TxDMV shall be eligible to use these services in the same way and on the same terms as other state agencies.

### **Cost of Operating and Maintaining Facilities**

TxDOT shall invoice TxDMV for recurring monthly building and maintenance costs at a flat rate of \$38,000.00 per month. This flat rate includes electricity, water, gas, Centimeter storage space, window washing, HVAC maintenance, elevator maintenance, and trash collection and is allocated based on TxDMV's occupancy of TxDOT-owned or -leased facilities as of September 1, 2017. TxDOT will not be required to provide invoices or supporting documentation for these costs. TxDMV may request a one-time recalculation of the allocated costs and adjustment of the flat rate if TxDMV's total occupancy changes by more than 10%.

TxDOT shall invoice TxDMV at the end of each fiscal year for security costs.

All other costs, including landscaping, pest control, and non-recurring time and materials costs associated with building operations, such as requests for the relocation of fixed walls, will be requested through a Work Authorization and billed on the basis of actual costs incurred by TxDOT or TxDMV, as set forth below. Time of TxDOT or TxDMV employees shall be invoiced on an hourly basis at their appropriate pay rate. Materials shall be invoiced on a unit basis and shall consist of the actual cost to TxDOT

or TxDMV for those materials.

#### Work Authorizations

Except in the event of an emergency situation as defined below, all work to be performed under this contract involving the cost of labor for agency employees shall be requested and performed through the use of a "Work Authorization" (WA).

The receiving agency's Project Manager (PM) shall provide the performing agency's PM with a signed WA prior to any non-emergency work being done. If the receiving agency has not issued a WA, the performing agency shall have no obligation to provide the requested services. Any non-emergency work done without a signed WA shall not be billable under this contract. All approvals regarding work to be done under this contract shall occur between the TxDMV and TxDOT PM's.

Performing agency shall respond to all WA requests for non-emergency work within 10 days, unless mutually agreed by both parties.

#### Emergency Services

"Emergency situation" is defined as any unexpected, non-routine event which damages or affects the utility or safety of any building, system, or portion or component of a building in such a way that it prevents the reasonable business operational use of some or all of the facility. This does not include routine maintenance or normal wear and tear events.

In the event of an emergency situation requiring work to be performed before a WA can be issued, the receiving agency's PM must submit a request to the performing agency's PM in writing, outlining the requested work and noting that the work requested is due to an emergency. The receiving agency shall follow up with a written WA within two business days of the event. Upon receipt of an itemized invoice, the receiving agency will reimburse the performing agency for its actual costs in performing the work. The receiving agency can request review of the causation of the emergency situation to determine if acts or omissions of the performing agency contributed to the event, and request that the performing agency pay some or all of the cost. In the event the parties assigned to the task cannot reach an agreement on allocation of costs, the WA may subsequently be subject to the Dispute Resolution Procedure set forth in this Attachment.

#### Work Authorization

Each WA shall include the following information:

- a. the date of the request;
- b. the amount of estimated expenditure authorized;
- c. a description of the deliverables/services authorized;
- d. the physical location where the services are authorized to be performed, including address, complex, and building number;
- e. a WA number;
- f. the receiving agency's division name; and

- g. the receiving agency's coding block to be charged.

#### Billing for Servers and Responsibility for Data

TxDOT shall not bill TxDMV for utilization of any servers which store data which TxDMV has notified TxDOT it no longer needs.

For data residing on servers that TxDMV is no longer financially responsible for under the language above, TxDOT shall not be held responsible for any TxDMV data remaining on those servers so long as TxDOT and/or its contractors use standard industry practices in the handling of such data. Once the servers are finally decommissioned, TxDOT shall destroy any remaining TxDMV data consistent with the guidance of the National Institute of Standards and Technology and within the process of the State of Texas Data Center Services. Any disputes over data handling or destruction practices under this section shall be resolved by consultation with the state Chief Information Security Officer.

#### Technology Daily Operations

Requests for unusual support or involving the performance of work by TxDOT employees shall be billed by TxDOT to TxDMV at actual cost. Any requests by TxDMV that are implemented by a TxDOT contractor, including NTT DATA, shall be coordinated under a direct agreement between TxDMV and the application contractor. Billings shall be made directly to TxDMV with no TxDOT involvement or action required.

#### Billing Review for IT Services

On a quarterly basis the IT Project Managers (IT PMs) shall review the receiving agency's use of DCS, software and server components governed by this agreement. The IT PMs may agree to adjust the charges for IT services without the need for amendment to this agreement, so long as any changes would not result in expenditure in excess of an agency's overall "not to exceed" budget amount in Paragraph IV of the agreement.

#### Submitting Invoices

The receiving agency shall pay the performing agency on the basis of the flat rate services as referenced in this Attachment A and non-recurring service invoices submitted to and approved by the receiving agency, showing:

- a. a reference to the WA number by line item (not applicable to flat rate utility invoices);
- b. the performing agency's Agency Number and Recurring Transaction Index (RTI);
- c. the performing agency's non-IT PM's e-mail address and phone number;
- d. the date range of work performed for the associated charge, unless otherwise specified on the WA or supporting documentation;
- e. copies of the original documentation that validates the non-recurring charges, including third party invoices with clear, legible descriptions, and the

- performing agency's Staff Name/Salary Rate/Hours Worked (not applicable to flat rate utility invoices);
- f. the USAS Comptroller Object of Expense used by TxDOT;
  - g. a certification that the charges shown are reasonable and necessary, and all appropriate and required supporting documentation is attached.

TxDOT must e-mail all invoices and supporting documentation to TxDMV at: [DMV\\_FIN-INVOICES@txdmv.gov](mailto:DMV_FIN-INVOICES@txdmv.gov)

TxDMV must e-mail all invoices and supporting documentation to TxDOT at: [FIN\\_Invoices@txdot.gov](mailto:FIN_Invoices@txdot.gov)

If both parties agree that any invoices paid contain charges that should not have been billed to one party, the other party shall apply a credit to the over-billed party's future invoices within 90 days of the original invoice with incorrect charges.

Invoices for flat rate utility costs must be paid within 30 calendar days of receipt.

If the invoices for non-recurring services are clear, complete, and include all required supporting documentation, then the receiving agency shall process payment for all performing agency invoices submitted in accordance with this contract and Comptroller Post-Payment Audit guidelines. The receiving agency shall reimburse the performing agency within 30 calendar days of receipt. If the invoices are not clear and complete, then the receiving agency shall notify the performing agency of the need for clarification or documentation within fifteen (15) calendar days of receipt. The receiving agency may also request additional documentation necessary for post-payment audit purposes. In addition, the receiving agency shall inform the performing agency of disputed items in any invoice within fifteen (15) calendar days of receipt. Any items not disputed within this fifteen-calendar day period will be deemed acceptable.

#### Dispute Resolution

Any dispute over billing, payment or other issues arising in this Attachment or the IAC generally shall be first discussed and negotiated by the two parties assigned to the task under the IAC. If they cannot agree on a resolution, the matter shall be summarized by the two parties and submitted to the non-IT Project Managers (PMs) specified under the IAC. If the two PMs cannot agree on a resolution, the matter shall be summarized and submitted to the Chief Financial Officer (CFO) of each agency, or the CFO's designee, who shall be the final arbiters of all disputes.

## **Appendix I**

### **TxDMV Use of TxDOT Austin Regional Office Space in the Event of Disaster**

This Appendix is made part of the Interagency Contract (IAC) between TxDOT and TxDMV, and is subject to all of the general terms and conditions of that Contract.

#### **TxDMV responsibilities:**

- A. TxDMV shall provide written notice (email allowed) to TxDOT upon declaration of a disaster. A disaster for which the TxDMV Continuity of Operations Plan is implemented may be declared only by the TxDMV Executive Director, Deputy Executive Director, Chief Financial Officer, Chief Information Officer or General Counsel. The notice shall reference this Appendix to the IAC and request use of the Austin, Regional Service Center (RSC) at the TxDOT Austin Parmer Lane Regional Office pursuant to the requirements and limitations of this Appendix.
- B. TxDMV shall directly pay for and oversee any modifications necessary to the Austin, RSC, and any temporary installations, temporary facilities such as portable restrooms, generators, air conditioning or heating systems, computer or phone equipment, lighting, utilities or similar items needed to support temporary operations. TxDOT shall not be responsible for making any modifications unless otherwise agreed in writing.
- C. TxDMV shall reimburse TxDOT for any actual costs incurred due to TxDMV's use and occupancy of the Austin, RSC space, so long as TxDOT notifies TxDMV as soon as possible when it begins to incur costs (no longer than 48 hours after costs are being incurred) and allows TxDMV to provide alternative resources to offset TxDOT costs if possible.
- D. TxDMV shall be responsible and liable for the safety, injury, and health of all TxDMV employees or contractors in the alternative facility.
- E. During a disaster with a duration of more than 2 weeks, DMV may augment work space by leasing one or more temporary office trailers to be located in the Austin, RSC parking areas. TxDMV shall obtain and pay for the trailer(s) and any modifications, utility installation and expense, and all associated costs (including demobilization and removal). TxDMV shall consult with and obtain prior written permission from TxDOT for the location of these temporary trailers and all associated support structures.
- F. TxDMV shall remove and pay the cost of all modifications made to the Austin, RSC after cessation of emergency operations, unless TxDOT informs TxDMV in writing

to leave specific modifications in place.

- G. TxDMV shall repair any damage to the Austin, RSC caused during TxDMV use of the facility during the emergency.
- H. During the period of use of the Austin, RSC, TxDMV and its employees shall follow facility management, building maintenance, parking and security policies, procedures, and standards established by TxDOT. Requests for deviation from these policies, procedures, and standards shall be submitted in writing by TxDMV to TxDOT, who shall reply as soon as possible, but no later than 48 hours after the request.
- I. During the occupancy of space at the Austin, RSC, TxDMV shall provide TxDOT weekly status reports regarding the use of the Austin, RSC and TxDMV's progress in responding to the disaster and either returning operations to the TxDMV Headquarters site or another location.
- J. Within two weeks of the conclusion of the disaster and moving all equipment and personnel out of the Austin, RSC, TxDMV shall provide a final report to TxDOT documenting all modifications performed and any repairs needed or modifications not yet removed along with a schedule for completion of those items.

TxDOT responsibilities:

- A. Upon receipt of notice of a declared disaster as set forth in the TxDMV Responsibilities section, TxDOT shall provide as soon as practical, but in no case later than 24 hours after notice, the following support services to TxDMV for the duration of the disaster:
  - 1. Use of:
    - a. all available, unused office space in the TxDOT-controlled portions of the main building at the Austin, RSC, including all in-place utilities and fixtures;
    - b. the main conference room in the main building of the Austin, RSC;
    - c. two equipment maintenance bays (non-climate controlled space with overhead door access), preferably the two bays immediately adjacent at the rear of the main Austin, RSC office building.
  - 2. For a disaster of a duration of more than two weeks, upon written request from TxDMV, space for placement of one or more temporary office trailers, in a location as near as possible to the main Austin, RSC building.
  - 3. 24-hour controlled access to the referenced buildings, facilities and associated parking lots.

4. Cooperation on installation and use of portable or temporary equipment or facilities such as generators, portable buildings, computer or phone equipment, tables, chairs, desks, air conditioners, fans, cabling and the like.
- B. Within 30 days of notice from TxDMV of the cessation of a disaster, TxDOT shall provide notice to TxDMV of any necessary repairs or expenses incurred due to TxDMV's use of the Austin, RSC premises, and shall include in that notice any requests to retain any equipment or modifications which would otherwise be removed or surplus by TxDMV.
- C. TxDOT shall notify TxDMV within 48 hours of incurring any expenses as a result of TxDMV's occupancy of the additional Austin, RSC space under this Appendix, and shall allow TxDMV to provide alternative services or personnel to avoid or offset such costs.



## BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES

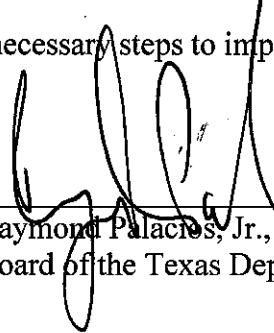
RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR TO EXECUTE AN  
INTERAGENCY CONTRACT FOR FISCAL YEARS 2018-2019  
BETWEEN THE TEXAS DEPARTMENT OF MOTOR VEHICLES  
AND THE TEXAS DEPARTMENT OF TRANSPORTATION

The Board of the Texas Department of Motor Vehicles (board) finds it necessary to enter into an interagency contract (IAC) with the Texas Department of Transportation (TxDOT) regarding such things as the sharing of information and the provision of services by TxDOT and Texas Department Of Motor Vehicle (TxDMV) during fiscal years 2018-2019, pursuant to Chapter 771, Government Code; House Bill 3097, 81<sup>st</sup> Leg., Regular Session, 2009; and Senate 1420, 82<sup>nd</sup> Leg., Regular Session, 2011.

The IAC begins September 1, 2017, and terminates August 31, 2019.

IT IS THEREFORE ORDERED by the board that the agency's Executive Director is authorized to negotiate and execute the Fiscal Years 2018-2019 Interagency Contract between TxDMV and TxDOT with any final changes, as well as any amendments to the contract with the approval of the board Chairman.

The department is directed to take the necessary steps to implement the actions authorized in this resolution.

  
\_\_\_\_\_  
Raymond Palacios, Jr., Chairman  
Board of the Texas Department of Motor Vehicles

Order Number: 17-038

Date Passed: August 17, 2017

Date: August 17, 2017

Action Requested: APPROVE DELEGATION TO THE EXECUTIVE  
DIRECTOR OF FINAL CONTRACT EXECUTION

To: Texas Department of Motor Vehicles (TxDMV) Board  
From: David Duncan, General Counsel  
Agenda Item: 10.A.1  
Subject: [Biennial Interagency Contract with Texas Department of Transportation \(TXDOT\)](#)

### PURPOSE AND EXECUTIVE SUMMARY

The TxDMV has negotiated and executed an Interagency Contract (IAC) with TXDOT every year since we were separated into two agencies. This is necessary due to shared facilities, IT infrastructure, and management interplay issues.

The staff requests that the Board authorize Executive Director Brewster to negotiate any final changes to the contract, and execute the IAC on behalf of the agency.

### FINANCIAL IMPACT

The IAC sets the agency's maximum payment under the agreement to \$1 million per

### BACKGROUND AND DISCUSSION

The IAC this year has several new elements. The most important is that both agencies agree that we can now move to a biennial negotiation, which matches with the state budgeting structure and meetings of the Legislature. The shared facilities and infrastructure issues between the two agencies are now well understood and routinely managed, allowing for a longer timeframe between renegotiations.

The other changes in this year's agreement include:

1. Removing references to shared IT infrastructure which has been closed due to the successful completion of the TxDMV AMSIT project.
2. Lowering the TxDMV "not to exceed" expenditure amount by half due to successful separation activities.
3. Establishing a "facilities management workgroup" to begin the process of discussing a possible takeover of Camp Hubbard facility maintenance by TxDMV, if and when TXDOT transfers all or some of the property to TxDMV.
4. Clarifying information sharing and IT infrastructure relationships in the new environment where TxDMV is almost totally separated from TXDOT equipment.
5. Removing and updating language that is no longer correct due to separation activities.

THE STATE OF TEXAS           §

THE COUNTY OF TRAVIS       §

**INTERAGENCY CONTRACT FOR FISCAL YEAR S 2018-2019**

**THIS AGREEMENT** is entered into by and between the State agencies shown below under the authority granted and in compliance with the provisions of Chapter 771 of the Government Code.

**I. PARTIES**

TxDMV   Texas Department of Motor Vehicles  
TxDOT   Texas Department of Transportation

**II. LEGAL AUTHORITY**

TxDMV and TxDOT are authorized to enter into this contract by Chapter 771, Government Code; HB 3097, 81st Leg., Regular Session, 2009 (hereafter HB 3097); and SB 1420, 82nd Leg., Regular Session, 2011 (hereafter SB 1420).

**III. TERM**

This contract begins September 1, 2017, and terminates at the end of August 31, 20182019.

**IV. MAXIMUM AMOUNT PAYABLE**

The maximum amount payable by TxDMV to TxDOT under this contract shall not exceed \$12 million per fiscal year, unless this amount is amended as provided by Section XIV of this contract.

The maximum amount payable by TxDOT to TxDMV under this contract shall not exceed \$1 million per fiscal year, unless this amount is amended as provided by Section XIV of this contract.

**V. SCOPE AND INTENT**

It is the intent of the parties that this contract shall govern the provision of services and the reimbursement of actual costs.

**VI. NOTICES**

Official notices under this contract shall be sent by first-class mail. Advance copies may be sent by facsimile transmission or email to the appropriate project manager or point of contact. Official notices shall be directed as follows:

Notices to TxDMV:  
Executive Director  
Texas Department of Motor Vehicles  
4000 Jackson Avenue  
Austin, TX 78731  
(512) 465-3001 Phone  
(512) 465-3004 Fax

Notices to TxDOT:  
Director of Contract Services  
Texas Department of Transportation  
125 E. 11th Street  
Austin, Texas 78701  
(512) 416-4620 Phone  
(512) 416-4621 Fax

## **VII. FUNDING**

The agency that provides deliverables (performing agency) to the other agency (receiving agency) shall provide an itemized invoice to the receiving agency, except as otherwise stated in this contract.

The receiving agency shall pay the actual costs of all deliverables provided by or through the performing agency under this contract, except as stated otherwise in this contract.

The basis for calculating actual costs is set forth in Attachment A, which is incorporated by reference in this contract. Actual costs shall be invoiced no more frequently than monthly and within 90 days of the date those costs are incurred.

Neither agency shall make a profit from its participation in this contract.

## **VIII. FACILITIES, EQUIPMENT, AND PERSONNEL**

- A. TxDMV personnel may occupy assigned TxDOT facilities and use TxDOT equipment on the same terms as TxDOT employees. For facilities where TxDOT controls access to buildings, TxDOT shall issue security badges to TxDMV employees, board members, and contractors. The badges shall associate the recipients with TxDMV and enable access to TxDOT facilities as required by TxDMV business operations. Neither agency shall have any right of access to buildings occupied exclusively by the other agency except to perform functions authorized by the contract. Either party may mutually agree on an ad hoc basis to permit the other party access for the purpose of a particular function. TxDMV shall make no alterations or additions to TxDOT facilities without prior written approval from TxDOT.

- B. TxDOT shall give TxDOT one year written notice of its intent to vacate a TxDOT facility (whether owned by or leased to TxDOT) unless agreed otherwise by the parties. TxDOT shall give TxDOT one year written notice to vacate prior to the date TxDOT is required to vacate a TxDOT facility, regardless of whether TxDOT owns or leases the facility, provided, however, that ~~if such notice is given after March 15, 2017 during the 2017 Texas Legislative Session, it TxDOT~~ may not require TxDOT to vacate prior to the midpoint of the following scheduled legislative session.
- C. TxDOT employees shall have access to TxDOT resources (such as Crossroads) as agreed to by both parties. Domain Admin and Supervisor Access will no longer be provided without agreement in advance by TxDOT and TxDOT. Use of ~~TxDOT either party's~~ computer equipment by any ~~TxDOT~~ employee of the other party shall be conditioned on that employee's execution of and adherence to an agreement stating the employee shall adhere to all TxDOT the providing agency's policies governing the use of ~~TxDOT their~~ computer equipment. ~~TxDOT Each party~~ shall take appropriate action to protect ~~TxDOT's the other party's~~ network and computer system from misuse. In the case of contradiction between TxDOT and TxDOT policies or procedures governing equipment, network or systems, TxDOT policies and procedures take precedence as it relates to TxDOT equipment, network, or systems, and TxDOT policies and procedures take precedence as it relates to TxDOT equipment, networks or systems.
- D. Because TxDOT has outsourced most of its information technology functions and has no way of capturing the labor or incremental cost of those functions, TxDOT shall have no responsibility for providing TxDOT with services that TxDOT obtains through a contractor.
- ~~E. TxDOT shall obtain prior approval (both via TxDOT Change Advisory Board (TxDOT CAB) and the TxDOT Change Advisory Board (TxDOT CAB)) from TxDOT before installing or maintaining hardware or software not included in the TxDOTNow Service Catalog on devices that are connected to TxDOT's network. If agreement cannot be reached between the TxDOT Chief Information Officer (CIO) and the TxDOT Information Management Division Director, then the hardware or software shall not be used on TxDOT's network or other technical infrastructure. TxDOT may remove hardware or software placed into service that is not approved in advance via TxDOT CAB and TxDOT CAB, or cause such hardware or software to cease to function. Every effort should be made by TxDOT to add new software and hardware to the TxDOT network and not to the TxDOT network. For all software installed on the TxDOT network, TxDOT will abide by the TxDOT Software Asset Management Policy; however TxDOT must provide a copy of the Software Asset Management Policy to TxDOT within 15 days after the entry of this agreement, and must provide any amendments within 30 days after those amendments become effective.~~
- ~~F-E.~~ Wherever and whenever TxDOT employees occupy space owned or leased by TxDOT, TxDOT and its employees shall follow facility management, building maintenance, parking, and security policies, procedures, and standards

established by TxDOT. Requests for deviation from these policies, procedures, and standards shall be reviewed as needed by a committee consisting of two persons appointed by TxDOT and two persons appointed by TxDMV. No deviation is permitted without TxDOT's advance written approval.

