



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

84<sup>th</sup> Legislative Session:

Final Report

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## Table of Contents

Budget/Appropriations .....	3
Board Recommendations .....	3
Enacted Bills Requiring Implementation.....	4
Motor Vehicle Licensing.....	4
Titles and Registration .....	5
Specialty License Plates.....	6
Enforcement .....	7
ABTPA.....	7
Human Resources .....	7
IT .....	7
Contracting/Other Statewide Impact .....	8

## Budget/Appropriations

For the biennium, the department's appropriations increased almost 7% from the last biennium (**HB 1**). Though most strategies and functions received only very modest increases, there was a several million dollar increase to cover higher license plate production and volume costs. Also, several million more than last session was appropriated to pay for data center consolidation service costs. Appropriations were also made to allow two regional service centers to be relocated and to relocate the Bull Creek campus. The department's ongoing Automation Project (including AMSIT) was also fully funded in the approved budget. Significantly, the department's request for a new, consolidated headquarters facility was approved and bond proceeds, in the amount of almost \$58 million, were authorized for the Texas Facilities Commission to acquire land for and construct a new Texas Department of Motor Vehicles (TxDMV) headquarters. Additionally, \$500,000 was approved in the supplemental appropriations bill (**HB 2**) for the Facilities Commission to begin planning and design of the new facility. In the end, the governor vetoed all the appropriations related to the new headquarters (also vetoed was funding for two other state building projects). His veto proclamation read:

*To keep Texas fiscally strong, we must limit unnecessary state debt and spending. Debt service can burden the state's budget and limit the economic freedom of future generations. All debt and spending to construct new facilities should be approved only after a project has been carefully scrutinized to determine that tax dollars are spent in the most cost-effective manner. Some of the appropriations for debt and capital projects included in the 2016-17 Budget have merit because they will strategically save taxpayer dollars by lowering lease costs. Other projects warrant more careful review. I am committed to working with state and local leaders during the interim to review these projects to ensure they are well suited for state facility and local community needs. I therefore object to and disapprove of the appropriations stricken above.*

The department's headquarters project would fall into the "warrant more careful review" category. Therefore the department will need to work during the interim to further refine the headquarters project and continue discussions with state leadership on facilities options.

Additionally, department funding for the Commercial Vehicle Information System and Network was fully cut, thereby causing the loss of the federal matching money as well. Also, the department's request for vehicles, additional employees, and grant money for the Auto Burglary and Theft Prevention Authority (ABTPA) program was denied. Lastly, the method of finance for the department's appropriation in FY 2016 will be entirely from the General Revenue (GR) fund, whereas last session a portion of the appropriation still came from the State Highway fund. In 2017, the department's appropriation, except for that related to ABTPA, will be funded entirely from the recreated Texas Department of Motor Vehicles fund (see below). Overall the department had a successful session from an appropriations standpoint.

## Board Recommendations

The most important board recommendation for legislative action this session was the re-creation of the TxDMV fund. Initially created by HB 2202 last session, the fund was ultimately abolished because it was not exempted from that session's funds consolidation bill. This session, **SB 1512**, recreates the fund and rededicates the revenue sources for the fund. Even more importantly, the funds consolidation bill (**HB 6**) exempts the TxDMV fund and its revenues from being consolidated. Therefore, the fund will be officially re-created on September 1, 2016. This delayed re-creation date is needed to allow the department time to prepare for the transition to being funded from the TxDMV fund and to enact the registration processing and handling fee which is necessary to ensure the fund will have sufficient

revenues to support the department's appropriation. To help the department have sufficient initial operating capital, the bill re-creating the fund also mandates a \$23 million one-time transfer from GR to the TxDMV fund.

The department's omnibus bills (**HB 2701** & **SB 1043**) and salvage industry licensing clean-up bills (**HB 1788** & **SB 1504**) did not become law. The salvage bills both received committee hearings but neither was voted out of committee. There was no serious opposition to the bills but there also not a lot of momentum behind the measures either. The department is further evaluating its course of action in seeking statutory changes in this area given this is two sessions in a row in which a large salvage industry related bill failed to pass. Staff is currently reviewing opportunities to address some of the measures included in the legislation through the rulemaking process. The omnibus bills both made it out of committee but fell victim to timing issues related to other controversial issues ahead of it on the calendar on the House side and the desire to avoid a last-minute free for all of floor amendments on the Senate side. Many of the elements of the bills will likely be recommended to the board for next session while others may require more consideration. However, some elements of the omnibus bills did become law through amendments to other bills.

