

Government Code, §552.130. A completed and properly executed form must include, at a minimum:

- (1) the name and address of the requestor;
- (2) the Texas license number, title or document number, or vehicle identification number of the motor vehicle about which information is requested;
- (3) a photocopy of the requestor's identification;
- (4) a statement that the requested information may only be released if the requestor is the subject of the record, if the requestor has written authorization for release from the subject of the record, or if the intended use is for a permitted use as indicated on the form;
- (5) a certification that the statements made on the form are true and correct; and
- (6) the signature of the requestor.

(b) Identification required. A person may not apply for receipt of personal information unless the person presents current photo identification containing a unique identification number. The identification document must be a:

- (1) driver's license or state identification certificate issued by a state or territory of the United States;
- (2) United States or foreign passport;
- (3) United States military identification card;
- (4) United States Department of Homeland Security, United States Citizenship and Immigration Services, or United States Department of State identification document; or
- (5) concealed handgun license or license to carry a handgun issued by the Texas Department of Public Safety under Government Code, Chapter 411, Subchapter H.

(c) Electronic access. The department may make motor vehicle record information available under the terms of a written service agreement.

(1) Agreement with business or individuals. The written service agreement with a business or individual must contain:

- (A) the specified purpose of the agreement;
- (B) an adjustable account, if applicable, in which an initial deposit and minimum balance is maintained in the amount of:
 - (i) \$200 for an on-line access account; or
 - (ii) \$1,000 for a prepaid account for batch purchase of motor vehicle record information;
- (C) termination and default provisions;
- (D) service hours for access to motor vehicle records for on-line access;
- (E) the contractor's signature;
- (F) a statement that the use of motor vehicle record information obtained by virtue of a service agreement is conditional upon its being used:
 - (i) in accordance with 18 U.S.C. §2721 et seq. and Transportation Code, Chapter 730; and
 - (ii) only for the purposes defined in the agreement;
- (G) the statements required by subsection (a) of this section.

(2) Agreements with governmental agencies.

(A) The written service agreement with an agency must contain:

- (i) the specified purpose of the agreement;
- (ii) method of payment;
- (iii) notification regarding the charges;
- (iv) a statement that the use of motor vehicle record information obtained by virtue of a service agreement is conditional upon its being used in accordance with 18 U.S.C. §2721 et seq. and Transportation Code, Chapter 730, and only for the purposes defined in the agreement;
- (v) the statements required by subsection (a) of this section;
- (vi) the signature of an authorized official; and
- (vii) an attached statement citing the agency's authority to obtain social security number information, if applicable.

(B) Texas Law Enforcement Telecommunication System access is exempt from the payment of fees.

(d) Ineligibility to receive personal information. The department may prohibit a person, business, or agency from receiving personal information if the department finds a violation of a term or condition of the agreement entered into in accordance with subsection (c) of this section.

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

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For further information, please call: (512) 465-5665



CHAPTER 217. VEHICLE TITLES AND REGISTRATION

The Texas Department of Motor Vehicles (department) adopts amendments to §217.23, Initial Application for Vehicle Registration; §217.24, Vehicle Last Registered in Another Jurisdiction; §217.29, Vehicle Registration Renewal via Internet; §217.32, Replacement of License Plates, Symbols, Tabs, and Other Devices; §217.52, Marketing of Specialty License Plates through a Private Vendor; §217.53, Removal of License Plates and Registration Insignia upon Sale of Motor Vehicle; and §217.72, Automated Equipment. The department also adopts new Subchapter I, Fees; §217.181, Purpose and Scope; §217.182, Registration Transaction; §217.183, Fee Amount; §217.184, Exclusions; and §217.185, Allocation of Processing and Handling Fee. In addition, the department adopts the repeal of §217.31, License Plate Reissuance Program. The amendments to §217.29 and §217.52, and new §§217.183 - 217.185 are adopted with changes to the proposed text as published in the April 22, 2016, issue of the *Texas Register* (41 TexReg 2920). The amendments

to §§217.23, 217.24, 217.32, 217.53, and 217.72; new §217.181 and §217.182; and the repeal of §217.31 are adopted without changes to the proposed text, and will not be republished.

EXPLANATION OF ADOPTED AMENDMENTS, NEW SUB-CHAPTER AND REPEAL

House Bill 2202, 83rd Legislature, Regular Session, 2013, added new §502.1911 to the Transportation Code, which authorizes the department to establish a processing and handling fee to be collected to cover the expenses of collecting registration fees. House Bill 2202 further directs the Board of the Texas Department of Motor Vehicles (board) to "set the fee in an amount that . . . is sufficient to cover the expenses associated with collecting registration fees[.]" The proposed rules set the processing and handling at \$5 and allocated the fee to the department, county tax assessor-collectors, and deputies. The rules also define the scope of a registration transaction and those transactions that are exempt from the processing and handling fee.

The rules also shift responsibilities related to renewal registrations from the county tax assessor-collectors and transfers these obligations to the department. The rules provide for replacement of a license plate if the license plate needs to be replaced for cosmetic or readability reasons, and eliminate no-charge replacement of specialty plates if the plate is at least seven years old. The rules reduce the automated registration and titling system fee required by Transportation Code, §502.356 from \$1 to \$.50.