G.F. In the event of a disaster affecting TxDMV headquarters, TxDOT agrees to provide additional office space to TxDMV as specified in Appendix I.

H.G. During separation activities, TxDMV shall notify TxDOT of the separation of shared services and any costs anticipated as a result of the separation via TxDMV and TxDOT CAB. If TxDOT discontinues use of a shared service billed through Data Center Services (DCS) before TxDMV discontinues use of the same service, TxDMV shall pay for all DCS charges directly related to that service until DCS decommissions the service and discontinues associated billing. If TxDMV discontinues use of a shared service billed through DCS before TxDOT discontinues use of the same service, TxDOT shall pay for all DCS charges directly related to that service until DCS decommissions the service and discontinues associated billing.

I.H. TxDMV and TxDOT agree to establish as soon as practicable a facility maintenance workgroup consisting of facilities, maintenance, and purchasing staff from both agencies. The objective of the group is to develop a strategy which will allow TxDMV to assume responsibility for the maintenance of Buildings 1, 2, 3, 4, 5 and 6 located at Camp Hubbard after such time as if and when TxDOT transfers ownership of the above-referenced property to TxDMV. Nothing in this agreement obligates TxDOT to transfer ownership or sets any timeframes or deadlines for such transfer. TxDOT agrees to share with TxDMV through the working group all relevant information relating to the facility maintenance and upkeep, including but not limited to current maintenance or service contracts, utility locations, specifications, drawings, designs, safety information and the like.

## IX. SHARING OF INFORMATION

The parties shall share information as necessary to fulfill the terms of this contract.

Each party shall promptly notify the other party of any changes that may reasonably affect the operations of the other party, and both parties shall cooperate fully in managing those changes. ~~TxDMV~~ Each party shall promptly notify ~~TxDOT the other party~~ of any significant changes in operations affecting obligations under this Contract and shall promptly provide ~~TxDOT the other agency~~ with copies of any required documentation. Each party shall keep the other party informed of any significant issues relating to contemplated or pending litigation or requests for information that may affect the responsibilities of the other party.

Neither party is authorized to accept a public information request, service of a subpoena, or any other formal notice on behalf of the other party.

The parties shall cooperate fully in preparing any reports required by state or federal law.

To the extent permitted by law, each party shall treat the other party's information as confidential. As provided in the Texas Public Information Act (Tex. Government Code Ch. 552), confidential information of one party shall remain confidential despite its disclosure to the other party, and disclosure between the parties shall not act as a waiver of confidentiality.

TxDMV shall continue to provide TxDOT batch inquiry title and registration information from the Texas Motor Vehicle Title and Registration database and remote electronic access through Motor Vehicle Inquiry to the Motor Vehicle Title and Registration database without charge, as further outlined in Section XI, Services to be Provided by TxDMV.

TxDOT must use its best efforts to timely provide TxDMV with current information TxDMV needs to issue and to complete permits under Chapters 621 through 623, Transportation Code. TxDOT must use its best efforts to timely provide TxDMV with such information through direct lines of communication to enable TxDMV to timely serve the motor carrier industry. TxDOT shall continue to provide access to Crossroads resources necessary for TxDMV to map restrictions and route oversize/overweight loads (as specified further in subsection X.I., below).

TxDMV shall provide access to TxDOT to all records and reports necessary to enable TxDOT to determine that accurate road and maintenance information is being used by TxDMV to issue permits under Chapters 621 through 623, Transportation Code.

Both parties must use best efforts to ensure that they do not introduce into the other party's electronic systems any malware, including, but not limited to viruses, spyware, computer worms, Trojan horses, rootkits, dishonest adware, and other malicious or unwanted software.

Each party understands and acknowledges that it uses the other party's systems at its own risk. Neither party shall be responsible to the other for any injury, damage, liability, claims or suits resulting from the party's use of the other party's systems.

#### **X. SERVICES TO BE PROVIDED BY TxDOT**

At the request of TxDMV, TxDOT shall provide the following support services to TxDMV:

- A. Validation tests for license plates and other related registration and titling insignia per TxDMV specifications.
- B. Facility maintenance support to include building maintenance, parking, and security.
- C. Facility support and access to shop services for the TxDMV regional office employees in the same manner as TxDOT employees.
- D. Contact information for two employees per district assigned to coordinate with TxDMV on permit issues during regular TxDOT office hours and emergency contact information for after hour and weekend emergency situations.
- E. Information regarding road restrictions, maintenance schedules, and any other

relevant information that will affect the issuance of oversize and overweight permits.

- F. Auditing of TxDMV records to determine that all road information provided by TxDOT is being used in the issuance of oversize and overweight permits.
- G. If TxDOT discovers that it has provided incorrect road information to TxDMV which has been or will be used in the issuance of an oversize or overweight permit, TxDOT shall take all actions available to correct the information to limit damage to the roadway or other hazards.
- H. TxDOT shall cooperate with TxDMV and provide access to shared servers as TxDMV implements the Application Migration and Server Infrastructure Transformation project. TxDMV agrees to pay for any contractor cost incurred by TxDOT and not explicitly contracted for by TxDMV. TxDMV is scheduled to separate from ~~be off~~ the TxDOT IT infrastructure by August 31, 2017. In the event this separation is not complete by August 31, 2017, TxDMV shall continue to reimburse TxDOT for TxDOT's IT infrastructure-related costs as agreed in the FY2017 interagency agreement.
- I. TxDOT shall provide continued access to the following resources~~TxDOT Intranet (Crossroads) resources~~ used to map restrictions needed to route oversize/overweight loads, ~~including~~:
  1. TxDOT Permanent Structure Numbers: <http://crossroads/apps/psn/>
  2. TxDOT's TARHE Geodatabase: provided by TxDOT IT/NTT Data
  3. TxDOT LZ bridges: <http://apps.dot.state.tx.us/apps/gis/lrbm/>
  4. TxDOT Crossroads: <http://crossroads/> (Necessary to access division and district organization charts and personnel info for contact information)
  5. TxDOT statewide mapping: <http://crossroads/org/tpp/StatewideMapping/>
  6. TxDOT Roadway portal: [http://iapps/apps/txdot\\_gis\\_portal/Map.aspx](http://iapps/apps/txdot_gis_portal/Map.aspx)
  7. Bridge Underclearance database (UCDB): <http://iapps/apps/ucdb/>
  8. LIDAR data and updates: received from Bridge Division
  9. Daily posting of Structure.Pontis\_Brinsap\_Mst\_Pnt feature class data (Pontis data) from TxDOT GIS GDB to PSDC FTP: provided by TxDOT IT/NTT Data
  10. TxDOT Facilities and Maintenance System (FMS): <http://crossroads/org/mnt/FacManInfo.htm>
- J. In the event TxDMV is not ~~off~~separated from the TxDOT IT infrastructure by August 31, 2017, TxDMV shall send a representative to the weekly TxDOT CAB in order to receive notification of changes to shared infrastructure. ~~In addition,~~ and TxDOT will distribute TxDOT CAB meeting minutes via the CAB distribution list, which includes key TxDMV IT personnel.

Commented [WF1]: Update name



- K. TxDOT shall ensure that TxDOT district offices coordinate with TxDMV the handling of oversize or overweight (OS/OW) traffic in emergency/disaster events. TxDOT will maintain TxDMV on TxDOT's statewide Emergency Operations Center (EOC) notification list. TxDOT District Permit Coordinators and/or Maintenance Supervisors/Area Engineers shall provide TxDMV with timely emergency road closure notifications, including contra flow locations through the TxDMV's Emergency Operations Center email address [MCD-EOC@txdmv.gov](mailto:MCD-EOC@txdmv.gov). TxDOT District Permit Coordinators and/or Maintenance Supervisors/Area Engineers shall provide TxDMV with alternate contact information, including contacts for local law enforcement and/or other emergency personnel, for the purposes of assisting with OS/OW loads in emergency/disaster events.

- L. TxDOT shall provide TxDMV access to crash records information (CRIS) without charge.

- M. ~~TxDOT and TxDMV will separate data pertaining to HROnline so that each agency no longer retains the other agency's data per a mutually agreed upon plan signed by each agency's Information Security Officer. Due to the sensitivity of this personally identifiable information within HROnline, this information will be separated and destroyed/purged per the guidance of the National Institute of Standards and Technology and within the process of the State of Texas Data Center Services. TxDOT will not be held liable for damage or loss resulting from TxDMV data remaining in HROnline after separation.~~

Commented [WF2]: TxDOT to determine status

#### **XI. SERVICES TO BE PROVIDED BY TxDMV**

- A. TxDMV shall scan any bonds filed with TxDMV (that are payable to TxDOT) and provide TxDOT with an electronic copy of any bond, upon TxDOT's request. TxDOT authorizes TxDMV to destroy the original bond once TxDMV creates an electronic copy.
- B. TxDMV shall provide contract management services for any enhancements or modifications TxDOT requests regarding the Texas Permitting & Routing Optimization System (TxPROS). TxDMV shall bill TxDOT for any time and materials associated with such contract management services.
- C. TxDMV shall not alter or disregard road information provided by TxDOT for the purposes of oversize or overweight permits. To the extent TxDOT provides TxDMV with a notification of a route or road restriction, TxDMV shall not issue an oversize or overweight permit that does not apply the new route or road information. TxDMV shall also not alter a route designated or approved by TxDOT in the issuance of an oversize or overweight permit. If TxDMV needs to vary a route to complete a requested permit, TxDMV must work with TxDOT to obtain approval on an alternate route designation.

- D. If TxDOT discovers that TxDMV did not take into account road information provided by TxDOT in the issuance of an oversize or overweight permit, TxDMV shall take all actions available to correct the permit to limit damage to the roadway.
- E. TxDMV shall not take actions that allow permitted loads to be routed onto any TxDOT-operated toll road, as long as TxDOT provides TxDMV with the applicable road restriction information as required by Section X.E. of this contract.
- F. TxDMV shall continue to provide TxDOT batch inquiry title and registration information from the Texas Motor Vehicle Title and Registration database without charge. TxDMV shall continue providing the information to TxDOT or its vendor in a secure manner as it has under prior versions of the Interagency Contract (IAC) with TxDOT. TxDOT shall ensure its vendors use the Texas Motor Vehicle Title and Registration database and all data retrieved only for TxDOT operations and as requested by TxDMV, will provide signed certifications from vendors verifying compliance. The parties may agree, through their respective CIO's, to a different delivery method. TxDMV shall also work with TxDOT to ensure the batch inquiry is inclusive of all Texas plates and tags registered with TxDMV, including, but not limited to dealer, eTags, temporary permits, commercial fleet plates such as apportioned plates, and dealer license plates maintained in the various DMV systems. TxDMV shall also continue to provide the files required for processing special license plates and the weekly VTR update file. TxDMV will also provide a one-time copy of the complete VTR database on media supplied by TxDOT. TxDMV and TxDOT shall jointly develop a process for exchanging updated customer address information to ensure the most current information available is maintained between the two agency systems who utilize registration information.
- G. TxDMV shall take the actions required by Texas Transportation Code §502.011 to deny registration of a motor vehicle after TxDOT provides written notice of a final determination that the registered owner of a motor vehicle is a habitual violator (HV) in accordance with Transportation Code, Subchapter C, Chapter 372. TxDOT Toll Operations Division (TOD) shall provide the list of habitual violators, pay required fees for entry of registration blocks, and notify TxDMV when an HV is no longer determined to be a habitual violator or an appeal has been perfected.
- H. TxDMV shall also provide TxDOT with remote electronic access through Motor Vehicle Inquiry to the Motor Vehicle Title and Registration database without charge. Upon request from TxDOT, TxDMV shall provide a written certification verifying the accuracy of the Motor Vehicle Title and Registration database (to

Commented [WF3]: DMV to propose changes

Commented [PD4]: The process for obtaining the vehicle information is changing. We would like to have access to the SFTP site with access to all Texas plates and tags registered with TxDMV.

Commented [PD5]: We would like to have the complete registered plates and tags data with access to update files (noted above)

standard that current processes support). Except in connection with a criminal investigation or prosecution, TxDOT shall be assessed the required fee(s) for TxDMV staff to conduct title history research, production of title history documents, and certification of these documents, provided, however, that TxDMV shall provide the first 20 certified title history searches per fiscal year to TxDOT at no charge.

- I. TxDMV and TxDOT will discuss possible interfaces between TxDOT toll operations and TxDMV regional service centers. Any recommendations developed through these discussions may be considered for possible inclusion of additional terms in the FY 2018 existing or future IACs.
- J. TxDMV will provide TxDOT District offices with emergency contact information and instructions necessary to reach TxDMV OS/OW staff in the event of an emergency requiring coordination as required under paragraph X.K, above. The TxDMV will notify the EOC groups via email of procedures and hours of operations for each emergency/disaster situation. In no event shall OS/OW traffic be routed onto TxDOT operated toll roads without specific written approval from TxDOT's Toll Operations Division.

~~K. TxDMV IT will provide quarterly updates on all transition items to TxDOT IMD.~~

~~L. TxDMV will separate all below services out of the TxDOT environment by 8/31/2017 unless otherwise noted:~~

- ~~1. All Wide Area Network (WAN) services including Texas Law Enforcement Telecommunications System (TLETS) and Comptroller of Public Accounts (CPA)~~
- ~~2. Filenet - 12/31/2016~~
- ~~3. Active Directory~~
- ~~4. Domain Name Services~~
- ~~5. eDIR (Novell)~~

~~The following list is the current servers that will be transitioned out of the TxDOT environment by 8/31/2017:~~

<del>TXDOT-HQ65</del>
<del>HQ8</del>
<del>TXDOT-HQ1</del>
<del>TXDOT-HQ5</del>
<del>TXDOT-HQ6</del>
<del>TXDOT-HQ8</del>

~~TxDOT will not be liable for damage or loss resulting from data remaining in the TxDOT environment.~~

~~M. TxDOT and TxDMV will meet quarterly beginning with February 28, 2017 to adjust the sever list to ensure accurate billing charges.~~

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## **XII. LITIGATION AND LIABILITY**

TxDMV shall be solely responsible for any litigation that was managed before November 1, 2009, by one of the TxDMV divisions that transferred under HB 3097, without regard to when the litigation arose or was filed. TxDMV shall be solely responsible for any litigation that was managed before January 1, 2012, by the TxDOT Motor Carrier Division that transferred under SB 1420, without regard to when the litigation arose or was filed. With respect to any other litigation arising out of events that occurred before the November 1, 2009, transfer under HB 3097 or the January 1, 2012, transfer under SB 1420, TxDOT shall retain responsibility, without regard to whether the litigation relates to activities or employees of TxDMV.

Whenever one party is involved in litigation that relates to activities or employees of the other party or that may reasonably involve payments from appropriation strategies that are allocated to the other party, the party managing the litigation shall provide the other party with timely copies of all pleadings and shall not settle the litigation without the prior consent of the other party. Liability arising from litigation shall be charged to the appropriations strategy of the activity that gave rise to the litigation.

## **XIII. RESPONSIBILITIES OF THE PARTIES**

This contract does not create a partnership, joint venture, or other joint enterprise. It is an agreement between two independent state agencies governing their mutual rights and obligations. Each party acknowledges that it is not an agent, servant, or employee of the other party. Each party is solely responsible for its own acts and deeds and for those of its agents, servants, or employees.

## **XIV. AMENDMENTS**

This contract may only be amended by a written supplement executed by both parties prior to the expiration of the contract.

## **XV. TERMINATION**

This contract may be terminated by satisfactory completion of all services and obligations contained in this contract, by mutual written agreement, or as provided by Section III of this contract.

## **XVI. COMPLIANCE WITH LAWS**

The parties shall comply with all federal, state, and local laws, statutes, ordinances, rules, and regulations and with the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of this contract.

**XVII. RIGHTS AND OBLIGATIONS OF THE PARTIES REGARDING TxPROS**

- A. Although all ownership rights in TxPROS transferred to TxDMV on January 1, 2012, TxDMV shall provide TxDOT with reasonable access to and the right to use TxPROS for the purposes of carrying out TxDOT's statutory functions. TxDMV shall provide this access to TxDOT at no cost.
- B. TxDMV shall be responsible for maintaining TxPROS, using money specifically appropriated for this purpose.
- C. Each party is responsible for paying for any modifications or enhancements that it makes or causes to be made to TxPROS. TxDMV is responsible for contracting with a vendor or otherwise providing personnel to make any modifications or enhancements that TxDMV authorizes to be made to TxPROS.
- D. If TxDOT wants to make any modifications or enhancements to TxPROS, the TxDOT Information Management Division Director shall provide to the TxDMV CIO the specifications and scope of work for the proposed modifications or enhancements. If agreement cannot be reached between the TxDMV CIO and the TxDOT Information Management Division Director regarding any TxDOT proposed modifications or enhancements, then TxDOT's Executive Director may escalate the issue to the TxDMV Executive Director for consideration.
- E. The contact information for the respective information technology contacts is as follows:  
  
Eric Obermier  
TxDMV Chief Information Officer  
E-mail: eric.obermier@txdmv.gov  
Phone: (512) 465-4040  
  
Dana Glover  
TxDOT Information Management Division Director  
E-mail: dana.glover@txdot.gov  
Phone: (512) 467-3837
- F. TxDMV has the final say on any TxDOT requested modifications or enhancements to TxPROS. To the extent TxDMV determines any TxDOT proposed modification or enhancement shall not be made, TxDMV shall supply TxDOT with written justification for the decision.
- G. The primary purpose for TxPROS is for the permitting and routing of oversize or overweight motor vehicles. TxDMV shall consider this fact when making any decisions regarding any modifications or enhancements to TxPROS. Also,

TxDOT is only authorized to request modifications or enhancements to TxPROS to enable TxPROS to run reports or to provide improvements on the collection of road information provided by TxDOT.

- H. To the extent TxDMV wants to make any modifications or enhancements to TxPROS that affect the report, access, or audit capabilities of TxDOT, the TxDMV CIO shall coordinate those modifications with the TxDOT Information Management Division Director, including the specifications and scope of work for the proposed modifications or enhancements.
- I. The parties shall act in good faith regarding any modifications or enhancements to TxPROS to minimize the impact to the other agency's operations.
- J. To the extent TxDMV authorizes any TxDOT proposed modifications or enhancements, TxDMV shall serve as the contract manager for the modifications or enhancements.
- K. Regarding any TxDOT proposed enhancements or modifications to TxPROS, TxDOT shall do the following:
  - 1. Jointly participate in any contract negotiations,
  - 2. Approve any contracts prior to signature,
  - 3. Jointly review any deliverables with the TxDMV contract manager,
  - 4. Approve any receiving reports that TxDMV creates,
  - 5. Timely notify TxDMV of any reason to dispute payment under Chapter 2251, Government Code, and
  - 6. Timely transfer money to TxDMV to pay for any deliverables prior to any payment deadlines under Chapter 2251, Government Code. TxDOT is responsible for any interest that results from an overdue payment if the late payment is due to TxDOT's failure to timely transfer money to TxDMV to pay any invoice.
- L. With the exception of the following, TxDOT owns the data it inputs or causes to be input into TxPROS:
  - 1. Data regarding the issuance and completion of any permits; and
  - 2. Any data purchased from a third party under a contract that says otherwise.
- M. TxDMV owns the data regarding the issuance and completion of any permits.

#### **XVIII. SEVERABILITY**

If any provision of this contract is held by a final judgment or order of a court of competent jurisdiction to be invalid, unenforceable, or illegal, such provision shall be reformed to the minimum extent necessary to permit enforcement thereof. The validity, enforceability, or legality of the remaining provisions of this contract shall not be affected or impaired, even

if such invalid, unenforceable, or illegal provision cannot be reformed.

**THE UNDERSIGNED PARTIES** bind their respective agency to the faithful performance of this contract.

Texas Department of Transportation

Texas Department of Motor Vehicles

\_\_\_\_\_  
James M. Bass  
Executive Director

\_\_\_\_\_  
Whitney H. Brewster  
Executive Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **Attachment A**

### **Interagency Contract (IAC) Management**

TxDMV and TxDOT agree to appoint a single point-of-contact for information technology (IT) issues, a single point-of-contact for non-IT issues, and back-up personnel to facilitate the process for requesting services and invoicing for those services between the two agencies. The designated points-of-contact in each agency shall act as the TxDMV and TxDOT project manager(s).

The Project Managers are as follows:

TxDMV Project Manager, Non-IT: Sergio Rey, Director of Accounting  
 TxDMV Back-Up Project Manager, Non-IT: David Chambers, Director of Purchasing  
 TxDMV Project Manager, IT: Eric Obermier, CIO  
 TxDMV Back-Up Project Manager, IT: Josh Kuntz, Information Security Officer  
 TxDOT Project Manager, Non-IT: Casey Rowe, Revenue Accounting Manager  
 TxDOT Back-Up Project Manager, Non-IT: Crystal Myers, Accounting Specialist  
 TxDOT Project Manager, IT: Dana Glover, Information Management Division Director  
 TxDOT Back-Up Project Manager, IT: ~~Dan Teczar, Operations Excellence~~  
~~Coordinator~~ [Keith Handrick, Business Relationship Manager](#)

### **Cost of Services Provided by TxDOT Generally to State Agencies**

TxDOT provides some services to multiple state agencies, including flight services and printing services. These services shall not be included or invoiced under this contract, and TxDMV shall be eligible to use these services in the same way and on the same terms as other state agencies.