**HB 1888** was amended to include several "single-sticker" related provisions important to the department. The current department policy of allowing registration renewals for vehicles currently out-of-state was put into statute. Also, registrations under the International Registration Plan and all token trailers registrations are exempted from having their inspection status verified at the time of registration. In addition, the violation for not having a valid inspection was put back into law after being inadvertently repealed last session. Lastly, **HB 2115** allows new vehicles purchased by commercial fleet buyers to receive two years of an initial inspection. This will make single-sticker implementation easier for such vehicles.

**SB 1425** was the ABTPA clean-up bill, but it did not become law. The bill did not receive a hearing; however other high profile measures remained a priority for the legislature and this bill did not move further. The statutory needs of ABTPA will be revisited during the interim with a view to making not just technical but any needed substantive changes to statute as well. Another bill that would have created a trust fund for ABTPA designated fees (**HB 3636**) was heard by the Appropriations Committee but was not passed. However, a similar measure was amended onto another bill during floor debate; but the amendment was removed in the Senate and was not revived elsewhere. Options for addressing the funding needs and mechanics for the functions of ABTPA will also be reviewed during the interim.

## Enacted Bills Requiring Implementation

Each bill that finally became law which requires some level of implementation activity on the part of the Texas Department of Motor Vehicles is briefly discussed below. If more information is needed about a particular bill, contact the department's Government Relations section in its Government and Strategic Communications Division.

### Motor Vehicle Licensing

**HB 833** allows a certain motor home manufacturer (Fore-Travel in Nacogdoches) to have one more franchise dealer license in addition to the license it already has. They will be limited to a manufacturer license, a GDN, and two franchise licenses.

**HB 2400** allows a motor vehicle manufacturer, under certain circumstances, to purchase a vehicle from a dealer without being subject to the motor vehicle sales tax. This change was sought largely by Toyota to accommodate the upcoming move of the headquarters operation to Texas.

**HB 2481** exempted from needing an auctioneer license to auction motor vehicles those who have a license under Occupations Code Chapter 2301 or 2302 and those who have a wholesale motor vehicle auction or independent motor vehicle GDN. The bill was also amended to allow dealers to sell, offer to sell, or exchange at a public auction an antique vehicle at least 25 years old or a special interest vehicle at least 12 years old or has been subject of a retail sale.

**SB 1307** makes numerous modifications to the general statutes about occupational licensing for military members, their spouses, and veterans. The laws are designed to provide expedited licensing, ensure reciprocity where appropriate, and ensure state agency websites provide conspicuous notice of these special licensing provisions. Many of these provisions were first enacted last session and will just need small adjustments to comply with the new laws.

### Titles and Registration

**HB 75** stemmed from last session's requirement that agriculture-related special registrations had to show a certain tax ID number issue by the comptroller. The bill codifies current practice so that vehicles owned by an agricultural cooperative and leased to its members for their use can qualify for farm trailer plates and do not have to have a special tax ID number to do so. **HB 1360** exempts vehicles owned and used exclusively by the U.S. Coast Guard Auxiliary from paying registration fees, while **HB 1702** eliminates the specialty plate fee for Gold Star mother, father, spouse, and family member specialty license plates. **SB 1451** allows for tax assessor-collectors to more easily seek redress if there is a rejected or disputed payment of a registration fee by credit or debit card. While this last bill does not affect the department's operations, changes to RTS and certain manuals will need to be made.

A last minute amendment to **SB 1756** changed the definition of "motorcycle" in the driver license code which has the effect of changing what constitutes a motorcycle for title and registration purposes. Also, the department was granted permissive rule-making authority to define what other products and types of vehicles can be considered motorcycles.

**SB 449** creates the vehicle category of "autocycle" and sets the criteria for it. This was driven largely by the Polaris Slingshot situation. The new autocycle categorization is to be treated, by the statute, as a motorcycle for the purposes of titling and registration.

**HB 735** requires the department to produce an annual report on the number of alternatively fueled vehicles (specifically, electric plug-in drives, hybrid electric drives, and compressed and liquefied natural gas drives) registered in the state. The first such report must be issued after September 1, 2016.

**HB 2076** makes changes to the notification and timing requirements for executing a mechanic's lien based on unpaid motor vehicle repairs. Though not a direct impact to department functions, changes will need to be made to manuals and forms and new guidelines will need to be issued to the counties.

**HB 3283** requires the department provide the opportunity for customers to donate money to the Glenda Dawson Donate Life registry at the time of registration. The renewal notice and online systems must provide this opportunity to donate. **SB 272** is similar but for Special Olympics.

A few clean-up type items were: **HB 168** which extends the parking privileges for certain military-related specialty plates to include the Distinguished Flying Cross (current department procedures already considered this plate to have parking privileges so simply conformed the law to practice); **HB 789** alters the eligibility requirements for military retiree license plates; **HB 1273** alters the eligibility requirements for the Korean, Vietnam, and Desert Shield/Storm plates while turning the POW plate into the POW medal plate; **HB 1786** transferred regulation of drivers ed courses from TEA to TDLR which will require some wording changes in TxDMV manuals and forms. Finally, **SB 1296** non-substantively recodifies statutes passed in the 83<sup>rd</sup> but will require some code citations be changed in some manuals.

### Specialty License Plates

A large number of bills creating new specialty license plates became law. Also, a section of **HB 7** requires all remaining specialty license plates with a dedicated account for their revenue deposits be moved into a specialty trust fund. In total, the number of new plate designs authorized by the legislature was almost 50 with many of them being military related. A listing is below (an asterisk denotes the plate is subject to the \$8,000 deposit requirement):

**HB 127** – military Commendation medal

**HB 315\*** – “In God We Trust”

**HB 792** – antique buses

**HB 830\*** – Alamo remembrance

**HB 923** – 36<sup>th</sup> Infantry Division (including souvenir)

**HB 1128** – military Combat Action Badge, Medal, or Ribbon

**HB 1364** – Meritorious Service medal

**HB 3610\*** – Juneteenth

**HB 4099\*** – K9s4COPS

**SB 193** – Soldier’s Medal, Navy and Marine Corps Medal, etc.

**SB 742\*** – Texas Medical Center

**SB 1987** – deaf/hard of hearing

### Motor Carrier

**SB 562** creates the only new oversize/overweight permit for the session, but all it does is allow an annual version of the existing overlength permit. Before, overlength permits were only available for single trip, 30, 60, or 90 day increments. The overall result of this bill will likely be neutral as current permit holders will likely just purchase the new annual permit instead of four 90 permits for example. Though not creating a new permit, **SB 1171** makes several changes to the Annual Timber permit created last session. The bill reduces the price from \$1500 to \$900 and expands the number and type of roads on which it can be used.

**SB 971** affects both MCD and VTR by changing the definition of what constitutes an implement of husbandry to include towed vehicles that transport and spread fertilizer and motor vehicles designed and adapted to deliver feed to livestock. The bill also ensured that the statutory width exceptions would apply to the newly defined implements as well as farm tractors. Because implements of husbandry are exempt from registration in practice, the department and DPS worked with the authors to ensure the new definition would achieve its intended purpose. Somewhat relatedly, **SB 1338** modifies the current

statutory length exception for vehicles hauling combines by changing that term to harvest machines and creating a new length exception for loads being towed by a truck tractor if certain conditions are met.

**HB 3225** allows the Texas Department of Transportation (TxDOT) to require commercial motor vehicles use specific lanes in construction/maintenance work zones. Though the bill requires no actions on the part of the department directly, the department will monitor TxDOT rule-making on the bill to ensure that the needs of OS/OW permit holders are addressed.

### Enforcement

**SB 1436** modified the state minimum setback requirement from a residential property line for junkyards and automotive wrecking and salvage yards. While not directly impacting department operations, salvage dealer licensees will as a general rule have to comply with the new provisions and failure to do so could be grounds for an enforcement action by the department.

### ABTPA

The only bill that passed directly impacting the Automobile Burglary and Theft Prevention Authority was **HB 2424**. The current time limit of six months (which originated in session law only) for when an insurance company can request a refund of fees paid was extended to four years. The four year limit aligns with general law governing the timeframe for which entities can request refunds from the comptroller. There was also a temporary provision added to allow companies to re-request a previously denied refund if certain conditions are met.