### **Cost of Operating and Maintaining Facilities**

TxDOT shall invoice TxDMV for recurring monthly building and maintenance costs at a flat rate of ~~\$34,000.00~~ [\\$38,000.00](#) per month. This flat rate includes electricity, water, gas, Centimeter storage space, [window washing](#), [HVAC maintenance](#), [elevator maintenance](#), and trash collection and is allocated based on TxDMV's occupancy of TxDOT-owned or -leased facilities as of September 1, ~~2016~~ [2017](#). TxDOT will not be required to provide invoices or supporting documentation for these costs. TxDMV may request a one-time recalculation of the allocated costs and adjustment of the flat rate if TxDMV's total occupancy changes by more than 10%.

TxDOT shall invoice TxDMV at the end of ~~the contract term~~ [each fiscal year](#) for security costs.

All other costs, including landscaping, pest control, and non-recurring time and materials costs associated with building operations, such as requests for the relocation of fixed walls, will be requested through a Work Authorization and billed on the basis of actual



costs incurred by TxDOT or TxDMV, as set forth below. Time of TxDOT or TxDMV employees shall be invoiced on an hourly basis at their appropriate pay rate. Materials shall be invoiced on a unit basis and shall consist of the actual cost to TxDOT or TxDMV for those materials.

#### Work Authorizations

Except in the event of an emergency situation as defined below, all work to be performed under this contract involving the cost of labor for agency employees shall be requested and performed through the use of a "Work Authorization" (WA).

The receiving agency's Project Manager (PM) shall provide the performing agency's PM with a signed WA prior to any non-emergency work being done. If the receiving agency has not issued a WA, the performing agency shall have no obligation to provide the requested services. Any non-emergency work done without a signed WA shall not be billable under this contract. All approvals regarding work to be done under this contract shall occur between the TxDMV and TxDOT PM's.

Performing agency shall respond to all WA requests for non-emergency work within 10 days, unless mutually agreed by both parties.

#### Emergency Services

"Emergency situation" is defined as any unexpected, non-routine event which damages or affects the utility or safety of any building, system, or portion or component of a building in such a way that it prevents the reasonable business operational use of some or all of the facility. This does not include routine maintenance or normal wear and tear events.

In the event of an emergency situation requiring work to be performed before a WA can be issued, the receiving agency's PM must submit a request to the performing agency's PM in writing, outlining the requested work and noting that the work requested is due to an emergency. The receiving agency shall follow up with a written WA within two business days of the event. Upon receipt of an itemized invoice, the receiving agency will reimburse the performing agency for its actual costs in performing the work. The receiving agency can request review of the causation of the emergency situation to determine if acts or omissions of the performing agency contributed to the event, and request that the performing agency pay some or all of the cost. In the event the parties assigned to the task cannot reach an agreement on allocation of costs, the WA may subsequently be subject to the Dispute Resolution Procedure set forth in this Attachment.

#### Work Authorization

Each WA shall include the following information:

- a. the date of the request;
- b. the amount of estimated expenditure authorized;
- c. a description of the deliverables/services authorized;
- d. the physical location where the services are authorized to be performed, including address, complex, and building number;

- e. a WA number;
- f. the receiving agency's division name; and
- g. the receiving agency's coding block to be charged.

#### Data Center Services

TxDMV shall reimburse TxDOT monthly for 50% of the actual cost of shared data center services (DCS) being billed to TxDOT and not directly to TxDMV. The amount shall be adjusted based on changes in the number or quantity of services that are billed through TxDOT. TxDOT and TxDMV will both be conducting significant consolidation and decommissioning activities this year. If these activities will impact a TxDMV/TxDOT shared service, TxDOT shall provide TxDMV notification in advance and parties shall coordinate as needed. Conversely, any DCS changes initiated by TxDMV that impact TxDOT infrastructure shall be approved in TxDOT CAB prior to the change being implemented by DCS.

#### Billing for Servers and Responsibility for Data

TxDOT shall not bill TxDMV for utilization of any servers which store data which TxDMV has notified TxDOT it no longer needs. ~~This includes the following servers as of the date of the execution of this IAC:~~

ABL1	SAT1	TXEPOLICY2
AMA1	TXDB18	TX-IM7APP1
AUS-NTRAVIS		TX-MRTG
BMT1	TxDOT-HQ41	TX-OC1
CRP1	TxDOT-HQ69	TX-PSFT-TD
ISDAIS-HR-VS4		TYL-LONGVIEW
ISDAIS-HR-VS7		WFS1
LBB1	TXEDMSAPP2	WT-PSFT-PD
PHR1	TXEDMSAPP5	WT-RTS-LBT1

For data residing on servers that TxDMV is no longer financially responsible for under the language above, TxDOT shall not be held responsible for any TxDMV data remaining on those servers so long as TxDOT and/or its contractors use standard industry practices in the handling of such data. Once the servers are finally decommissioned, TxDOT shall destroy any remaining TxDMV data consistent with the guidance of the National Institute of Standards and Technology and within the process of the State of Texas Data Center Services. Any disputes over data handling or destruction practices under this section shall be resolved by consultation with the state Chief Information Security Officer.

#### Technology Daily Operations

Requests for unusual support or involving the performance of work by TxDOT employees shall be billed by TxDOT to TxDMV at actual cost. Any requests by TxDMV that are implemented by a TxDOT contractor, including NTT DATA, shall be coordinated

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under a direct agreement between TxDMV and the application contractor. Billings shall be made directly to TxDMV with no TxDOT involvement or action required.

#### Billing Review for IT Services

On a quarterly basis the IT Project Managers (IT PMs) shall review the receiving agency's use of DCS, software and server components governed by this agreement. The IT PMs may agree to adjust the charges for IT services without the need for amendment to this agreement, so long as any changes would not result in expenditure in excess of an agency's overall "not to exceed" budget amount in Paragraph IV of the agreement.

#### Submitting Invoices

The receiving agency shall pay the performing agency on the basis of the flat rate services as referenced in this Attachment A and non-recurring service invoices submitted to and approved by the receiving agency, showing:

- a. a reference to the WA number by line item (not applicable to flat rate utility invoices);
- b. the performing agency's Agency Number and Recurring Transaction Index (RTI);
- c. the performing agency's non-IT PM's e-mail address and phone number;
- d. the date range of work performed for the associated charge, unless otherwise specified on the WA or supporting documentation;
- e. copies of the original documentation that validates the non-recurring charges, including third party invoices with clear, legible descriptions, and the performing agency's Staff Name/Salary Rate/Hours Worked (not applicable to flat rate utility invoices);
- f. the USAS Comptroller Object of Expense used by TxDOT;
- g. a certification that the charges shown are reasonable and necessary, and all appropriate and required supporting documentation is attached.

TxDOT must e-mail all invoices and supporting documentation to TxDMV at: [DMV\\_FIN-INVOICES@txdmv.gov](mailto:DMV_FIN-INVOICES@txdmv.gov)

TxDMV must e-mail all invoices and supporting documentation to TxDOT at: [FIN\\_Invoices@txdot.gov](mailto:FIN_Invoices@txdot.gov)

If both parties agree that any invoices paid contain charges that should not have been billed to one party, the other party shall apply a credit to the over-billed party's future invoices within 90 days of the original invoice with incorrect charges.

Invoices for flat rate utility costs must be paid within 30 calendar days of receipt.

If the invoices for non-recurring services are clear, complete, and include all required supporting documentation, then the receiving agency shall process payment for all performing agency invoices submitted in accordance with this contract and Comptroller

Post-Payment Audit guidelines. The receiving agency shall reimburse the performing agency within 30 calendar days of receipt. If the invoices are not clear and complete, then the receiving agency shall notify the performing agency of the need for clarification or documentation within fifteen (15) calendar days of receipt. The receiving agency may also request additional documentation necessary for post-payment audit purposes. In addition, the receiving agency shall inform the performing agency of disputed items in any invoice within fifteen (15) calendar days of receipt. Any items not disputed within this fifteen calendar day period will be deemed acceptable.

#### Dispute Resolution

Any dispute over billing, payment or other issues arising in this Attachment or the IAC generally shall be first discussed and negotiated by the two parties assigned to the task under the IAC. If they cannot agree on a resolution, the matter shall be summarized by the two parties and submitted to the non-IT Project Managers (PMs) specified under the IAC. If the two PMs cannot agree on a resolution, the matter shall be summarized and submitted to the Chief Financial Officer (CFO) of each agency, or the CFO's designee, who shall be the final arbiters of all disputes.

### **Appendix I**

#### **TxDMV Use of TxDOT Austin Regional Office Space in the Event of Disaster**

This Appendix is made part of the Interagency Contract (IAC) between TxDOT and TxDMV, and is subject to all of the general terms and conditions of that Contract.

#### **TxDMV responsibilities:**

- A. TxDMV shall provide written notice (email allowed) to TxDOT upon declaration of a disaster. A disaster for which the TxDMV Continuity of Operations Plan is implemented may be declared only by the TxDMV Executive Director, Deputy Executive Director, Chief Financial Officer, Chief Information Officer or General Counsel. The notice shall reference this Appendix to the IAC and request use of the Austin, Regional Service Center (RSC) at the TxDOT Austin Parmer Lane Regional Office pursuant to the requirements and limitations of this Appendix.
- B. TxDMV shall directly pay for and oversee any modifications necessary to the Austin, RSC, and any temporary installations, temporary facilities such as portable restrooms, generators, air conditioning or heating systems, computer or phone equipment, lighting, utilities or similar items needed to support temporary operations. TxDOT shall not be responsible for making any modifications unless otherwise agreed in writing.
- C. TxDMV shall reimburse TxDOT for any actual costs incurred due to TxDMV's use and occupancy of the Austin, RSC space, so long as TxDOT notifies TxDMV as soon as possible when it begins to incur costs (no longer than 48 hours after costs are being incurred) and allows TxDMV to provide alternative resources to offset TxDOT costs if possible.
- D. TxDMV shall be responsible and liable for the safety, injury, and health of all TxDMV employees or contractors in the alternative facility.
- E. During a disaster with a duration of more than 2 weeks, DMV may augment work space by leasing one or more temporary office trailers to be located in the Austin, RSC parking areas. TxDMV shall obtain and pay for the trailer(s) and any modifications, utility installation and expense, and all associated costs (including demobilization and removal). TxDMV shall consult with and obtain prior written permission from TxDOT for the location of these temporary trailers and all associated support structures.
- F. TxDMV shall remove and pay the cost of all modifications made to the Austin, RSC after cessation of emergency operations, unless TxDOT informs TxDMV in writing

to leave specific modifications in place.

- G. TxDMV shall repair any damage to the Austin, RSC caused during TxDMV use of the facility during the emergency.
- H. During the period of use of the Austin, RSC, TxDMV and its employees shall follow facility management, building maintenance, parking and security policies, procedures, and standards established by TxDOT. Requests for deviation from these policies, procedures, and standards shall be submitted in writing by TxDMV to TxDOT, who shall reply as soon as possible, but no later than 48 hours after the request.
- I. During the occupancy of space at the Austin, RSC, TxDMV shall provide TxDOT weekly status reports regarding the use of the Austin, RSC and TxDMV's progress in responding to the disaster and either returning operations to the TxDMV Headquarters site or another location.
- J. Within two weeks of the conclusion of the disaster and moving all equipment and personnel out of the Austin, RSC, TxDMV shall provide a final report to TxDOT documenting all modifications performed and any repairs needed or modifications not yet removed along with a schedule for completion of those items.

TxDOT responsibilities:

- A. Upon receipt of notice of a declared disaster as set forth in the TxDMV Responsibilities section, TxDOT shall provide as soon as practical, but in no case later than 24 hours after notice, the following support services to TxDMV for the duration of the disaster:
  - 1. Use of:
    - a. all available, unused office space in the TxDOT-controlled portions of the main building at the Austin, RSC, including all in-place utilities and fixtures;
    - b. the main conference room in the main building of the Austin, RSC;
    - c. two equipment maintenance bays (non-climate controlled space with overhead door access), preferably the two bays immediately adjacent at the rear of the main Austin, RSC office building.
  - 2. For a disaster of a duration of more than two weeks, upon written request from TxDMV, space for placement of one or more temporary office trailers, in a location as near as possible to the main Austin, RSC building.
  - 3. 24-hour controlled access to the referenced buildings, facilities and associated parking lots.

4. Cooperation on installation and use of portable or temporary equipment or facilities such as generators, portable buildings, computer or phone equipment, tables, chairs, desks, air conditioners, fans, cabling and the like.
- B. Within 30 days of notice from TxDMV of the cessation of a disaster, TxDOT shall provide notice to TxDMV of any necessary repairs or expenses incurred due to TxDMV's use of the Austin, RSC premises, and shall include in that notice any requests to retain any equipment or modifications which would otherwise be removed or surplus by TxDMV.
- C. TxDOT shall notify TxDMV within 48 hours of incurring any expenses as a result of TxDMV's occupancy of the additional Austin, RSC space under this Appendix, and shall allow TxDMV to provide alternative services or personnel to avoid or offset such costs.



Board Meeting Date: 8/8/2019

## ACTION ITEM

To: Texas Department of Motor Vehicles Board  
From: Sandra Menjivar-Suddeath, Internal Audit Division Director  
Agenda Item: 17.C  
Subject: FY 2020 Internal Audit Plan

RECOMMENDATION

For the Texas Department of Motor Vehicles Board to approve the FY 2020 Internal Audit Plan for the first six months.

PURPOSE AND EXECUTIVE SUMMARY

The Texas Department of Motor Vehicles Board approves the Internal audit plan each year to be in compliance with the Texas Internal Audit Act (Texas Government Code 2102.008). The FY 2020 Internal Audit plan provides information for the entire fiscal year, including an hour analysis and the potential engagements; however, IAD is only requesting approval on the engagements, divisional initiatives, and added-value services for the first six months. The plan includes seven engagements, divisional initiatives, and added-value services for the first six months.

FINANCIAL IMPACT

No financial impact.

BACKGROUND AND DISCUSSION

The TxDMV Board approves the Internal audit plan each year to be in compliance with the Texas Internal Audit Act (Texas Government Code 2102.008). The FY 2020 Internal Audit plan provides information for the entire fiscal year, including an hour analysis and the potential engagements; however, IAD is only requesting approval on the engagements, divisional initiatives, and added-value services for the first six months. IAD is requesting approval for only the six months because it will allow IAD to better address any unforeseen risks that appear in the fiscal year. IAD plans to request approval on the second six month in early 2020.

***Engagement Information***

IAD identified seven engagements that it will conduct during the first six months of the fiscal year. These seven engagements are aligned to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) – Integrated Control Framework and its five internal control components. COSO is a framework that allows organization to more effectively manage risk and controls and has five internal control components: Control Environment (e.g., Tone at the Top), Risk Assessment, Control Activities (e.g., policies and procedures), Information and Communication (e.g., how well do you communicate objectives and controls), and Monitoring.



The seven engagements are comprised of four risk-based engagements and three required engagements:

- **Application Services Section Review Audit:** An audit to evaluate how the Information Technology Services Division – Application Services Section prioritizes and balances agency support needs. The audit will also review the functions’ culture by evaluating communication and planning processes.
- **Patch Management Audit:** An audit to assess how well application and server configurations are kept current. The audit will also review the functions’ culture by evaluating communication and planning processes.
- **Titles and Registration Customer Support Audit:** An audit to evaluate the consistency of customer support for title and registration programs. The audit will also review the functions’ culture by evaluating communication and planning processes.
- **Temporary Tags Advisory Service:** An advisory service to help provide strategies on how to further combat temporary tag fraud.
- **Annual Audit Activities Report:** A statutorily required report that summarizes IAD’s activities for fiscal year 2019.
- **Quality Assurance and Improvement Program – Internal Assessment:** A required review that provides information on IAD’s compliance with audit standards and performance for fiscal year 2019.
- **Audit Recommendation Implementation Status Follow-Up:** A required ongoing engagement that verifies the implementation status for internal audit recommendations by fiscal quarter.

#### ***Divisional Initiatives and Added-Value Services***

In addition to the engagements, IAD conducts other value-added services and works on divisional initiatives to to improve IAD’s effectiveness and efficiency. IAD plans on working and conducting the following:

- Senate Bill 65 Implementation
- Key Risk Indicators
- Cybersecurity Co-Sourcing
- TeamCentral Reporting
- Staff Development Plans and Training
- Fraud, Waste, and Abuse (FWA) Items
- External Coordination Efforts
- Ad hoc Advisory
- Work Group Participation
- Department Training



# Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

## Fiscal Year (FY) 2020 Internal Audit Plan 19 – 12

Internal Audit Division

August 2019

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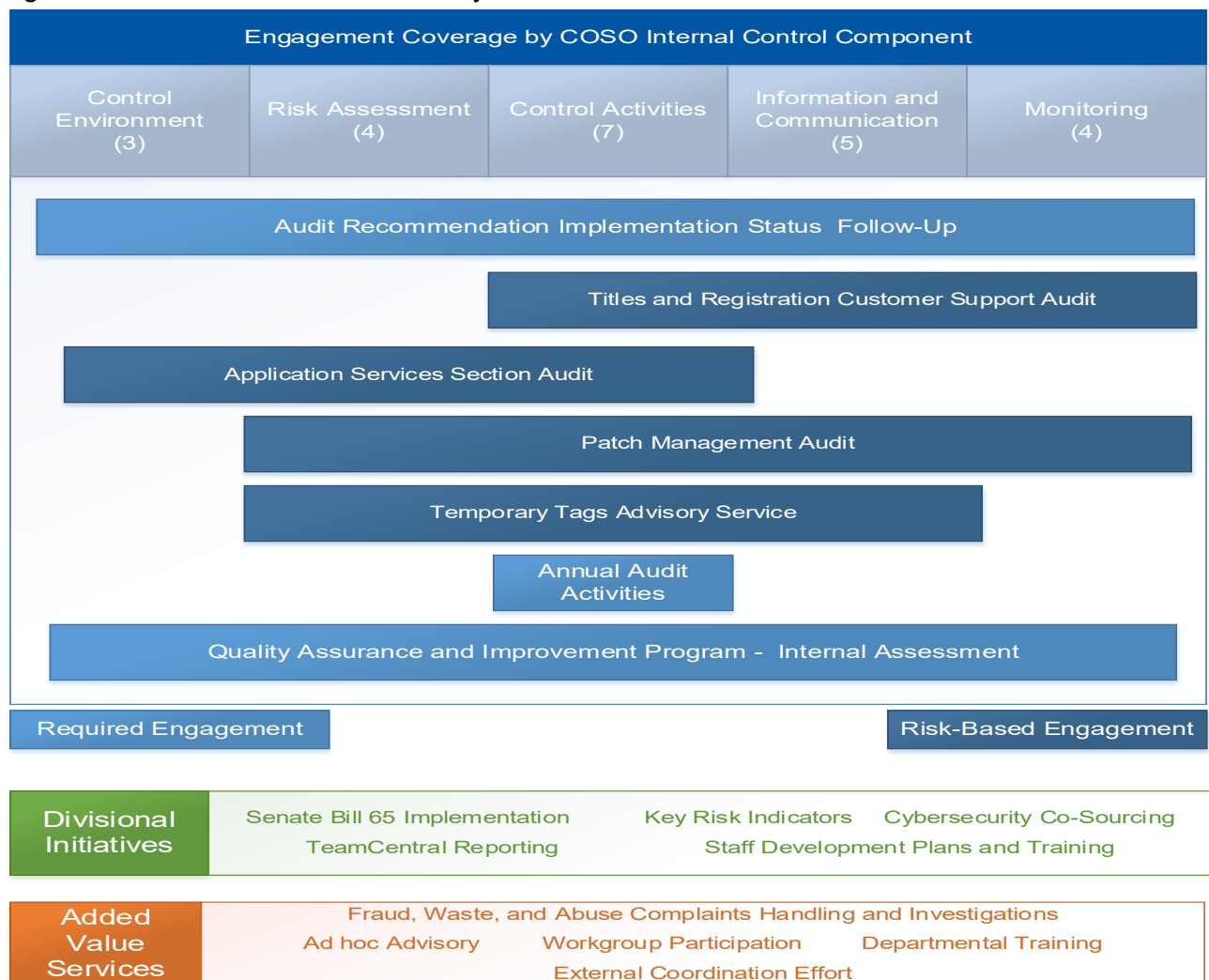
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## FY 2020 First Half Summary

The Internal Audit Division (IAD) annual audit plan for fiscal year (FY) 2020 is divided into two six-month plans. IAD moved to a six-month audit plan to allow for flexibility as Texas Department of Motor Vehicles' (TxDMV) risks change rapidly. The audit plan for the first half of the fiscal year includes four risk-based engagements, three required engagements, division initiatives, and added-value services. The first half summary is depicted in figure 1 and it includes information on how each engagement relates to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) – Integrated Control Framework.