### Human Resources

As always, many bills passed that impact state agency human resources operations. **HB 9** increases the employee contribution to the ERS retirement program from the current 6.9% to 9.5% (was scheduled to go to 7.2% under current law). To help offset this increase, the state budget includes a 2.5% pay increase for almost all state employees. **HB 426** requires agencies accept employment applications filed with the Texas Workforce Commission's "Work in Texas" website in addition to any other method the agency has for accepting applications. **HB 445** requires employees who are members of the military reserves to be informed of the availability of military leave and what their military leave balances are. **HB 437** ensures that employees rehired after a period of military service do not have to wait 90 days before being eligible for health insurance from the state. **HB 786** establishes an employee's entitlement to express breast milk at the workplace and sets multiple requirements for what the agency must do to facilitate employees who need to express. **HB 1771** allows an employee to donate sick leave directly to another employee under certain circumstances and with certain conditions. **HB 3337** requires agencies to only reimburse employees for tuition payments after the course is successfully completed, which is already department standard, but the executive director will now be required to approve each reimbursement. **SB 389** requires agency job postings to list any military occupational code that would be equivalent to the posted job. **SB 664** allows an employer to discharge an employee who falsifies their military service history or records. **SB 805** makes numerous changes to the veteran employment preference statutes and requires the agency to designate an employee to serve as the agency's veteran liaison.

### IT

**HB 885** requires state agency general public websites to be compatible with the three most commonly used internet browsers (as determined by DIR) and with mobile platforms. Though not yet known

exactly which three browsers DIR select, the department's website is already compatible with the five most common and with mobile platforms.

**HB 1832** renames the Business Continuity Plan as the Continuity of Operations Plan and requires training, testing, and exercises on implementing plan rather than just practices. Also requires plan to meet the requirements of certain parts of the Labor Code.

**HB 1890** establishes standards to be followed when upgrading legacy computer systems. A plan to address information security issues with legacy systems is required as is standardization and consolidation by emphasizing shared solutions when considering and implanting new applications.

**SB 1877** requires agencies to develop an information security data-use agreement for employees and provide training on the standards. Such agreements have to be updated every two years. The department largely complies with this requirement already but will need to ensure its agreement is updated at the appropriate time.

### Contracting/Other Statewide Impact

**HB 763** limits to only state residents or businesses those who can petition the department for rule-making. The department will need to modify current rules to require petitioners to include their addresses and to clarify what constitutes a qualifying resident or business.

**HB 1295** creates new requirements for the disclosure of research sponsors and interested parties when contracting with state agencies. Agencies must ensure that certain research and supporting data is made publicly available under certain circumstances and that interested parties to the research contract must be disclosed to the Texas Ethics Commission.

**HB 1542** allows the department to contract for the installation of digital message display systems in its regional offices. To pay for such a system, advertising on the displays would be allowed if approved by the department. A decision will need to be made whether the department should pursue this new option.

The State Office of Administrative Hearings sunset bill (**HB 2154**) changes the method agencies must follow when paying the office for its services. The department's purchase order will need to be updated to reflect a lump sum payment.

**HB 3014** relates to "pay for success" contracts and establishes how an agency must go about entering into such a contract with a vendor. **HB 3438** makes changes to the process of dealing with department surplus and salvage property. **HB 3439** expands the conditions under which the Texas Facilities Commission could donate surplus or salvage property. **HB 3750** requires a statewide analysis be conducted on state-owned real property to determine if there are appropriate levels of insurance to protect the assets.

**SB 20** includes several measures related to DIR Cooperative Contracts customers. Specifically the bill makes changes to program oversight, vendor competition, and seeks to enhance the state's collective purchasing power by expanding eligibility to new customer groups.

**SB 273** prohibits a state agency or political subdivision from posting a sign or similar notice forbidding a concealed handgun license holder from carrying a handgun on a premises owned or leased by the governmental entity.



**SB 1105** grants the state fire marshal authority over all state-owned buildings for fire safety purposes. Instead of inspecting only buildings owned or leased by the Texas Facilities Commission, the state fire marshal is required to inspect buildings owned or leased by a state agency.

**SB 1267** makes numerous changes to notification requirements and deadlines for contested cases conducted under the Administrative Procedures Act. The new requirements impact Enforcement, Motor Vehicles, the Office of Administrative Hearings, and the Office of the General Counsel. Training department attorneys and administrative staff and some technology updates will be the main parts of implementing the changes.