The COSO Framework was designed to help organizations improve business and operating environments by establishing effective internal control, enterprise risk management, and fraud deterrence. More information on the COSO Framework, including the five components of internal controls, can be found in the Scope and Methodology section of the plan: [COSO Framework Information](#).

Figure 1. First Half Audit Plan Summary



## Engagement and Services Information



### Risk-Based Engagements

- **Applications Services Section Audit:** Application Services Section supports Department applications. The audit will evaluate how the section prioritizes and balances support needs.
- **Patch Management Audit:** Texas Cybersecurity Framework identifies patch management as a key process. The audit will assess how application and server configurations are kept current.
- **Title and Registration Customer Support Audit:** Multiple divisions answer questions and provide services on title and registration programs. This audit will evaluate the consistency of customer support.
- **Temporary Tags Advisory Service:** TxDMV issues temporary tags for vehicles subject to Texas registration laws, but not authorized to travel on Texas highways. This advisory service will provide strategies to further combat temporary tag fraud.

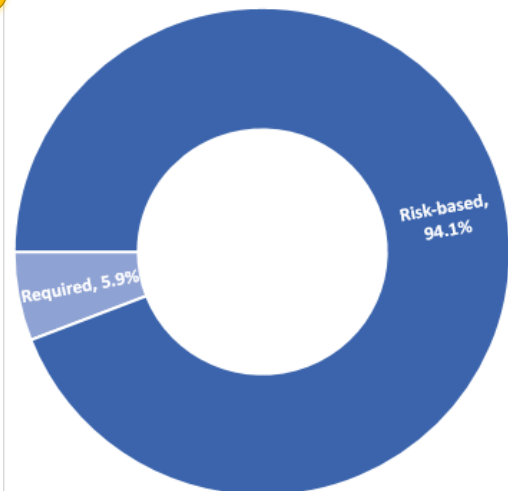


### Required Engagements

- **Audit Recommendation Implementation Status Follow-Up:** IAD verifies the implementation status of internal audit recommendation by fiscal year quarter.
- **Annual Activities:** A statutorily required report that summarizes IAD's activities for fiscal year 2019.
- **Quality Assurance and Improvement Program – Internal Assessment:** An internal IAD review to determine whether the division complied with audit standards and to provide information on IAD's performance.



### Resource Allocation





### Divisional Initiatives

- **Senate Bill 65 Implementation:** IAD will identify how to implement statutorily required monitoring of procurement and contract functions.
- **Key Risk Indicators:** IAD will be finalizing processes to conduct continuous risk evaluation for the following items:
  - *Fraud Indicators:* IAD will monitor TxDMV leave balances and payment information.
  - *Regional Service Center (RSC) Transactions:* IAD will be monitoring RSC transactions to identify potential fraud or inefficiencies.
  - *Procurement and Contract Management Monitoring:* IAD will monitor procurement and contracts to identify potential high-risk procurements that might warrant additional review.
  - *ITS Division Monitoring:* IAD will evaluate how to monitor ITS Division workload.
- **Cybersecurity Co-Sourcing:** IAD is in the process of procuring audit services to conduct cyber security engagements.
- **TeamCentral Reporting:** IAD is working on developing customized reporting from its audit software.
- **Staff Development Plans and Training:** IAD staff take training and create development plans to obtain required knowledge, skills, and abilities.



### Added – Value Services

- **Fraud, Waste, and Abuse (FWA) Items:** IAD is responsible for reviewing, tracking, and investigating any internal FWA allegations, including those received through the State Auditor's Office Hotline.
- **External Coordination Efforts:** IAD coordinates and facilitates any external audits. External coordination efforts include providing audit status update and coordinating responses.
- **Ad hoc Advisory:** IAD sets aside 150 hours to address any short-term assessment or information requests by TxDMV staff during the first half of the fiscal year.
- **Work Group Participation:** IAD participates in TxDMV work groups to help identify any unforeseen risk in enterprise projects or activities.
- **Department Training:** IAD provides training to help TxDMV staff understand their responsibilities for audits, recommendation implementation, and preventing fraud, waste, and abuse.

## Detailed Engagement Information

### FY 2020 First Half Engagements

The tables below provide information on the risk-based and required engagements that will be conducted in the first half of the FY 2020. The information includes engagement information, engagement hours, TxDMV strategic goal alignment, and impacted division(s). Table 1 provides information on the risk-based engagement and table 2 provides information on the required engagements.

Table 1. Risk-Based Engagements

Engagement Area	Engagement Information	Strategic Goal	Impacted Division(s)
<b>Application Services Section Audit</b> 750 hours	The audit will evaluate how the section prioritizes and balances support needs. In addition, it will evaluate communication and planning processes.	Customer Centric  Optimized Services and Innovation	Information Technology Services Division (ITSD)
<b>Patch Management Audit</b> 700 hours	The audit will assess how application and server configurations are current. In addition, the audit will evaluate communication and planning processes. This audit was identified as an area of review in the Cybersecurity road map.	Optimized Services and Innovation	ITSD
<b>Title and Registration Customer Support Audit</b> 1000 hours	The audit will evaluate the consistency of customer support. In addition, it will evaluate communication and planning processes.	Customer Centric	Consumer Relations Division (CRD)  Vehicle Titles & Registration (VTR) Division  Finance & Administrative Services (FAS) Division  ITSD
<b>Temporary Tags Advisory Service</b> 625 hours	This advisory service will provide strategies to further combat temporary tag fraud.	Optimized Services and Innovation	VTR  ITSD  Compliance & Investigations Division (CID)

Table 2. Required Engagements

Engagement Area	Engagement Information	Strategic Goal(s)	Impacted Division(s)
<b>Annual Audit Activities</b>  25 hours	A statutorily required review that summarizes internal activities conducted in FY 2019. The State Auditor's Office prescribes the report format and information.	Performance Driven	Department-wide
<b>Quality Assurance and Improvement Program</b>  50 hours	An internal assessment to determine compliance with audit standards and provide information on IAD's performance. IAD's performance includes an evaluation of Key Performance Indicators and Capability Model.	Performance Driven	IAD
<b>Audit Recommendation Implementation Status Follow-Up</b>  75 hours	An engagement to verify if outstanding audit recommendations have been fully implemented. Quarterly reporting for internal audit recommendations will be done.	Optimized Services and Innovation  Customer Centric  Performance Driven	Department-wide

## Alternative and Potential Second Half Engagements

The IAD has identified alternate, or contingency, engagements that it can perform as well as potential engagements for the second half of the fiscal year.

These engagements were identified through the annual risk assessment process. Table 3 provides information on the contingent engagements for FY 2020, including preliminary engagement information, strategic goal alignment, and impacted division(s).



Table 3. Alternative and Second Half Engagements

Engagement Area	Preliminary Engagement Information	Strategic Goal(s)	Impacted Division(s)
<b>VTR Strategic Alignment Audit</b>	A potential audit to evaluate whether VTR sufficiently plans to achieve objectives.	Customer Centric Performance Driven	VTR
<b>Title Litigation Advisory Service</b>	A potential advisory service to evaluate the title litigation processes.	Customer Centric	Office of General Counsel (OGC) VTR
<b>Payment Card Industry (PCI) Audit</b>	A potential audit to evaluate whether the Department is compliant with PCI Requirement 2: Vendor-supplied defaults. This audit was identified as an area of review in the Cybersecurity roadmap.	Performance Driven	ITSD
<b>Mailroom Audit</b>	A potential audit to evaluate mail room operations.	Performance Driven	FAS
<b>OGC Structure Audit</b>	A potential audit to evaluate whether the Office of General Counsel is appropriately structured to achieve objectives.	Customer Centric Optimized Services and Innovation	OGC
<b>Staff Recruitment and Workforce Planning Audit</b>	A potential audit to evaluate if the Department appropriately plans to recruit and retain staff.	Optimized Services and Innovation Performance Driven	Human Resources Division
<b>Supervisory Training Audit</b>	A potential audit to evaluate supervisory training to ensure supervisors understand their roles and responsibilities.	Performance Driven	Human Resources Division

## Scope and Methodology

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### Scope

The Internal Audit Plan covers the period of September 1, 2019 to January 31, 2020. The Internal Audit Plan for the remainder of the fiscal year will be presented and evaluated in February 2020.

### Risk Assessment

#### Risk Methodology

The audit plan was developed using a risk-based methodology, which incorporated input from TxDMV board members, executive management, division management, and risks identified by audit staff through previous fiscal year engagements and observations. IAD also analyzed TxDMV information and reviewed internal audit and industry publications to identify and rank potential audit topics by risk. Projects' risk rankings were developed using the following factors and risk guidelines reviewed and discussed with TxDMV executive management:

- Revenue or expense impact
- Asset or liability impact
- Operational effectiveness and efficiency impact
- Legal or regulatory impact
- Brand or reputational impact
- Degree of change in the program, function, or process
- Degree of complexity
- Degree of centralization
- Control design strength

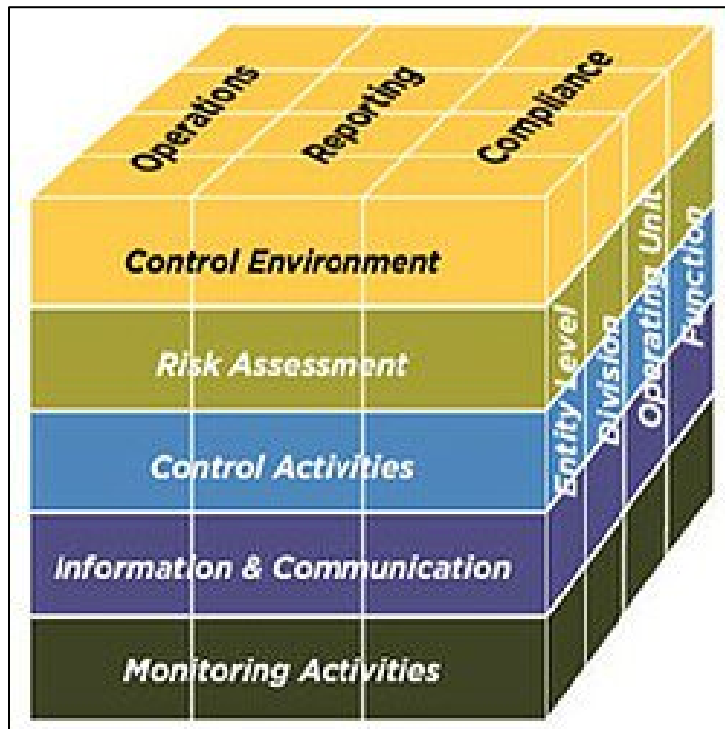
In total, 162 Department risks were identified through the risk assessment. Each risk was scored using the above factors. The risk scores ranged from zero, which is the lowest risk score, to six, which is the highest risk score. An inherent risk score of four or higher is considered high risk for the Department. Low and medium risk scores range from 0 to 4, as depicted below.

Low Risk	Medium Risk	High Risk
0 – 2.00	2.01 – 4	4.01 - 6

## Committee of Sponsoring Organizations of the Treadway Commission (COSO) Methodology

Once all risks were reviewed and ranked, the audit team evaluated each risk using the COSO *Internal Control – Integrated Framework*. The framework integrates three broad objectives (Operations, Reporting, and Compliance) and ties those objectives to risks and controls through five internal control components and four structural levels as depicted in figure 2, COSO cube. The COSO cube depicts how the internal controls framework has a direct relationship between objectives, the components needed to achieve objectives, and a typical organizational structure.

Figure 2. COSO Cube



The definition for the COSO Internal Control Components are as follows:

- **Control Environment:** The foundation for an internal control system. The Control Environment is a set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. It provides the discipline and structure to help an entity achieve its objectives. The TxDMV Board and executive management establish the tone at the top regarding the importance of internal control including expected standards of conduct.
- **Risk Assessment:** The processes used to determine how risk is to be managed. TxDMV management assesses the risks facing the entity as it seeks to achieve its objectives.

- **Control Activities:** The actions TxDMV management established through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes information systems.
- **Information and Communication:** The quality of information TxDMV management and staff generate and use to communicate and support the internal control system on an ongoing and iterative basis.
- **Monitoring:** The activities TxDMV management established to assess the quality of performance over time. The activities include ongoing evaluations, separate evaluations, or some combination of the two. The activities are used to ascertain whether each of the five components of internal control, are present and functioning.

## Hour Analysis

Hours were calculated using historical data and auditor's judgement. Hours are an estimate and could be adjusted during the fiscal year. As the internal audit plan only includes the first half of the fiscal year, the IAD has identified the hours that are available for the second half of the year.

Currently, the IAD estimates that 1,300 hours are available for the second half of the internal audit plan.



Board Meeting Date: 8/8/2019

## BRIEFING

**To:** Texas Department of Motor Vehicles Board  
**From:** Sandra Menjivar-Suddeath, Internal Audit Division Director  
**Agenda Item:** 17.D  
**Subject:** Internal Audit Division Status

**RECOMMENDATION**

None.

**PURPOSE AND EXECUTIVE SUMMARY**

The status update provides information on current Internal Audit Division (IAD) activities. The August 2019 update contains the fiscal year (FY) 2019 Internal Audit Plan status and external coordination efforts.

**FINANCIAL IMPACT**

None.

**BACKGROUND AND DISCUSSION**

At every TxDMV Board meeting, IAD provides an update and status on current activities, including the annual Internal Audit Plan status. The annual Internal Audit Plan status includes information on the engagement type, the objective(s), anticipated report release date, and the current audit phase. For the August 2019 update, the IAD is providing information on the FY 2019 Internal Audit Plan status and external coordination efforts.

**FY 2019 Internal Audit Plan status**

The IAD completed the Procurement and Contract Management audit, the FY 2019 Internal Audit Follow-Up, and the FY 2020 Internal Audit Plan. IAD continues to work on three internal engagements that are all in the reporting phase:

- Accounts Receivable Advisory Service (*Reporting phase of the engagement*)
- Compliance and Investigations Division (CID) Audit (*Reporting Phase of the engagement*)
- Payment Card Industry (PCI) Compliance (*Reporting Phase of the engagement*)

**External Coordination Efforts**

Since the June Board meeting, the following external coordination efforts have occurred:

- The U.S. Federal Highway Administration (FHWA) completed its compliance review regarding the certification of proof of payment of the Heavy Vehicle Use Tax (HVUT) and found the Department in full compliance.
- The State Auditor's Office will be conducting a review on WebDealer.
- The Texas Comptroller of Public Accounts began a contract audit on the Department's procurement and contract processes.
- The Coordination of Investigation letter was sent to the State Auditor's Office (SAO) on July 19.



## Texas Department of Motor Vehicles

### Internal Audit Division Status Update

#### Fiscal Year (FY) 2019 Internal Audit Plan Status

Engagement	Description	Status
<b>Procurement and Contract Management</b>	An audit to determine whether the procurement process is achieving desired outcomes and whether the contract management process is achieving desired outcomes.	<i>Completed</i>
<b>FY 2019 Internal Follow-Up</b>	An engagement that verifies the implementation status of outstanding audit recommendations.  Implementation status progress for internal audit recommendations are reported quarterly. An annual report is issued that summarizes all internal and external audit recommendation status.	<i>Completed</i>
<b>FY 2020 Internal Audit Plan</b>	An engagement to identify high risk areas in TxDMV that may warrant review in fiscal year 2019.	<i>Completed</i>
<b>Accounts Receivable</b>	An advisory service to evaluate the accounts receivable function.	<i>Reporting Phase</i>  Anticipated release date: August 2019
<b>Compliance and Investigations Division (CID)</b>	An audit to determine whether CID established appropriate and valid objectives to meet desired outcomes and to evaluate whether the CID structure is sufficient to prevent, detect, and investigate external fraud, waste, and abuse.	<i>Reporting Phase</i>  Anticipated release date: August 2019
<b>Payment Card Industry (PCI) Compliance</b>	An audit to determine whether the Department is in compliance with PCI requirement 5: protect all systems against malware and regularly updated anti-virus software programs.	<i>Reporting Phase</i>  Anticipated release date: August 2019

#### External Coordination

- The U.S. Federal Highway Administration (FHWA) completed its compliance review regarding the certification of proof of payment of the Heavy Vehicle Use Tax (HVUT). The Department was in full compliance with the HVUT program. FHWA made six recommendations to improve operations. The Motor Carrier Division plan on implementing the recommendations.
- The State Auditor's Office is conducting a review of WebDealer.
- The Texas Comptroller of Public Accounts began a contract audit in July. The audit has four objectives related to the Department's procurement and contract processes.
- The Coordination of Investigation letter was sent to the State Auditor's Office (SAO) on July 19. The letter had the Department's response to 20 SAO Hotline complaints received in the third quarter.



Texas Department  
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Fiscal Year (FY) 2019 Internal Audit  
Follow-Up Audit Report  
19-09

Internal Audit Division  
July 2019

## FY 2019 Internal Audit Follow-Up, 19-09

### Executive Summary

#### BACKGROUND

The Internal Audit Division (IAD) continuously conducts follow-up activities to determine if appropriate action has been taken to address internal and external audit recommendations. Throughout the year, IAD works with executive management to document and verify the implementation status of the audit recommendations.

In fiscal year (FY) 2019, IAD reviewed and verified the implementation status of 62 internal and external audit recommendations with an estimated completion dates between July 2, 2018 and May 31, 2019. Of the 62 audit recommendations, 37 were recommendations issued by IAD and 25 were issued by external entities.

The follow-up objective was to determine and verify the implementation status of internal audit and external audit recommendations issued.

#### RECOMMENDATIONS

The IAD did not make any additional recommendations in this report as it was a follow-up report.

#### RESULTS

TxDMV continues to take an active approach to implementing any audit recommendation issued, which has led to a high percentage of recommendations that were implemented. In FY 2019, TxDMV implemented 56 of the 62 (90%) internal and external audit recommendations that were due. Specifically, TxDMV implemented all 25 (100%) external audit recommendations and implemented 31 of the 37 (84%) internal audit recommendations.

#### MANAGEMENT RESPONSE

For started recommendations, management provided new completion dates or provided reasoning for the delay.



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## Background

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### Implementation Status

Throughout the fiscal year (FY), the Internal Audit Division (IAD) works with Texas Department of Motor Vehicles (TxDMV) management on follow-up activities by obtaining documentation supporting implementation and implementation statuses on audit recommendations. When management believes an audit recommendation is fully implemented, they submit supporting documentation for IAD review. IAD reviews submitted documentation to determine if the audit recommendation has been fully implemented. If the audit recommendation is designed as a HIGH priority, IAD staff will conduct limited testing to ensure the recommendation has fully remediated the identified issue.

At the end of the fiscal year, IAD reports the implementation status of all audit recommendations reviewed to the TxDMV Board and executive management. The implementation status IAD assigns includes the following:

- **Closed - Fully Implemented:** The division fully implemented the audit recommendation by developing and using processes, systems, or policies. The changes are operating as intended.
- **Closed - External Verification Needed:** Only used for audit recommendations not issued by the IAD (i.e., External Audit Recommendations). The IAD reviewed documentation and verified that the division has fully implemented the audit recommendation by developing and using processes, systems, or policies.
- **Started:** The division began developing and using processes, systems, or policies to implement a recommendation but not all elements were complete. The division revised the completion date.
- **Pending:** The division has not begun developing processes or using processes, systems, or policies to implement a recommendation. The division revised the completion date.
- **Not Implemented/ Management Accepts the Risk:** The division and department no longer intends to develop a process, system, or policy to address a recommendation.
- **Not Applicable:** The recommendation is no longer relevant.

### Audit Recommendations

During fiscal year (FY) 2019, the IAD verified the implementation status of 62 internal and external audit recommendations. 25 of the 62 (40%) audit recommendations were issued from external entities. 37 of the 62 (60%) audit recommendations were issued by the IAD.

#### Internal Audit Recommendations

In fiscal year 2019, the IAD verified the status of internal audit recommendations issued from twelve internal audit and advisory service reports. These reports reviewed operations in several

TxDMV divisions, including Information Technology Services, Vehicle Titles & Registration, and Finance & Administrative Services. Table 1 below provides information on each audit report and the number of recommendation due during the scope.

Table 1. Internal Audit report and recommendation summary

Report Number and Name	Summary	Recommendations due between July 2, 2018 – May 31, 2019
<b>P12-15 County Equipment Replacement Project Audit</b>	The audit reviewed FY2012 County Equipment Replacement Project (CERP), which updated computers, printers, cabling and networking equipment used by the county Tax Assessor-Collectors' (TACs) offices. The audit identified areas of improvement related to project management, inventory management, and technology enhancements.	1
<b>P13-06 Audit of Agency Cash Handling Operations</b>	The audit reviewed the cash handling process used in FY2011 at the 16 Regional Service Centers (RSCs) and the Finance & Administrative Services Division. The audit identified improvements related to securing cash and checks at the RSCs, including upgrading equipment (e.g., safes, cash counting machines, and check stamps). The audit also identified the need to have a dedicated team for Certified Copy of Title (CCO) applications submitted by mail.	1
<b>P14-14 Follow up Audit on the Implementation of Recommendations</b>	<p>The follow up audit determined the implementation status for recommendations issued in the Organizational Review conducted by the Azimuth Group and four State Auditor's Office (SAO) audit reports. The four SAO audit reports were the following:</p> <ul style="list-style-type: none"> <li>• Audit Report on the Financial Responsibility Verification Program (TexasSure) (No. 10-016),</li> <li>• Audit Report on the Department of Motor Vehicles (No. 11-007),</li> <li>• Audit Report on Contract Management at the Department of Motor Vehicles (No. 12-043), and the</li> <li>• Audit Report on Selected State Entities' Compliance with Requirements Related to the</li> </ul>	1

Report Number and Name	Summary	Recommendations due between July 2, 2018 – May 31, 2019
	Historically Underutilized Business Program and the State Use Program (No. 13-026).	
<b>15-02 Internal Controls over the State of Texas Titling Processes Audit</b>	The audit reviewed the process for titling vehicles. The audit identified areas of improvement related to monitoring of titling transactions.	1
<b>15-05 Confidential Follow-up Audit on the Information Security Standards Gap Assessment</b>	The confidential audit determined the implementation status of the recommendations from a Texas Administrative Code (TAC) 202 assessment. TAC 202 outlines the Information Security Standards that are required to be followed by the Department.	1
<b>17-02 RTS Refactored and Single Sticker Post-Implementation Audit</b>	The audit reviewed implementation of the Cognos enterprise reporting application, which replaced the Registration and Titling System (RTS) legacy report tool. The audit identified that the Cognos application is pulling data accurately according to its design. However, users were skeptical of Cognos data reliability and completeness, leading them to spend additional time and effort verifying Cognos report output to RTS source data to ensure reports' accuracy. The audit identified areas to improve understanding of Cognos and the reports provided by Cognos.	2
<b>17-03 Information Technology Services Organizational Assessment – Application Services Section Advisory Services</b>	The advisory service reviewed the organizational assessment of the Information Technology Services – Application Services Section. The advisory service identified areas of improvement, including cross-training to reduce the over-allocation of staff workload.	1
<b>18-02 TxDMV Fund Tables and Process &amp; Handling Fees</b>	The audit reviewed the monitoring of the TxDMV Fund to ensure appropriate revenues are correctly deposited. The audit identified areas of improvement related to documenting process and monitoring data table changes.	2
<b>18-03 Public Information</b>	The audit reviewed TxDMV's Public Information Request process. The audit identified areas of	2

Report Number and Name	Summary	Recommendations due between July 2, 2018 – May 31, 2019
<b>Request Processes (Open Records) Audit</b>	improvement related to guidance and centralization.	
<b>18-05 Inventory Audit</b>	The audit reviewed TxDMV's processes for managing inventory, including the information technology system used for inventory. The audit found that TxDMV has processes to ensure assets are managed as required and has taken steps to better protect inventory; however, improvement areas include monitoring physical and logical access to secured asset storage areas.	8
<b>18-06 Travel and Training Policies and Practices Audit</b>	The audit reviewed TxDMV processes related to training and travel request and expenses processes. The audit found that TxDMV is in compliance with expenses, however, improvements could be made to establishing established procedures to ensure in-state travel authorization is fully documented and retained by divisions and providing clarity to documentation requirements needed for out-of-state travel.	2
<b>18-08 Payment Card Industry (PCI) Compliance</b>	The audit reviewed TxDMV's compliance with requirement 12, which ensures TxDMV has an appropriate policy. In addition, IAD determined if previous audit recommendation were implemented.	1
<b>18-09 eLICENSING Audit</b>	The audit reviewed the implementation of the eLICENSING. The audit found that the new system reduced risk to TxDMV by automating several processes, but improvements were needed to resolve data integrity, reduce manual processes, and improve access management.	3
<b>19-02 Employee Classification and Hiring</b>	The audit reviewed the employee classification and hiring processes. The audit found areas of improvement related to clarifying the job classification review process, monitoring the contract performance of the background check vendor, identifying potential bias in the screening, and evaluating the hiring process timeframes.	6
<b>19-03 Lemon Law Investigation and</b>	The audit reviewed the Lemon Law program and associated processes. The audit identified areas	3

Report Number and Name	Summary	Recommendations due between July 2, 2018 – May 31, 2019
<b>Resolution Process Audit</b>	of improvement related to case management improvements and communication.	
<b>19-05 Information Security Risk Management</b>	The audit reviewed TxDMV's information security processes related to identifying risks and strategies to manage the risk.	2
<b>Total</b>		37

## External Audit Recommendations

The IAD also tracked and verified the implementation status of external audit recommendations. Since FY 2010, the TxDMV has been audited by the State Auditor's Office (SAO), State Office of Risk Management (SORM), Texas Comptroller of Public Accounts (CPA), Texas Commission on Law Enforcement (TCOLE), Texas Department of Public Safety, Sunset Commission, and the International Registration Plan. In total, 19 external audits have been conducted on TxDMV operations.

For FY 2019, the IAD reviewed 25 external audit recommendations due prior to May 31, 2019. The external audit recommendations came from the following five external audits. The table below summarizes the external audit objective's and the number of recommendations reviewed by IAD:

Issuing Agency and Report Name	Summary	Number of Recommendations Due
<b>CPA - #608-18-01 Post Payment Audit of the Texas Department of Motor Vehicles</b>	The audit objectives were to determine whether the Department's expenditures complied with certain state laws and rules concerning expenditures, and with the processing requirements of the Uniform Statewide Payroll/Personnel System and the Uniform Statewide Accounting System.	3
<b>SORM – FY 2019 Agency 608 On-Site Consultation – Houston Regional Service Center</b>	A review to assist state agencies in implementing an effective risk management program and to identify the exposures to property and liability losses, including workers' compensation losses, through an on-site consultation. The review was conducted at a regional service center.	3

Issuing Agency and Report Name	Summary	Number of Recommendations Due
<b>SAO – FY 2017 An Audit Report on Complaint Processing at the Department of Motor Vehicles</b>	The audit objective was to determine whether the Department of Motor Vehicles has processes and related controls to help ensure that it reviews, investigates, and resolves complaints in a timely manner and in compliance with applicable statutes, rules, policies and procedures, and other requirements.	11
<b>Sunset Commission - 2018 -2019 Sunset Advisory Commission Staff Report</b>	An evaluation that reviews the Department's function to determine whether it needs to continue to exist.	6
<b>SAO – An Audit on Selected Contracts at the Department of Motor Vehicles</b>	The evaluation objectives are to determine the Department's compliance with TCOLE statutes and rules related to the training program.	2
<b>Total</b>		25

## Audit Engagement Team

The follow- up engagement was performed by Jacob Geray (Internal Auditor), Frances Barker (Internal Auditor), Jason Gonzalez (Senior Auditor), Derrick Miller (Senior Auditor), and Sandra Menjivar-Suddeath (Internal Audit Director).

## Follow-Up Results

### TxDMV has fully implemented 90% of audit recommendations.

TxDMV continues to take an active approach to implementing audit recommendations both internally and externally. TxDMV divisions provide status updates on the recommendation implementation status. When a division believes it will miss the estimated completion date for a recommendation, the division must provide a reason for missing the estimated date and propose a revised completion date to the TxDMV Executive Director. The TxDMV Executive Director approves or denies the proposed revision.

In FY 2019, TxDMV implemented 56 recommendations and started 6 recommendations, which gives TxDMV an overall implementation rate of 90% for the period. Specifically, TxDMV implemented all 25 (100%) external audit recommendations and implemented 31 of the 37 (84%) internal audit recommendations. The implementations status is depicted in table 2 and table 3.

Table 2. Internal Audit Recommendations Implementation Status

Report Number and Name	Fully Implemented	Started	Total
<b>P12-15 County Equipment Replacement Project Audit</b>	0	1	1
<b>P13-06 Audit of Agency Cash Handling Operations</b>	0	1	1
<b>P14-14 Follow up Audit on the Implementation of Recommendations</b>	1	0	1
<b>15-02 Internal Controls over the State of Texas Titling Processes Audit</b>	1	0	1
<b>15-05 Confidential Follow-up Audit on the Information Security Standards Gap Assessment</b>	1	0	1
<b>17-02 RTS Refactored and Single Sticker Post-Implementation Audit</b>	2	0	2
<b>17-03 Information Technology Services Organizational Assessment – Application Services Section Advisory Services</b>	1	0	1
<b>18-02 TxDMV Fund Tables and Process &amp; Handling Fees</b>	2	0	2
<b>18-03 Public Information Request Processes (Open Records) Audit</b>	2	0	2
<b>18-05 Inventory Audit</b>	8	0	8



Report Number and Name	Fully Implemented	Started	Total
<b>18-06 Travel and Training Policies and Practices Audit</b>	0	2	2
<b>18-08 Payment Card Industry (PCI) Compliance</b>	1	0	1
<b>18-09 eLICENSING Audit</b>	2	1	3
<b>19-02 Employee Classification and Hiring</b>	6	0	6
<b>19-03 Lemon Law Investigation and Resolution Process Audit</b>	2	1	3
<b>19-05 Information Security Risk Management</b>	2	0	2
<b>Total</b>	31	6	37

Table 2. External Audit Recommendation Implementation Status

Issuing Agency and Report Name	Fully Implemented	Fully Implemented – Total External Entity Verification Needed	Total
<b>CPA - #608-18-01 Post Payment Audit of the Texas Department of Motor Vehicles</b>	0	3	3
<b>SORM – FY 2019 Agency 608 On-Site Consultation – Houston Regional Service Center</b>	0	3	3
<b>SAO – FY 2017 An Audit Report on Complaint Processing at the Department of Motor Vehicles</b>	11	0	11
<b>Sunset Commission - 2018 -2019 Sunset Advisory Commission Staff Report</b>	0	6	6
<b>SAO – An Audit on Selected Contracts at the Department of Motor Vehicles</b>	0	2	2
<b>Total</b>	11	14	25

For the six audit recommendations that were started, management provided updated completion dates. Some of the started audit recommendations do not have a completion date as management is still determining how long it will take to implement. Table 4 summarizes the recommendation and completion date.

Table 4. Started Recommendations

Report Number and Name	Summary of Started Audit Recommendations	Revised Completion Date
<b>P12-15</b>	IAD recommends developing an allocation model for toner, RTS paper, and other consumables.	09/01/2019
<b>P13-06</b>	Work with the Enterprise Project Management Office (EPMO) to develop a project proposal for accepting credit/debit cards within the RSCs.	08/31/2019
<b>18-06</b>	The TxDMV should update its travel policies and procedures to include guidance on the documentation requirements for travel authorizations, including expectations for retention of supporting documentation.	Pending
<b>18-06</b>	The TxDMV should define and document the in-state travel authorization process, including identifying which authorization is needed based on the purpose of travel.	Pending
<b>18-09</b>	The ENF Division, MVD, and ITSD should work together to resolve manual bypasses for conflicting data and case consolidation issues highlighted in this report.	10/1/2019
<b>19-03</b>	The Office of Administrative Hearings and Enforcement Division should eliminate redundant paper and outside documentation use, as feasible, including the use of spreadsheets to monitor case management information, and use eLICENSING.	Pending

## **Appendix 1: Objectives, Scope, Methodology, and Rating Information**

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### **Objectives**

The objective of this audit was to determine and verify the implementation status of internal audit and external audit recommendations issued

### **Scope and Methodology**

The scope of the audit included any audit recommendation that had a completion date between July 2, 2018 to May 31, 2019.

Information and documents reviewed in the audit included the following:

- TeamCentral Recommendation Implementation Status report
- TeamCentral Project Information report
- TxDMV Internal Audit Division reports

The audit was included in the FY 2019 Audit Plan. The Internal Audit Division conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and in conformance with the Internal Standards for the Professional Practice of Internal Auditing. Those standards require that IAD plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. IAD believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

### **Report Distribution**

In accordance with the Texas Internal Auditing Act, this report is distributed to the Board of the Texas Department of Motor Vehicles, Governor's Office of Budget, Planning, and Policy, Legislative Budget Board, State Auditor's Office, and the Sunset Advisory Commission. The report was also distributed to the Department's executive management team.



# Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

## Procurement and Contract Management Audit Report 19-10

Internal Audit Division  
July 2019

## Procurement and Contract Management, 19-10

### Executive Summary

#### BACKGROUND

The Purchasing Section is responsible for overseeing, coordinating, facilitating, and managing procurement and contract related activities for all TxDMV offices. Purchasing staff are available to assist TxDMV employees with procurement and contract related questions. Purchasing's efforts are focused on procurement and contracting activities to obtain the best value for the agency.

Contract management activities include administering and monitoring contracts/purchase orders after the award and during implementation. The Department manages contracts by measuring completed work, computing and approving payments, monitoring contract performance, incorporating necessary changes and modifications to the contract, and actively interacting with contractors to achieve the contract objectives.

The objectives of the audit were to determine the following:

- To determine whether the procurement process is achieving desired outcomes.
- To determine whether the contract management process is achieving desired outcomes.

#### RECOMMENDATIONS

The Internal Audit Division (IAD) made eight audit recommendations to purchasing and contract management processes. Six of these recommendations were rated HIGH.

#### RESULTS

IAD found that the purchasing and contract management processes are at a level 2 maturity rating, where a process is repeatable but intuitive. The function developed a process where similar procedures are followed by several employees, but the results may not be consistent. The process is not completely documented and has not been sufficiently evaluated to address risk.

While purchasing and contract monitoring processes have been established to provide oversight, facilitation, and management of activities, these processes have not been fully effective due to how the processes were designed. These processes, also, do not ensure full compliance with applicable laws and regulations or allow for effective monitoring of procurement and contract.

#### MANAGEMENT RESPONSE

Management agrees with all the audit recommendations and has begun implementing several of these recommendations. Most of these recommendations will be implemented by September 1, 2019. The latest implementation date is December 31, 2020 for an audit recommendation that requires all agency staff that monitors contracts to be certified.

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## Overall Conclusion

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### Maturity Assessment Rating

2: Repeatable but intuitive process level - The function developed a process where similar procedures are followed by several employees, but the results may not be consistent. The process is not completely documented and has not been sufficiently evaluated to address risk.

Other possible ratings and definitions can be found in Appendix 1, under Maturity Assessment Rating Definition.

### Strengths

- + Prior to the commencement of the audit, Finance and Administrative Services (FAS) Division management identified a need for purchasing and contract management process improvements and began taking action. The actions included reorganizing to create staff solely dedicated to developing and monitoring contracts and complex procurements.
- + The Department purchases items in a timely manner. On average, 92% of Department purchases were dispatched within 18 days. Other state agencies take about 76 days to purchase goods and services.

### Improvement

Historically, the Department focused on quickly processing purchasing requests. This approach has led to inconsistent purchasing processes throughout the Department and led to a reactive approach to contract management. Below are the audit results that further expand on these areas (click on the links to go directly to the result and recommendations).

- **Audit Result #1:** [The purchasing process has focused on obtaining goods and services quickly, but not purchasing goods and services efficiently.](#)
  - o Recommendation #1: The Finance and Administrative Services Division should develop and document a process for how to assign requisitions to Purchasing Section staff. **(HIGH)**
  - o Recommendation #2: The Finance and Administrative Services Division should develop purchasing strategies that include specific purchasing timeframes to consolidate certain high volume, low-dollar transactions. **(HIGH)**
  - o Recommendation #3: The Finance and Administrative Services Division and the Office of General Counsel should create a risk-based process to determine which purchases or contracts (including solicitations) should go through an OGC review prior to execution. **(HIGH)**

- **Audit Result #2:** The Peer Review process does not always ensure compliance with applicable laws and regulations.
  - o Recommendation #1: The Finance and Administrative Services Division should revise the Peer Review Checklist to include all relevant requirements of the Comptroller Procurement and Contract Management Guide, including a conflict of interest disclosure and review of vendor franchise tax standing. (**LOW**)
  - o Recommendation #2: The Finance and Administrative Services Division should develop a monitoring process to ensure the peer review process is consistently applied and completed timely. (**HIGH**)
- **Audit Result #3:** Contract monitoring practices do not ensure contracts meet the needs of the Department.
  - o Recommendation #1: The Department should create a monitoring process for contract management that includes information on deliverables, reporting time frames, and contract manager oversight of the contract monitoring. The monitoring process should also include information and procedures on how to handle follow-up action, corrective action monitoring, site visits, and status/activity reports. (**HIGH**)
  - o Recommendation #2: The Department should ensure that staff obtain required contract manager certification if they are managing contracts with a combined value exceeding \$5,000,000. (**HIGH**)
- **Audit Result #4:** The Department is mostly in compliance with the Legislative Budget Board contract reporting requirements.
  - o Recommendation #1: The Finance and Administrative Services Division should develop and implement a reconciliation or review process to ensure all required purchase orders are reported to the LBB. (**LOW**)

The detailed audit results can be found under the Audit Results section of this report (begins on page 7).

## Observations

- The Department uses the Centralized Accounting and Payroll/Personnel System (CAPPS) for processing purchases. CAPPS is administered by the Texas Comptroller of Public Accounts (Comptroller). Changes to CAPPS, including any reports, require a service request submission to the Comptroller CAPPS Help Desk. The Comptroller prioritizes the service requests and informs agencies on when and if the service request will be completed. Since TxDMV does not control CAPPS, financial reports cannot be easily updated.

The CAPPS financial reports available are not formatted correctly and key procurement information is scattered throughout several reports. The report formats have limited the Department's ability to fully monitor the procurement process. During the audit testing, the



Internal Audit Division (IAD) had to take five CAPPs financial reports and modify them to obtain information related to purchasing timelines, workforce assignments, and purchasing process duration. While all data was available in CAPPs, significant time was spent modifying the data to obtain the necessary information.

- IAD could not find two of five Purchase Order files selected for testing because the Department has inadvertently archived these active files. These files were later located, but the Department needs to ensure that files for active procurements are readily available to ensure the procurements are properly monitored.

## Background

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### Purchasing Function

During fiscal year (FY) 2018 through February 2019, the Department procured \$79,381,542 of goods and services for Department use. These goods and services were procured through the Purchasing Section of the Department.

The Purchasing Section is within the Finance and Administrative Services (FAS) Division. The Purchasing Section is responsible for procuring all the Department's goods and services throughout the state. The Purchasing Section also provides contract activity oversight and coordinates the Historically Underutilized Business Program.

The Purchasing Section reports through the Assistant Chief Financial Officer and has eight Full-Time Equivalents (FTEs):

- Purchasing Director/Historically Underutilized Business (HUB) Coordinator
- Assistant HUB Coordinator
- Contract Specialist V
- Purchaser VI
- Purchaser III
- Purchaser II
- Purchaser II
- Purchaser I

These eight FTEs assist, review, recommend, approve, and record procurements of goods and/or services in accordance with statute, regulations and internal policies.

### Purchasing Process

After a division identifies a need for a good or service, the divisional staff submit a requisition in the Centralized Accounting and Payroll/Personnel System (CAPPS). Requisitions are approved by divisional management and FAS Division Budget staff prior to being sent to the Purchasing Section for processing. Once the requisition is sent to the Purchasing Section, the Purchasing Director reviews and assigns requisitions to Purchasing Section FTEs. The assignment is based on the requisition's complexity, cost, and workload. Typically, a Purchaser with a higher classification level (e.g., Purchaser VI) would be assigned the more complex and higher price requisitions. For example, a Purchaser I would be mostly assigned office supply requisitions while a Purchaser VI would be mostly assigned to enterprise-wide purchases.

Additional purchasing responsibilities at each level include the following:

- Purchasers II – VI are responsible for open market solicitations.
- Purchaser III is responsible for developing Invitations for Bids (IFBs).
- Purchaser VI is responsible for developing Requests for Proposals (RFPs) and Requests for Offers (RFOs) for goods and services worth more than \$100,000.
- Contract Specialist V is responsible for open market solicitations and IT acquisitions.

Once a requisition is assigned to a Purchasing Section FTE, they manually source the requisition and prepare and dispatch (e.g., buy) a purchase order to the selected supplier(s) within CAPPs. They also use Texas SmartBuy, the Comptroller website, and various vendor websites to complete the purchase. Purchasing Section FTEs analyze requirements related to needed terms and conditions, preferences and prohibitions on various types of goods and services, and documentation requirements to ensure compliance with applicable laws and regulations.

After dispatching purchase orders, Purchasing Section FTEs utilize a Peer Review process to ensure the purchase met the requirements defined by the Comptroller Procurement and Contract Management Guide and that all required documents are part of the Purchase Order file. Purchasing Section FTEs document the review through the Peer Review Checklist. The checklist is kept with the Purchase Order file.

## Contract Management Process

Contract management activities include the following: measuring completed work, computing and approving payments, monitoring contract performance, incorporating necessary changes and modifications to the contract, and actively interacting with contractors to achieve the contract objectives.

The Department developed the Texas Department of Motor Vehicles (TxDMV) Contract Management Handbook to establish consistent contract management policies and procedures for TxDMV employees involved in contract management activities. The handbook standardized the Department's approach to managing contracts.

The handbook states all contracts/purchase orders are formally monitored through a contract monitor and contract administrator. The contract monitor is from the requesting division while the contract administrator is from the Purchasing Section and have the following roles and responsibilities:

- Contract monitors manage the day-to day of the performance of the purchase order/contract and report progress of to ensure contract terms are met.

- Contract administrators facilitate procurement and contract management processes to ensure compliance with all applicable state law, policies, and guidelines. Contract administrators oversee the management of the purchase/order and provide guidance and support to contract monitors as well as facilitate communication with vendors on any contract issues.

The contract monitor and the division are responsible for developing a process to monitor each contract/purchase order. The monitoring process does not have to be approved or reviewed by the contract administrator.

Currently, the Department manages 119 contracts with a total contract value of \$129,956,016.

### **Audit Engagement Team**

The audit was performed by Jacob Geray (Internal Auditor), Jason E. Gonzalez (Senior Internal Auditor), and Sandra Menjivar-Suddeath (Internal Audit Director).

## Audit Results

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### **The purchasing process has focused on obtaining goods and services quickly, but not purchasing goods and services efficiently.**

#### Current State (Condition)

The Department has focused on obtaining goods and services quickly without considering the efficiency of the process. During the 18-month analysis, the Department purchased most goods and services within a 19-day timeframe. To achieve this, staff were assigned requisitions as they were received instead of being assigned by purchasing complexity and responsibility.

Further, the Department has allowed divisions to enter multiple requisitions each month for similar items, such as office supplies. Monthly, divisions submitted an average of 29 requisitions just for office supplies.

#### Impact (Effect)

Purchasing Section staff have spent their time on repetitive and low-value line items instead of focusing on key responsibilities, such as appropriate procurement requisition and contract monitoring. IAD estimates that the Department expends \$72,142 in salary to purchase \$87,404 in office supplies each year.

This has also lead to unclear Purchasing Section staff responsibilities. During the analysis, the contract specialist FTE, who is responsible for monitoring and developing Department contracts, processed an average 25 requisitions a month while the remaining purchasing staff processed an average 17 requisitions each.

Since the contract specialist was more focused on processing requisitions, it may have led to the contract monitoring issues discussed in audit result 3 and to the lack of involvement from the Office of General Counsel in reviewing highly complex or costly purchase orders/contracts. In a sample of five purchase orders that had a value over \$1 million, IAD could not find any evidence that the Office of General Counsel reviewed the purchase orders to ensure terms could be met prior to execution.

#### Cause

The Department has not developed purchasing strategies and may not have the necessary resources to efficiently and effectively meet purchasing objectives. Currently, only one staff member from the Office of General Counsel (OGC) is assigned to review all major Department contracts or purchase orders. To address the resource limitation, the Procurement Manual allows the Purchasing Section staff to determine which purchase orders/contracts should go to the OGC for review. The TxDMV Procurement Manual also does not have measures or criteria establishing risk thresholds to ensure high risk purchase orders/contracts are reviewed by the OGC.

## Expected State (Criteria)

The Department's Strategic Plan has established a goal of being performance-driven, evidenced by providing services in an effective and efficient manner that is consistent with best practices. To achieve this strategic goal, processes should be established that ensure efficiencies while conducting Department functions.

The Purchasing Section has set up expectations, through its job descriptions, that purchasing responsibilities and procurement complexity should strategically increase from the Purchaser II through the Contract Specialist V.

## Evidence

- IAD reviewed all 1,842 requisitions, which included 6,215 individual line items, for goods and services submitted during an 18-month period to identify the following results:
  - Requisitions were processed within 18.78 days of being submitted.
  - The Department expends significant resources to purchase office supplies:
    - 1,962 of the 6,215 (32%) of requisition line items were for office supplies.
    - Divisions submitted an average of 29 office supply requisitions per month.
    - To process the office supply requisitions, the Department expends \$72,142 to purchase \$87,404.
  - Purchasing Section Staff assignments vary in average cost, total amount purchased and the amounts of requisitions processed on a monthly basis:

Buyer Level	Requisitions per Month	Average Requisition Cost	Max Requisition Cost	Total Requisition Cost
<i>Purchaser I</i>	22.00	\$707.42	\$11,761.54	\$202,322.00
<i>Purchaser II</i>	17.70	\$6,812.70	\$208,000.00	\$2,656,952.87
<i>Purchaser III</i>	18.00	\$25,605.47	\$1,272,403.00	\$10,165,372.61
<i>Purchaser VI</i>	10.10	\$15,598.36	\$225,000.00	\$2,667,319.78
<i>Contract Specialist V</i>	25.30	\$130,164.25	\$15,060,685.50	\$59,224,734.64

- IAD selected five purchase orders that had a value of over one million dollars to determine if Office of General Counsel reviewed the terms of the purchase orders.
  - 5 of 5 (100%) purchase orders contained no evidence that the Office of General Counsel conducted a review prior to purchase order execution.

## Recommendations

- 1.1 The Finance and Administrative Services Division should develop and document a process for how to assign requisitions to Purchasing Section staff. **(HIGH)**
- 1.2 The Finance and Administrative Services Division should develop purchasing strategies that include specific purchasing timeframes to consolidate certain high volume, low-dollar transactions. **(HIGH)**
- 1.3 The Finance and Administrative Services Division and the Office of General Counsel should create a risk-based process to determine which purchases or contracts (including solicitations) should go through an OGC review prior to execution. **(HIGH)**

## Management Response and Action Plan

### Management Response & Action Plan 1.1

*Management agrees with the recommendation. The Purchasing Director will establish written procurement assignments based on categories of goods and services and dollar thresholds on an annual basis.*

#### Management Action Plan Owner:

Debra Rosas, Director of Purchasing

#### Anticipated Completion Date:

September 1, 2019

### Management Response & Action Plan 1.2

*Management agrees with the recommendation. The FAS will develop written procurements criteria to effectively utilize bulk purchases or scheduled purchasing timelines.*

#### Management Action Plan Owner:

Debra Rosas, FAS Division, Director of Purchasing

#### Anticipated Completion Date:

December 31, 2019

### Management Response & Action Plan 1.3

*Management agrees with the recommendation. The State of Texas Comptroller Procurement Manual does not provide guidance for legal review. The TxDMV FAS Purchasing and the Office of General Counsel (OGC) will develop a process for contracts that require legal review. The*

*Office of General Counsel will review whether additional resources are needed under the new process once the factors for OGC review are determined.*

**Management Action Plan Owners:**

Debra Rosas, FAS Division, Director of Purchasing

Tracey Beaver, OGC, General Counsel

**Anticipated Completion Date:**

December 31, 2019



## **The Peer Review process does not always ensure full and consistent compliance with applicable laws and regulations.**

### **Current State (Condition)**

Purchase order files do not have the necessary documentation to verify that the purchase orders were procured in compliance with applicable purchasing laws and regulations. The key control to ensure compliance is the Peer Review process checklist. While the Peer Review checklist encompassed most of the applicable purchasing laws and regulations requirements, the checklist is missing two key requirements. In addition, the checklist is not applied consistently or timely.

The 86<sup>th</sup> Texas Legislature passed Senate Bill 65. This bill will impact the Peer Review process as it will require all contract files to be certified by the Purchasing Director. As part of the bill implementation, the Peer Review process will have to be altered. The Purchasing Section has begun developing the new process and new checklist as the bill becomes effective on September 1, 2019.

### **Impact (Effect)**

The Department may not be purchasing goods and services in compliance with applicable purchasing laws and regulations. The checklist is missing two key compliance requirements and the checklist is not required for all purchase orders. Further, the Peer Review occurs too late to identify any issues with the purchase order. The peer review process occurs an average of six days after purchase orders are dispatched.

### **Cause**

The Division has not developed a monitoring process to ensure the peer review process and the checklist is properly documented and timely completed for all purchase orders.

### **Expected State (Criteria)**

The Comptroller Procurement and Contract Management Guide outlines the key requirements that must be checked for any procurement. These key requirements include reviewing conflict of interest and Franchise Tax issues prior to a procurement. The TxDMV Procurement Manual states that all Purchase Order files must have a Peer Review to ensure compliance with applicable state law and regulations.

### **Evidence**

The Internal Audit Division selected 33 Purchase Order files to evaluate if the Peer Review occurred and if it encompassed all key compliance requirements:

- 17 of 33 (52%) Purchase Order files did not have all required information and documentation.
  - 3 of the 17 (18%) Purchase Order files had missing documentation from the file even though the checklist showed that all documentation and requirements were done.
- 4 of 33 (12%) Purchase Order files did not have evidence that a Peer Review was performed.
  - These four Purchase Order files were for Procurement Card purchases. The Procurement Card purchases have the same procurement compliance requirements as any other purchase, however, FAS Division does not subject them to a Peer Review Process.
- Peer Reviews occurred, on average, 6 days after the purchase order has been finalized.
- The Peer Review checklist was missing conflict of interest and Franchise Tax requirements.

## Recommendations

2.1 The Finance and Administrative Services Division should revise the Peer Review Checklist to include all relevant requirements of the Comptroller Procurement and Contract Management Guide, including a conflict of interest disclosure and review of vendor franchise tax standing. **(LOW)**

2.2 The Finance and Administrative Services Division should develop a monitoring process to ensure the peer review process is consistently applied and completed timely. **(HIGH)**

## Management Response and Action Plan

### Management Response & Action Plan 2.1

*Management agrees with the recommendation. The PO/Contract File Checklist will be updated to reflect the Comptroller Procurement and Contract Management Guide and 86th legislative changes.*

### Management Action Plan Owner(s):

Debra Rosas, FAS Division, Director of Purchasing

### Anticipated Completion Date:

September 1, 2019

**Management Response & Action Plan 2.2**

*Management agrees with the recommendation. The Purchasing Director will ensure that staff consistently perform a peer review utilizing the Department's Purchase Order file Peer Review checklist prior to dispatching a purchase order. Quarterly monitoring will be conducted by the Purchasing Director to ensure compliance.*

**Management Action Plan Owner(s):**

Debra Rosas, FAS Division, Director of Purchasing

**Anticipated Completion Date:**

December 31, 2019

## Contract monitoring practices do not ensure contracts meet the needs of the Department.

### Current State (Condition)

Contract monitoring processes conducted by the Department do not ensure contract deliverables are appropriate or have been received and follow contract terms. In addition, the Department has staff monitoring \$5 million contracts who are not certified to monitor contracts and do not have contract administrator oversight.

### Impact (Effect)

The Department has reported 119 contracts with a total contract value of \$129 million in FY 2018. These 119 contracts may not be sufficiently monitored to ensure contract requirements are met or delivered. IAD reviewed 10 contracts, with a combined value of \$36 million, and found that these contracts had not been monitored to ensure reporting requirements had been done.

### Cause

The Department designed the requirements for the contract monitoring to occur at the divisional level and does not require the contract monitor to be certified. The Department, instead, assigns a Purchasing Section FTE to be the contract administrators (e.g., staff responsible for assisting in contract monitoring) for several contracts. The contract administrators are responsible for assisting the contract monitor with any contract/purchase order issues. The contract monitors are responsible for monitoring the daily activities for the entire life of the contract/purchase order. The Department outlined their process in the TxDMV Contract Management Handbook.

TxDmv Contract Management Handbook, however, does not encompass some key practices and requirements to ensure contract deliverables are met. Specifically, the contract management manual is missing four key elements:

- Guidance or processes for defined follow-up actions;
- Methods for contract management monitoring to ensure corrective actions have been taken, identify common problem areas that might require training, and improve contract requirements for future contracts methods;
- Guidance on when to conduct site visits for higher risk or complex contracts; and
- Guidance on how to use status reports and activity reports to ensure contract deliverables are met.

## Expected State (Criteria)

The Comptroller Procurement and Contract Management Guide states that agencies should implement a monitoring program that has well-defined follow-up actions and a periodic review of monitoring efforts completed by the Contract Manager.

The Comptroller also requires that a state agency employee must be certified as a Certified Texas Contract Manager to engage in contract management functions on behalf of a state agency. The Comptroller defines a contract manager as an employee who has the job title of “contract manager” or “contract administration manager” or “contract technician”; performs contract management activities as fifty percent (50%) or more of their job activities; or manages any contract in excess of \$5,000,000.

## Evidence

IAD selected a sample of 10 active contracts, with a combined value of over \$36 million, to review contract development and monitoring processes and identified the following:

- Contract administrators were not aware that they were responsible for ensuring contract deliverables were met and did not monitor the work of the contract monitors. While contract administrators were not aware of their responsibilities related to individual contracts, the Purchasing section collectively understood that staff were responsible for assisting contract monitors and ensuring contract deliverables were met.
- No evidence existed that the contracts were monitored to ensure reporting requirements (activity reports, status reports, and financial reports) were being provided as required by the TxDMV Contract Management Handbook.
- 2 of 4 (50%) contract monitors monitored contracts valued in excess of \$5,000,000 without being certified as a Certified Texas Contract Manager.

## Recommendations

3.1 The Department should create a monitoring process for contract management that includes information on deliverables, reporting time frames, and contract manager oversight of the contract monitoring. The monitoring process should also include information and procedures on how to handle follow-up action, corrective action monitoring, site visits, and status/activity reports. **(HIGH)**

3.2 The Department should ensure that staff obtain required contract manager certification if they are managing contracts with a combined value exceeding \$5,000,000. **(HIGH)**

## Management Response and Action Plan

### **Management Response & Action Plan 3.1**

*Management agrees with the recommendation. Purchasing has developed a Contract Monitoring training module and conducted Department training on June 25, 2019. The division has also developed two templates to assist program areas with contract monitoring: Contract Monitoring Schedule and Contract Findings Report*

#### **Management Action Plan Owner:**

Debra Rosas, FAS Division, Director of Purchasing

#### **Anticipated Completion Date:**

September 30, 2019

### **Management Response & Action Plan 3.2**

*Management agrees with the recommendation. Purchasing Contract staff will be required to be a Certified Texas Contract Manager (CTCM) within a year of employment with TxDMV. In addition, program monitors will be required to participate in Comptroller contract monitoring training. Requiring program monitors to participate in Comptroller contract monitoring training will require coordination with program areas.*

#### **Management Action Plan Owner:**

Debra Rosas, FAS Division, Director of Purchasing

#### **Anticipated Completion Date:**

December 31, 2020

## The Department is mostly in compliance with the Legislative Budget Board contract reporting requirements.

### Current State (Condition)

The Department has not posted all required purchase orders on the Texas Legislative Budget Board (LBB) website. The Department, however, has made improvements to ensure compliance with reporting requirements since the Texas State Auditor's Office's FY 2019 Audit Report on "Selected Contracts at the Department of Motor Vehicles". IAD only found 6 (5%) contracts missing from the Legislative Budget Board's website that should have been posted.

### Impact (Effect)

Inconsistent or non-reporting of purchase orders/contracts to the LBB could impact the Department's reputation and compliance with state law. Reputation impacts can affect LBB budget and policy recommendations for legislative appropriation.

### Cause

A monitoring process has not been developed to ensure all required contracts are reported to the LBB.

### Expected State (Criteria)

State law requires that all contracts in excess of \$50,000 must be reported to the LBB within 30 days of award or notification.

### Evidence

IAD reviewed all contracts/purchase order that should have been posted to the LBB website in FY 2018 and FY2019 and found the following:

- 6 of 122 purchase orders/contracts (5%) were not reported or correctly posted on the LBB website as required.
  - 3 of 6 purchase orders/contracts were subsequently found on the LBB website, however, the purchase order/contracts had the incorrect number.

### Recommendations

4.1 The Finance and Administrative Services Division should develop and implement a reconciliation or review process to ensure all required purchase orders are reported to the LBB. (**LOW**)

## Management Response and Action Plan

### **Management Response & Action Plan 4.1**

*Management agrees with the recommendation. Purchasing staff are utilizing Legislative Budget Board's instructions for reporting appropriate contracts in ABEST. Overview of Contract Reporting Requirements 2018-19, LBB Detailed Contract Reporting Requirements, and LBB Contracts Database New Interface User Guide. In addition, quarterly monitoring is conducted by another FAS department to ensure accurate reporting*

.

### **Management Action Plan Owners:**

Debra Rosas, FAS Division, Director of Purchasing

Sergio Rey, FAS Division, Assistant Chief Financial Officer (CFO)

### **Anticipated Completion Date:**

September 1, 2019



## **Appendix 1: Objectives, Scope, Methodology, and Rating Information**

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### **Objectives**

The audit objectives were the following:

- To determine whether the procurement process is achieving desired outcomes
- To determine whether the contract management process is achieving desired outcomes.

### **Scope and Methodology**

The scope of the audit included review of purchasing processes, strategies, assignments and trends and transactions that occurred from September 1, 2017 to February 2019.

Information and documents reviewed in the audit included the following:

- Comptroller Purchasing and Contract Management Guide
- TxDMV Contract Management Handbook
- Interviews with TxDMV Purchasing Section management and staff
- Interviews with Division Contract Monitors
- Interviews with Contract Managers
- TxDMV Procurement Manual
- Texas State Auditor's Office Audit Report "Selected Contract at the Department of Motor Vehicles" February 2019
- FY 2018 and 2019 Purchase Orders
- TxDMV FY 2019 Annual Strategic Plan
- Texas Legislative Budget Board Contract Reporting Guide
- Purchasing Staff Job Descriptions
- Texas Legislative Budget Board TxDMV Reported Contracts

This audit was included in the FY 2019 Audit Plan. The Internal Audit Division conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and in conformance with the Internal Standards for the Professional Practice of Internal Auditing. Those standards require that IAD plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit

objectives. IAD believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

## Report Distribution

In accordance with the Texas Internal Auditing Act, this report is distributed to the Board of the Texas Department of Motor Vehicles, Governor's Office of Budget, Planning, and Policy, Legislative Budget Board, State Auditor's Office, and the Sunset Advisory Commission. The report was also distributed to the Department's executive management team.

## Ratings Information

IAD derived the maturity assessment ratings and definitions from the Control Objectives of Information and Related Technologies (COBIT) 5 IT Governance Framework and Maturity Model and the Enterprise Risk Management (ERM) Maturity Model. The model was adapted for the TxDMV assurance audit purposes and does not provide a guarantee against reporting misstatement and reliability, non-compliance, or operational impacts. The ratings and definitions are provided in Table 1.

Table 1. Audit Rating Definitions

Rating	Name	Definition
<b>0</b>	Non-existent	The function used no process since a standardized process is not defined or being used.
<b>1</b>	Initial and Ad hoc	The function used an ad hoc approach when issues arise because a standardized process is not defined.
<b>2</b>	Repeatable but Intuitive	The function developed a process where similar procedures are followed by several employees, but the results may not be consistent. The process is not completely documented and has not been sufficiently evaluated to address risks.
<b>3</b>	Defined	The function followed a standardized, documented, and communicated process. The process, however, may not detect any deviation due to the process not being sufficiently evaluated to address risks.
<b>4</b>	Managed and Measurable	The function followed a standardized, documented, and communicated process that is monitored and measured for compliance. The function evaluated the process for constant improvement and provides good practice. The process could be improved with the use of more information technology to help automate the workflow and improve quality and effectiveness.
<b>5</b>	Refined	The function followed a standardized, documented, and communicated process defined as having a good process that results from continuous improvement and the use of technology. Information technology was used in an integrated way to automate workflow and to improve quality and effectiveness of the process.

## Recommendation Rating Criteria

The IAD rates audit recommendation's priority (i.e., HIGH or LOW) to help the TxDMV board and executive management identify the importance of the recommendation (see Table 1 below).

Table 1. Recommendation Criteria

Priority	Criteria
<b>Low</b>	<ul style="list-style-type: none"><li>• Requires only a written policy or procedure update</li><li>• Exception rates are within the acceptable risk tolerance range of the division</li><li>• External audit recommendations identified that are not a reoccurring or regulatory issue</li></ul>
<b>High</b>	<ul style="list-style-type: none"><li>• Request by TxDMV board or executive management</li><li>• Exception rates higher than the acceptable risk tolerance range of the division</li><li>• Requires developing new process or procedures to address recommendations</li><li>• Audit recommendations identified as a reoccurring or regulatory issue</li></ul>



Board Meeting Date: 8/8/2019

## BRIEFING

To: Texas Department of Motor Vehicles Board  
From: Tom Shindell, Ph.D., Office of Innovation & Strategy  
Agenda Item: 18  
Subject: Agency Vision, Mission, Philosophy, Goals and Values in Preparation for Strategic Planning

RECOMMENDATION

1. Action Item: TxDMV staff recommends the TxDMV Board not alter the current agency Vision, Mission, Philosophy, Goals and Values.
2. Briefing on Strategic Planning Process.

PURPOSE AND EXECUTIVE SUMMARY

There are two items for the Board.

1. The action to obtain the Board's feedback on the Texas Department of Motor Vehicles (TxDMV's) Vision, Mission, Philosophy, Goals and Values. TxDMV staff recommends that the Board maintain the current versions as they continue to be meaningful and effectively guide the agency.
2. To provide an overview briefing of the department's strategic planning process which will begin in September of 2019.

FINANCIAL IMPACT

Not applicable.

BACKGROUND AND DISCUSSION

Item 1.

The current TxDMV Vision statement is:

*The Texas Department of Motor Vehicles (TxDMV) sets the standard as the premier provider of customer service in the nation*

The current TxDMV Mission statement is:

*To serve, protect and advance the citizens and industries in the state with quality motor vehicle related services.*

The current TxDMV Philosophy is:

The Texas Department of Motor Vehicles is customer-focused and performance driven. We are dedicated to providing services in an efficient, effective and progressive manner as good stewards of state resources. With feedback from our customers, stakeholders and employees, we work to continuously improve our operations, increase customer satisfaction and provide a consumer friendly atmosphere.

The current TxDMV Board Strategic Goals are:

***Performance Driven***

- *Effective and efficient services*
- *Implement appropriate best practices*

***Optimized Services and Innovation***

- *Continuous business process improvement and realignment*
- *Executive ownership and accountability for results*
- *Organizational culture of continuous improvement and creativity*

***Customer Centric***

- *Focus on the customer*
- *Increase transparency with external customers*
- *Excellent service delivery*

The current TxDMV Values are:

*Transparency*

*Efficiency*

*EXcellence*

*Accountability*

*Stakeholders*

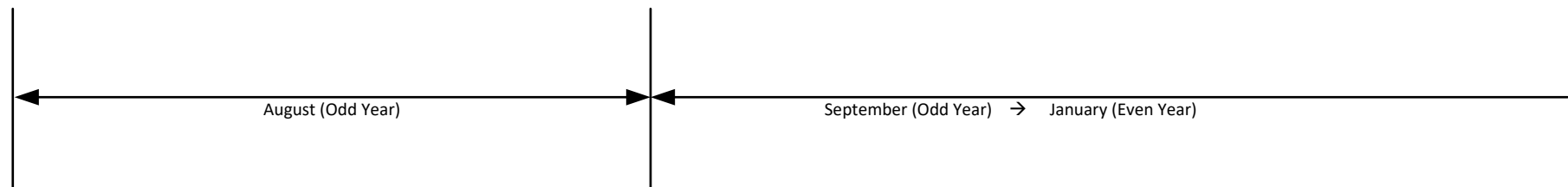
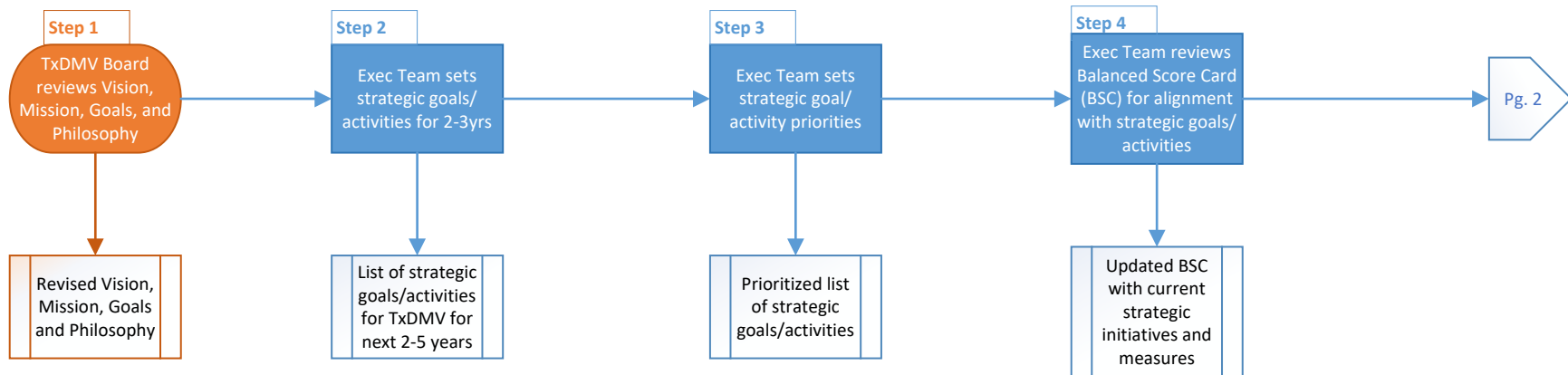
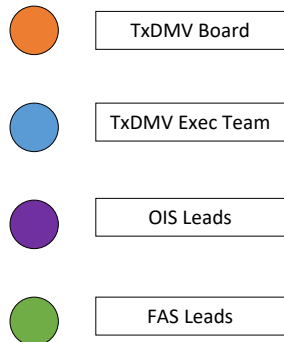
Item 2.

TxDmv has historically approached strategic planning from a responsive perspective beginning with the receipt of the directions for preparing the department's strategic plan. At last year's Executive Team Workshop, executive leadership developed a new, eleven-step process to rigorously gather the information necessary to develop a strategic plan. The new process is proactive, integrated and should provide a more robust and meaningful strategic plan.

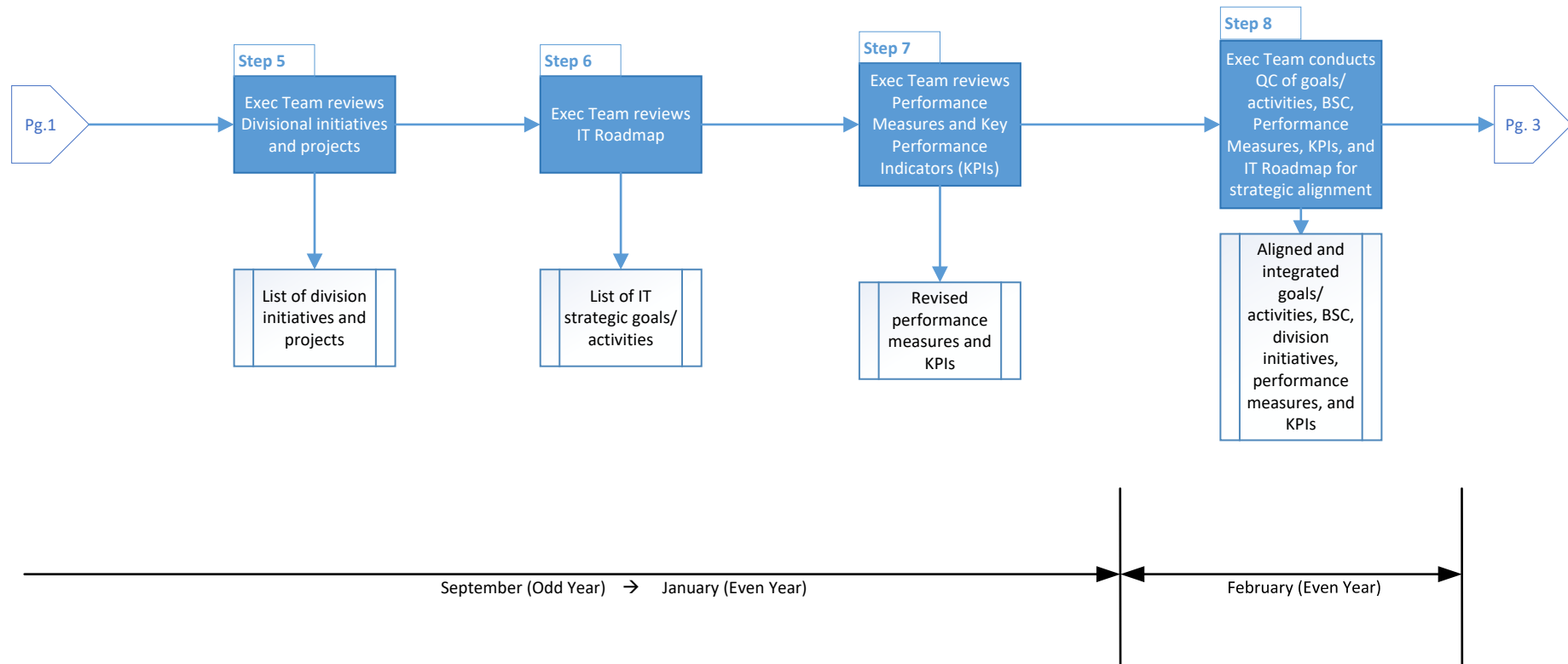
### Strategic Planning Process Overview

Step	Date	Activity	Outcome(s)
1	August 8, 2019	TxDMV Board reviews Vision, Mission, Philosophy, Goals and Values	Updated Vision, Mission, Philosophy, Goals and Values
2	September 26, 2019	Executive Team (ET) develops a list of Strategic Goals/Activities for next 2-5 years	Compiled list of Strategic Goals/Activities for TxDMV for next 2-5 years
3	September 27, 2019	ET establishes priorities for Strategic Goals/Activities	Prioritized list of Strategic Goals/Activities
4	October 17, 2019	ET reviews Balanced Scorecard (BSC) for alignment with Strategic Goals/Activities	Updated BSC with current strategic initiatives and measures and aligned with Strategic Goals/Activities
5	November 14, 2019	ET reviews Division Initiatives and Projects	Updated list of Division Initiatives and Projects
6	December 11, 2019	ET review Information Technology Roadmap (IT Roadmap)	Updated list of IT Strategic Goals/Activities
7	January 16, 2020	ET reviews Performance Measures and Key Performance Indicators (KPIs)	Revised Performance Measures and KPIs
8	February 28, 2020	ET conducts Quality Control (QC) of Goals/Activities, BSC, Performance Measures, KPIs and IT Roadmap for strategic alignment	Aligned and integrated Goals/Activities, BSC, Performance Measures, KPIs and IT Roadmap
9	TBD by Office of the Governor	ET drafts Strategic Plan	Draft Strategic Plan
10	TBD by Office of the Governor	ET finalizes Strategic Plan	Strategic Plan ready to send to the legislature and Office of the Governor
11	TBD by Legislative Budget Board	ET prepares Legislative Appropriations Request (LAR)	LAR ready to send to the Legislative Budget Board, legislature and Office of the Governor

# TxDMV Strategic Planning Process FY 2022-2023

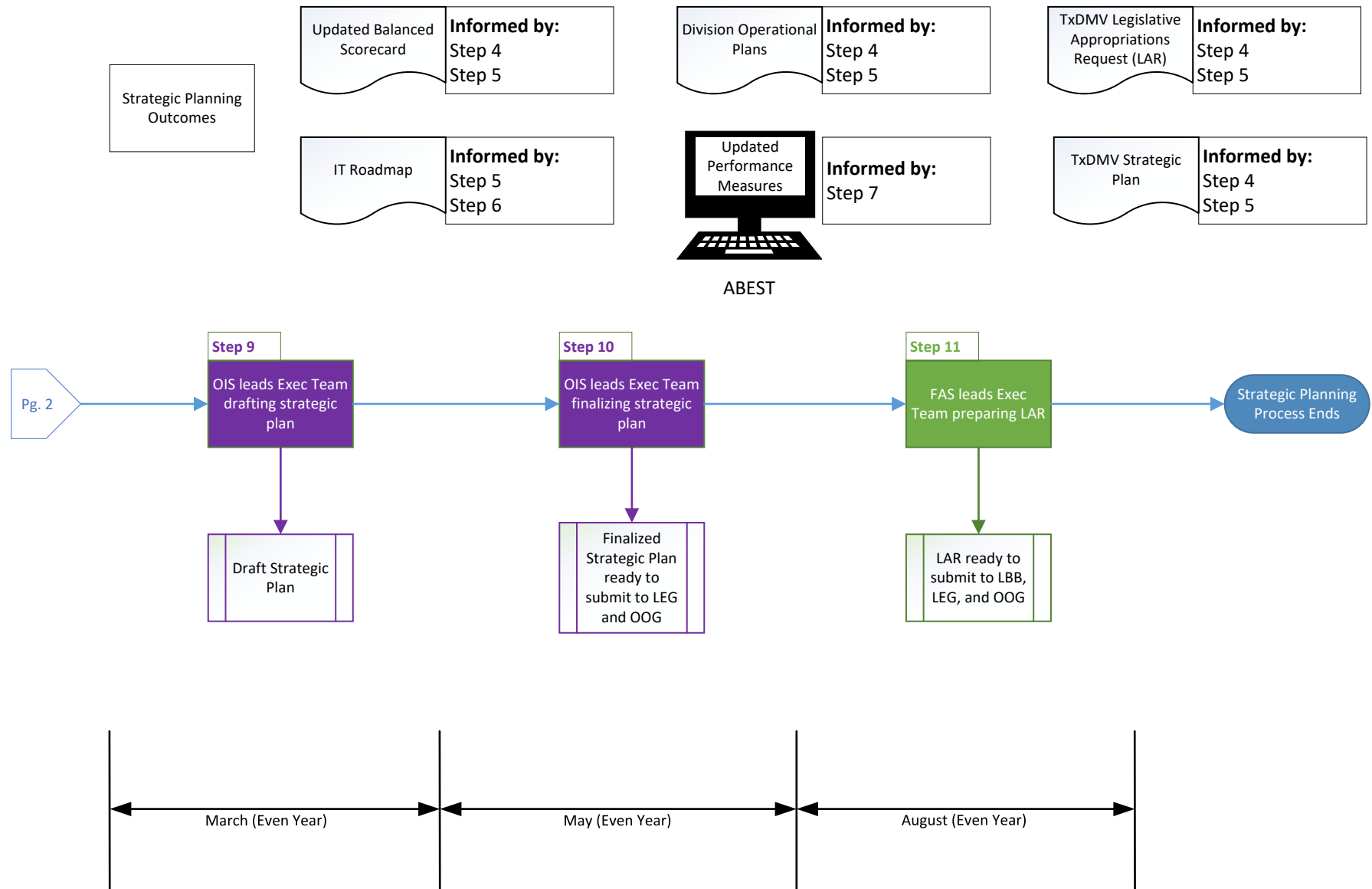


# TxDMV Strategic Planning Process FY 2022-2023





# TxDMV Strategic Planning Process FY 2022-2023



**Board Policy Documents**

Governance Process (10/13/11)

Strategic Planning (10/13/11)

Board Vision (4/7/16)

Agency Boundaries (9/13/12)

KPIs (9/12/14)

## **Texas Department of Motor Vehicles TxDMV Board Governance Policy**

### **1. PURPOSE**

The directives presented in this policy address board governance of the Texas Department of Motor Vehicles (TxDMV).

### **2. SCOPE**

The directives presented in this policy apply to the TxDMV Board and TxDMV agency personnel who interact with the Board. The TxDMV Board Governance Policy shall be one that is comprehensive and pioneering in its scope.

### **3. POLICY**

#### **3.1. TxDMV Board Governing Style**

The Board shall govern according to the following general principles: (a) a vision for the agency, (b) diversity in points of view, (c) strategic leadership, providing day-to-day detail as necessary to achieve the agency vision, (d) clear distinction of Board and Executive Director roles, (e) collective decision making, (f) react proactively rather than reactively and with a strategic approach. Accordingly:

3.1.1. The Board shall provide strategic leadership to TxDMV. In order to do this, the Board shall:

3.1.1.1. Be proactive and visionary in its thinking.

3.1.1.2. Encourage thoughtful deliberation, incorporating a diversity of viewpoints.

3.1.1.3. Work together as colleagues, encouraging mutual support and good humor.

3.1.1.4. Have the courage to lead and make difficult decisions.

3.1.1.5. Listen to the customers and stakeholders needs and objectives.

3.1.1.6. Anticipate the future, keeping informed of issues and trends that may affect the mission and organizational health of the TxDMV.

3.1.1.7. Make decisions based on an understanding that is developed by appropriate and complete stakeholder participation in the process of identifying the needs of the motoring public, motor vehicle industries,

and best practices in accordance with the mission and vision of the agency.

- 3.1.1.8. Commit to excellence in governance, including periodic monitoring, assessing and improving its own performance.
- 3.1.2. The Board shall create the linkage between the Board and the operations of the agency, via the Executive Director when policy or a directive is in order.
- 3.1.3. The Board shall cultivate a sense of group responsibility, accepting responsibility for excellence in governance. The Board shall be the initiator of policy, not merely respond to staff initiatives. The Board shall not use the expertise of individual members to substitute for the judgment of the board, although the expertise of individual members may be used to enhance the understanding of the Board as a body.
- 3.1.4. The Board shall govern the agency through the careful establishment of policies reflecting the board's values and perspectives, always focusing on the goals to be achieved and not the day-to-day administrative functions.
- 3.1.5. Continual Board development shall include orientation of new Board members in the board's governance process and periodic board discussion of how to improve its governance process.
- 3.1.6. The Board members shall fulfill group obligations, encouraging member involvement.
- 3.1.7. The Board shall evaluate its processes and performances periodically and make improvements as necessary to achieve premier governance standards.
- 3.1.8. Members shall respect confidentiality as is appropriate to issues of a sensitive nature.

## **3.2. TxDMV Board Primary Functions/Characteristics**

TxDMV Board Governance can be seen as evolving over time. The system must be flexible and evolutionary. The functions and characteristics of the TxDMV governance system are:

- 3.2.1. Outreach
  - 3.2.1.1. Monitoring emerging trends, needs, expectations, and problems from the motoring public and the motor vehicle industries.
  - 3.2.1.2. Soliciting input from a broad base of stakeholders.

### 3.2.2. Stewardship

3.2.2.1. Challenging the framework and vision of the agency.

3.2.2.2. Maintaining a forward looking perspective.

3.2.2.3. Ensuring the evolution, capacity and robustness of the agency so it remains flexible and nimble.

### 3.2.3. Oversight of Operational Structure and Operations

3.2.3.1. Accountability functions.

3.2.3.2. Fiduciary responsibility.

3.2.3.3. Checks and balances on operations from a policy perspective.

3.2.3.4. Protecting the integrity of the agency.

### 3.2.4. Ambassadorial and Legitimizing

3.2.4.1. Promotion of the organization to the external stakeholders, including the Texas Legislature, based on the vision of the agency.

3.2.4.2. Ensuring the interests of a broad network of stakeholders are represented.

3.2.4.3. Board members lend their positional, professional and personal credibility to the organization through their position on the board.

### 3.2.5. Self-reflection and Assessment

3.2.5.1. Regular reviews of the functions and effectiveness of the Board itself.

3.2.5.2. Assessing the level of trust within the Board and the effectiveness of the group processes.

## 3.3. Board Governance Investment

Because poor governance costs more than learning to govern well, the Board shall invest in its governance capacity. Accordingly:

3.3.1. Board skills, methods, and supports shall be sufficient to ensure governing with excellence.

- 3.3.1.1. Training and retraining shall be used liberally to orient new members, as well as maintain and increase existing member skills and understanding.
  - 3.3.1.2. Outside monitoring assistance shall be arranged so that the board can exercise confident control over agency performance. This includes, but is not limited to, financial audits.
  - 3.3.1.3. Outreach mechanisms shall be used as needed to ensure the Board's ability to listen to stakeholder viewpoints and values.
  - 3.3.1.4. Other activities as needed to ensure the Board's ability to fulfill its ethical and legal obligations and to represent and link to the motoring public and the various motor vehicle industries.
- 3.3.2. The Board shall establish its cost of governance and it will be integrated into strategic planning and the agency's annual budgeting process.

### **3.4. Practice Discipline and Assess Performance**

The Board shall ensure the integrity of the board's process by practicing discipline in Board behavior and continuously working to improve its performance. Accordingly:

- 3.4.1. The assigned result is that the Board operates consistently with its own rules and those legitimately imposed on it from outside the organization.
  - 3.4.1.1. Meeting discussion content shall consist solely of issues that clearly belong to the Board to decide or to monitor according to policy, rule and law. Meeting discussion shall be focused on performance targets, performance boundaries, action on items of Board authority such as conduct of administrative hearings, proposal, discussion and approval of administrative rule-making and discussion and approval of all strategic planning and fiscal matters of the agency.
  - 3.4.1.2. Board discussion during meetings shall be limited to topics posted on the agenda.
  - 3.4.1.3. Adequate time shall be given for deliberation which shall be respectful, brief, and to the point.
- 3.4.2. The Board shall strengthen its governing capacity by periodically assessing its own performance with respect to its governance model. Possible areas of assessment include, but are not limited to, the following:
  - 3.4.2.1. Are we clear and in agreement about mission and purpose?

- 3.4.2.2. Are values shared?
- 3.4.2.3. Do we have a strong orientation for our new members?
- 3.4.2.4. What goals have we set and how well are we accomplishing them?
- 3.4.2.5. What can we do as a board to improve our performance in these areas?
- 3.4.2.6. Are we providing clear and relevant direction to the Executive Director, stakeholders and partners of the TxDMV?
- 3.4.3. The Board Chair shall periodically promote regular evaluation and feedback to the whole Board on the level of its effectiveness.

## **Texas Department of Motor Vehicles Strategic Planning Policy**

### **1. PURPOSE**

The directives presented in this policy address the annual Strategic Planning process at the Texas Department of Motor Vehicles (TxDMV).

### **2. SCOPE**

The directives presented in this policy apply to the TxDMV Board and TxDMV agency personnel who interact with the Board. TxDMV Strategic Planning Policy attempts to develop, document and expand its policy that is comprehensive in its scope in regards to the strategic planning process of the Board and the Department beyond that of the state strategic planning process.

### **3. POLICY**

#### **3.1. TxDMV Board Strategic Planning**

This policy describes the context for strategic planning at TxDMV and the way in which the strategic plan shall be developed and communicated.

- 3.1.1. The Board is responsible for the strategic direction of the organization, which includes the vision, mission, values, strategic goals, and strategic objectives.
- 3.1.2. TxDMV shall use a 5-year strategic planning cycle, which shall be reviewed and updated annually, or as needed.
- 3.1.3. The 5-year strategic plan shall be informed by but not confined by requirements and directions of state and other funding bodies.
- 3.1.4. In developing strategic directions, the Board shall seek input from stakeholders, the industries served, and the public.
- 3.1.5. The Board shall:
  - 3.1.5.1. Ensure that it reviews the identification of and communication with its stakeholders at least annually.
  - 3.1.5.2. Discuss with agency staff, representatives of the industries served, and the public before determining or substantially changing strategic directions.



- 3.1.5.3. Ensure it receives continuous input about strategic directions and agency performance through periodic reporting processes.
- 3.1.6. The Board is responsible for a 5-year strategic plan that shall identify the key priorities and objectives of the organization, including but not limited to:
  - 3.1.6.1. The creation of meaningful vision, mission, and values statements.
  - 3.1.6.2. The establishment of a Customer Value Proposition that clearly articulates essential customer expectations.
  - 3.1.6.3. A Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis, to be updated annually.
  - 3.1.6.4. An assessment of external factors or trends (i.e., customer needs, political factors, economic factors, industry trends, technology factors, uncertainties, etc.)
  - 3.1.6.5. Development of the specific goals and objectives the Department must achieve and a timeline for action.
  - 3.1.6.6. Identification of the key performance indicators to measure success and the initiatives that shall drive results.
  - 3.1.6.7. Engage staff at all levels of the organization, through the executive director, in the development of the strategic plan through surveys, interviews, focus groups, and regular communication.
  - 3.1.6.8. Ensure the strategic planning process produces the data necessary for LBB/GOBPP state required compliance while expanding and enhancing the strategic plan to support the needs of the TxDMV. The overall strategic plan shall be used as a tool for strategic management.
- 3.1.7. The Board delegates to the Executive Director the responsibility for **implementing** the agency's strategic direction through the development of agency wide and divisional operational plans.

## Texas Department of Motor Vehicles TxDMV Goals and Objectives

### 1. PURPOSE

The information presented in this policy addresses the goals and key objectives of the Board of the Texas Department of Motor Vehicles (TxDMV) as they relate to the mission, vision, and values of the TxDMV.

### 2. SCOPE

The scope of this policy is to define the desired state the TxDMV Board is working to achieve. This policy is designed to be inspirational in outlining the desired state of the agency that supports the TxDMV Board vision and meeting agency goals.

### 3. TxDMV MISSION

To serve, protect and advance the citizens and industries in the state with quality motor vehicle related services.

### 4. TxDMV VISION

The Texas Department of Motor Vehicles sets the standard as the premier provider of customer service in the nation.

### 5. TxDMV VALUES

To earn the trust and faith of all citizens of Texas with transparency, efficiency, excellence, accountability, and putting stakeholders first.

- 5.1. **Transparency** – Being open and inclusive in all we do.
- 5.2. **Efficiency** – Being good stewards of state resources by providing products and services in the most cost-effective manner possible.
- 5.3. **Excellence** – Working diligently to achieve the highest standards.
- 5.4. **Accountability** – Accepting responsibility for all we do, collectively and as individuals.
- 5.5. **Stakeholders** – Putting customers and stakeholders first, always.

### 6. TxDMV GOALS

#### 6.1. GOAL 1 – Performance Driven

The TxDMV shall be a performance driven agency in its operations whether it is in customer service, licensing, permitting, enforcement or rule-making. At all times the TxDMV shall mirror in its performance the expectations of its customers and stakeholder by effective, efficient, customer-focused, on-time, fair, predictable and thorough service or decisions.

### 6.1.1. Key Objective 1

The TxDMV shall be an agency that is retail-oriented in its approach. To accomplish this orientation TxDMV shall concentrate the focus of the agency on:

- 6.1.1.1. Delivering its products and services to all of its customers and stakeholders in a manner that recognizes that their needs come first. These needs must be positively and proactively met. TxDMV works for and with its customers and stakeholders, not the other way around.
- 6.1.1.2. Operating the agency's licensing and registration functions in a manner akin to how a private, for-profit business. As a private, for-profit business, TxDMV would have to listen to its customers and stakeholders and implement best practices to meet their needs or its services would no longer be profitable or necessary. Act and react in a manner that understands how to perform without a government safety net and going out of business.
- 6.1.1.3. Simplify the production and distribution processes and ease of doing business with the TxDMV. Adapting and maintaining a business value of continuous improvement is central to TxDMV operations and processes.
- 6.1.1.4. All operations of the TxDMV shall stand on their own merits operationally and financially. If a current process does not make sense then TxDMV shall work within legislative and legal constraints to redesign or discard it. If a current process does not make or save money for the state and/or its customers or stakeholders then TxDMV shall work within legislative and legal constraints to redesign or discard it. TxDMV shall operate as efficiently and effective as possible in terms of financial and personnel needs. Divisions should focus on cost savings without sacrificing performance. Division directors are accountable for meeting these needs and applicable measures. All division directors are collectively responsible for the performance of TxDMV as a whole.
- 6.1.1.5. Focus on revenue generation for transportation needs as well as the needs of its customers.
- 6.1.1.6. Decisions regarding the TxDMV divisions should be based on the overriding business need of each division to meet or provide a specific service demand, with the understanding and coordination of overarching agency-wide needs.

- 6.1.1.7. Developing and regularly updating a long-range Statewide Plan describing total system needs, establishing overarching statewide goals, and ensuring progress toward those goals.
- 6.1.1.8. The TxDMV shall establish a transparent, well-defined, and understandable system of project management within the TxDMV that integrates project milestones, forecasts, and priorities.
- 6.1.1.9. The TxDMV shall develop detailed work programs driven by milestones for major projects and other statewide goals for all TxDMV divisions.
- 6.1.1.10. The TxDMV, with input from stakeholders and policymakers, shall measure and report on progress in meeting goals and milestones for major projects and other statewide goals.

## **6.2. GOAL 2 – Optimized Services and Innovation**

The TxDMV shall be an innovative, forward thinking agency that looks for ways to promote the economic well-being and development of the industries it serves as well as the State of Texas within the legislative boundaries that have been established for the agency.

### **6.2.1. Key Objective 1**

The TxDMV shall achieve operational, cultural, structural and financial independence from other state agencies.

- 6.2.1.1. Build the TxDMV identity. This means that TxDMV shall make customers aware of what services we offer and how they can take advantage of those services.
- 6.2.1.2. Build the TxDMV brand. This means that TxDMV shall reach out to the stakeholders, industries we serve and the public, being proactive in addressing and anticipating their needs.
- 6.2.1.3. Determine immediate, future, and long term facility and capital needs. TxDMV needs its own stand-alone facility and IT system as soon as possible. In connection with these needs, TxDMV shall identify efficient and effective ways to pay for them without unduly burdening either the state, its customers or stakeholders.
- 6.2.1.4. All regulations, enforcement actions and decision at TxDMV shall be made in a timely, fair and predictable manner.

### **6.2.2. Key Objective 2**

Provide continuous education training on business trends in the industry with a particular emphasis on activities in Texas.

6.2.3. Key Objective 3

Provide continuous outreach services to all customers and stakeholders to access their respective needs and wants. This includes helping frame legislative or regulatory issues for consideration by other bodies including the legislature.

6.2.4. Key Objective 4

Examine all fees to determine their individual worth and reasonableness of amount. No fee shall be charged that cannot be defended financially and operationally.

**6.3. GOAL 3 – Customer-centric**

The TxDMV shall be a customer-centric agency that delivers today's services and decisions in a positive, solution-seeking manner while ensuring continuous, consistent and meaningful public and stakeholder involvement in shaping the TxDMV of tomorrow.

6.3.1. Key Objective 1

The TxDMV shall seek to serve its customer base through a creative and retail oriented approach to support the needs of its industries and customers.

6.3.2. Key Objective 2

The TxDMV shall develop and implement a public involvement policy that guides and encourages meaningful public involvement efforts agency-wide.

6.3.3. Key Objective 3

The TxDMV shall develop standard procedures for documenting, tracking, and analyzing customer complaint data. Successful problem resolution metrics should be monitored to support continuous improvement activities that shall permanently improve customer facing processes.

6.3.4. Key Objective 4

The TxDMV shall provide a formal process for staff with similar responsibilities to share best practices information.

6.3.5. Key Objective 5



The TxDMV shall provide central coordination of the Department's outreach campaigns.

6.3.6. Key Objective 6

The TxDMV shall develop and expand user friendly, convenient, and efficient website applications.

6.3.7. Key Objective 7

TxDMV shall timely meet all legislative requests and mandates.

## **Agency Operational Boundaries as Defined by Department Policies of the TxDMV Board (Board)**

The Board is responsible for the policy direction of the agency. The Board's official connection to the day-to-day operation of the Texas Department of Motor Vehicles (TxDMV) and the conduct of its business is through the Executive Director of the TxDMV (ED) who is appointed by the Board and serves at its pleasure. The authority and accountability for the day-to-day operations of the agency and all members of the staff, except those members who report directly to the Board, is the sole responsibility of the ED.

In accordance with its policy-making authority the Board has established the following policy boundaries for the agency. The intent of the boundaries is not to limit the ability of the ED and agency staff to manage the day-to-day operations of the agency. To the contrary, the intent of the boundaries is to more clearly define the roles and responsibilities of the Board and the ED so as to liberate the staff from any uncertainty as to limitations on their authority to act in the best interest of the agency. The ED and staff should have certainty that they can operate on a daily basis as they see fit without having to worry about prior Board consultation or subsequent Board reversal of their acts.

The ED and all agency employees shall act at all times in an exemplary manner consistent with the responsibilities and expectations vested in their positions. The ED and all agency employees shall act in a manner consistent with Board policies as well as with those practices, activities, decisions, and organizational circumstances that are legal, prudent, and ethical. It is the responsibility of the ED to ensure that all agency employees adhere to these boundaries.

Accordingly, the TxDMV boundaries are as follows:

1. The day-to-day operations of the agency should be conducted in a manner consistent with the vision, mission, values, strategic framework, and performance metrics as established by the Board. These elements must not be disregarded or jeopardized in any way.
2. A team-oriented approach must be followed on all enterprise-wide decisions to ensure openness and transparency both internally and externally.
3. The agency must guard against allowing any financial conditions and decision which risk adverse fiscal consequences, compromise Board financial priorities, or fail to

show an acceptable level of foresight as related to the needs and benefits of agency initiatives.

4. The agency must provide timely, accurate, and honest information that will afford the Board, public, stakeholders, executive branch and the legislature the best ability to evaluate all sides of an issue or opportunity before forming an opinion or taking action on it. Any information provided that is intentionally untimely, inaccurate, misleading or one-sided will not be tolerated.
5. The agency must take all reasonable care to avoid or identify in a timely manner all conflicts of interest or even the appearance of impropriety in awarding purchases, negotiating contracts or in hiring employees.
6. The agency must maintain adequate administrative policies and procedures that are understandable and aid in staff recruitment, development and retention.
7. The agency must maintain an organizational structure that develops and promotes the program areas from an enterprise-wide perspective. No organizational silos or sub-agencies will be allowed. We are the TxDMV.
8. The agency must empower its entire staff to deliver a positive customer experience to every TxDMV customer, stakeholder or vendor to reduce their effort and make it easier for them to do business with the TxDMV.
9. The agency must at all times look to flattening its organizational structure to reduce cost as technology advances allow.
10. Agency staff shall anticipate and resolve all issues timely.
11. The agency must maximize the deployment and utilization of all of its assets – people, processes and capital equipment – in order to fully succeed.
12. The agency must not waste the goodwill and respect of our customers, stakeholders, executive branch and legislature. All communication shall be proper, honest, and transparent with timely follow-up when appropriate.
13. The agency should focus its work efforts to create value, make sure that processes, programs, or projects are properly designed, budgeted and vetted as appropriate with outside stakeholders to ensure our assumptions are correct so positive value continues to be created by the actions of the TxDMV.
14. The ED through his or her staff is responsible for the ongoing monitoring of all program and fiscal authorities and providing information to the Board to keep it apprised of all program progress and fiscal activities. This self-assessment must result in a product that adequately describes the accomplishment of all program



goals, objectives and outcomes as well as proposals to correct any identified problems.

15. In advance of all policy decisions that the Board is expected to make, the ED will provide pertinent information and ensure board members understand issues/matters related to the pending policy decision. Additionally, the ED or designee will develop a process for planning activities to be performed leading up to that particular policy decision and the timeframe for conducting these planning activities. It is imperative that the planning process describes not only when Board consideration will be expected but also when prior Board consultation and involvement in each planning activity will occur.
16. In seeking clarification on informational items Board members may directly approach the ED or his or her designee to obtain information to supplement, upgrade or enhance their knowledge and improve the Board's decision-making. Any Board member requests that require substantive work should come to the Board or Committee Chairs for direction.
17. The agency must seek stakeholder input as appropriate on matters that might affect them prior to public presentation of same to the Board.
18. The agency must measure results, track progress, and report out timely and consistently.
19. The ED and staff shall have the courage to admit a mistake or failure.
20. The ED and staff shall celebrate successes!

The Board expects the ED to work with agency staff to develop their written interpretation of each of the boundaries. The ED will then present this written interpretation to the Board prior to discussion between the Board and ED on the interpretation. The Board reserves the right to accept, reject or modify any interpretation. The intent is that the Board and the ED will come to a mutually agreeable interpretation of agency boundaries that will then form the basis of additional written thought on the part of the ED and staff as to how these boundaries will influence the actions of the agency.

GOAL	STRATEGY	#	MEASURE	Baseline	Target	Actual	OWNER
Performance Driven	Effective and efficient services	1	Average processing time for new franchise license applications	45 days	35 days		MVD
		2	Average processing time for franchise renewals	11 days	5 days		MVD
		3	Average processing time of franchise license amendments	20 days	8 days		MVD
		4	Average processing time for new Dealer's General Distinguishing Number (GDN) license applications	35 days	17 days		MVD
		5	Average processing time for GDN renewals	14 days	7 days		MVD
		6	Average processing time for GDN license amendments	19 days	7 days		MVD
		7	Average turnaround time for single-trip routed permits	33.88 mins	32 mins		MCD
		8	Average turnaround time for intrastate authority application processing	1.47 days	1.4 days		MCD
		9	Average turnaround time for apportioned registration renewal applications processing	2 days	2 days		MCD
		10	Average turnaround time to issue salvage or non-repairable vehicle titles	5 days	4 days		VTR
		11	Average time to complete motor vehicle complaints with no contested case proceeding	131 days	120 days		ENF
		12	Average time to complete motor vehicle complaints with contested case proceeding	434 days	400 days		ENF
		13	Average time to complete salvage complaints with no contested case proceeding	131 days	120 days		ENF
		14	Average time to complete salvage complaints with contested case proceeding	434 days	400 days		ENF
		15	Average time to complete motor carrier complaints with no contested case proceeding	297 days	145 days		ENF
		16	Average time to complete motor carrier complaints with contested case proceeding	133 days	120 days		ENF
		17	Average time to complete household goods complaints with no contested case proceeding	432 days	145 days		ENF
		18	Average time to complete household goods complaints with contested case proceeding	371 days	180 days		ENF
		19	Average time to complete Oversize/Overweight (OS/OW) complaints with no contested case proceeding	40 days	35 days		ENF
		20	Average time to complete OS/OW complaints with contested case proceeding	265 days	250 days		ENF
		21	Percent of lemon law cases resolved prior to referral for hearing	76%	60%		ENF
		22	Average time to complete lemon law cases where no hearing is held	147 days	65 days		ENF
		23	Average time to complete lemon law cases where hearing is held	222 days	150 days		ENF
		24	Percent of total renewals and net cost of registration renewal: A. Online B. Mail C. In Person	A. 15% B. 5% C. 80%	A. 16% B. 5% C. 79%		VTR
		25	Total dealer title applications: A. Through Webdealer B. Tax Office	Baseline in development	A. 5% B. 95%		VTR

GOAL	STRATEGY	#	MEASURE	Baseline	Target	Actual	OWNER
Optimized Services and Innovation		26	Percent of total lien titles issued: A. Electronic Lien Title B. Standard Lien Title	A. 16% B. 84%	A. 20% B. 80%		VTR
		27	Percent of total OS/OW permits: A. Online (self-issued) B. Online (MCD-issued) C. Phone D. Mail E. Fax	A. 57.47% B. 23.03% C. 11.33% D. 1.76% E. 6.4%	A. 58% or greater B. 25% or greater C. 10% or less D. 1.7% or less E. 5.3% or less		MCD
		28	Average time to complete lemon law and warranty performance cases after referral	Baseline in development	25 days		OAH
		29	Average time to issue a decision after closing the record of hearing	Baseline in development	30 days		OAH
	Implement appropriate best practices	30	Percent of audit recommendations implemented	Baseline in development	90% annual goal for these recommendations which Internal Audit included in a follow-up audit		IAD
	Continuous business process improvement and realignment	31	Percent of projects approved by the agency's governance team that finish within originally estimated time (annual)	57%	100%		EPMO
		32	Percent of projects approved by the agency's governance team that finish within originally estimated budget (annual)	71%	100%		EPMO/ FAS
		33	Percent of monitoring reports submitted to Texas Quality Assurance Team (TXQAT) by or before the due date	79%	100%		EPMO
		34	Percent of project manager compliance with EPMD project management standards based upon internal quality assurance reviews	Baseline in development	100%		EPMD
	Executive ownership and accountability for results	35	Percent of employees due a performance evaluation during the month that were completed on time by division.	Baseline in development	100%		HR
		36	Percent of goals accomplished as stated in the directors performance evaluation	Baseline in development	Measure annually at the end of the fiscal year		EXEC
	Organizational culture of continuous improvement and creativity	37	Employees who rate job satisfaction as above average as scored by the Survey of Employee Engagement (SEE)	3.47 (SEE 2012)	3.65	3.60 (SEE 2013)	HR
		38	Increase in the overall SEE score	337 (SEE 2012)	360	351 (SEE 2013)	HR
Focus on the internal customer	Focus on the internal customer	39	Percent of favorable responses from customer satisfaction surveys	Baseline in development	90%		EPMD
		40	Annual agency voluntary turnover rate	6.5% (FY 2013)	5.0%		HR
	Increase transparency with external customers	41	Number of education programs conducted and number of stakeholders/customers attending education programs	4.48/80.61	4/80		MCD
		42	Number of education programs conducted and number of stakeholders/customers attending education programs	36/335	42/390		VTR
		43	Number of eLearning training modules available online through the Learning Management System and number of modules completed by stakeholders/customers	eLearning Modules Available - 28 Completed - 735	Available - 31 Completed - 814		VTR

GOAL	STRATEGY	#	MEASURE	Baseline	Target	Actual	OWNER		
Customer Center	Excellent Service Delivery	44	Number of Shows and Exhibits attended to educate stakeholders/customers about TxDMV services and programs	6	7		MVD		
		45	Number of education programs conducted and number of stakeholders/customers attending education programs	3/250	3/250		ENF		
		46	Number of education programs conducted and number of stakeholders/customers attending education programs	3/150	4/300		ABTPA		
		47	Percent of customers and stakeholders who express above average satisfaction with communications to and from TxDMV	Baseline in development	80%		All Divisions		
		48	Average hold time	9 min	9 min		CRD		
		49	Abandoned call rate	22%	20%		CRD		
		50	Average hold time	Baseline in development	1 min		ITS		
		51	Abandoned call rate	Baseline in development	5%		ITS		
		52	Average hold time	Credentialing - 1.6 minutes Permits - 2.08 minutes CFS - 54.38 seconds	Credentialing - 1.5 minutes Permits - 2 minutes CFS - 50 seconds		MCD		
		53	Abandoned call rate	Credentialing - 7% Permits - 6.42% CFS - 5.63%	Credentialing - 6% Permits - 5% CFS - 5%		MCD		
		Key:		Critical	Off Target		On target		Not yet started
		Vision: The Texas Department of Motor Vehicles sets the standard as the premier provider of customer service in the nation.							
Mission: To serve, protect, and advance the citizens and industries in the state with quality motor vehicle related services.									
Philosophy: The Texas Department of Motor Vehicles is customer-focused and performance driven. We are dedicated to providing services in an efficient, effective and progressive manner as good stewards of state resources. With feedback from our customers, stakeholders and employees, we work to continuously improve our operations, increase customer satisfaction and provide a consumer friendly atmosphere.									
Values: We at the Texas Department of Motor Vehicles are committed to: TEXAS-Transparency, Efficiency, EXcellence, Accountability, and Stakeholders.									