COMMENTS

The department received comments from Sen. Robert Nichols and Sen. Charles Perry requesting that the department carefully consider the effect of the rules on counties. Sen. Don Huffines commented that the department should reexamine the processing and handling fee. Rep. Joe Pickett asked the department to look carefully at the percentage splits. Rep. Ken King commented that the rules will have adverse consequences for rural counties and expressed concern that the county would face reduced revenues and increased customer volumes. Rep. James White expressed support for the cost-saving efficiencies contained in the proposed rule, and asked the department to consider the impact of the fee changes on working class families. Rep. Dawnna Dukes expressed opposition to the proposed rules and asked the department to withdraw the proposed changes. Rep. Dukes commented that the rules shift duties to the counties without providing resources. The Travis County Legislative delegation commented that the rules as proposed increase costs for vehicle owners while providing less funding to perform titling and registration transactions.

The department received a letter from the Office of the Governor, Greg Abbott, urging the board to reduce the processing handling fee if possible.

The Travis County Commissioners Court opposes rule changes that will add to county administrative duties without providing necessary resources, and asks that the proposal be shelved. The Dallas County Commissioners Court and the Dallas County Tax Assessor-Collector (TAC), and the Ochiltree County Commissioners Court and the Ochiltree County TAC commented that they are opposed to the fee schedule, as it unfairly burdens walk-in customers with an increased fee burden, and reduces revenues to the counties. In addition, they oppose the shift in responsibilities for online registration renewals from the counties to the department, and oppose the removal of the requirement to replace license plates every seven years, raising concerns about

reflectivity and readability. Brazoria County Judge L.M. "Matt" Sebesta, Jr. opposed the rule changes as they would adversely affect the county's revenue stream, increase county costs and reduce local control. Samuel Neal Jr., Nueces County Judge opposed the rule in the current (proposed) form because of reduced revenues to the county. Keith Mitchell, Lamar County Commissioner expressed concern that the rules reduce the amount of local retained revenue.

The Texas Conference of Urban Counties (TCUC) expressed concern that the rules result in decreased county revenues. TCUC also opposed the fee schedule because it deprives counties of revenue from online transactions and requires counties to perform high-cost in person transactions for a fee that is below the actual average cost to counties as determined by the Texas Transportation Institute (TTI) study. TCUC contends that the rules violate Transportation Code, §502.1911(b)(2) because the fee is insufficient to cover the cost of providing vehicle registration services. The Texas Association of Counties (TAC) expressed concerns that the rules, as proposed, will cost counties significant revenue. The Tax Assessor-Collectors Association of Texas (TACA) opposed the proposed changes to §217.29 as lacking statutory authority to remove any part of the online renewal process from the office of the TAC. TACA also commented that there should be no reduction in the current fees received for processing any vehicle registration or renewal. David Brooks, on behalf of TACA, contends that the changes to §217.29 are not authorized by Transportation Code, §520.005(d), which states that "[e]ach county assessor-collector shall process a registration renewal through an online system designated by the department."

The Harris County Toll Authority supported the rule changes that require plate replacement when there is reduced plate readability or reflectivity. The 3M Company (3M) commented on the rules affecting license plate replacement, expressing concerns about declines in license plate reflectivity, readability and toll revenue. 3M also expressed concerns about the effect of the rule changes on red light cameras and registration revenue.

The department also received comments from the following group of full service deputies (the "Deputies") from Bexar and Travis Counties, represented by attorney Bill Aleshire: Auto Title Express; GM&N Auto Title Service; San Antonio Auto Title, Inc.; Tisdale LLC; Texas Auto Title; Texas Tag and Title; River City Auto Title; Auto Title Service; Auto Title Service of Oakhill; Fry Auto Title Service; and Universal Auto Title Service. The comments noted that the proposed fees were not sufficient for the Deputies to cover the expenses associated with titling and registration, and therefore violate Transportation Code, §502.1911(b)(2). The Deputies also oppose the prohibition on charges for certain transactions in proposed §217.184, such as temporary permits, which the FSDs have been charging for years. The Deputies also expressed concern that the TTI study was not independently conducted and contains understated, false and incomplete data regarding deputy costs. The Deputies also contend that §217.29 conflicts with Transportation Code, §520.005.

The department received comments opposed to the proposed rule from the following Tax Assessor-Collectors (TAC): Jeri D. Cox, Aransas County; Gwenda Tschirhart, Bandera County; Linda G. Bridge, Bee County; Sharon Long, Bell County; Albert Uresti, Bexar County; Ro'Vin Garrett, Brazoria County; Kristeen Roe, Brazos County; Christine Pentecost, Brown County; Jackie Moore, Carson County; Becky Watson Fant,

Cass County; Cathy C. Talcott, Comal County; John R. Ames, Dallas County; Michelle French, Denton County; Sandra Cagle, Eastland County; Ruben P. Gonzalez, El Paso County; Jennifer Schlicke-Carey, Erath County; Gail Young, Fannin County; Gaye Whitehead, Gray County; Bruce Stidham, Grayson County; Linda Cummings, Hansford County; Mike Sullivan, Harris County; Debra L. Ford, Hemphill County; Pablo (Paul) Villarreal Jr., Hidalgo County; Scott Porter, Johnson County; Mary Ann Lovelady, Jones County; Tonya Ratcliff, Kaufman County; Deborah A. Sevcik, Lavaca County; Ronnie Keister, Lubbock County; Karen M. Lane, Madison County; Randy H. Riggs, McLennan County; Karen Hood, Midland County; Tammy McRae, Montgomery County; Nikki McDonald, Moore County; Kim Morton, Nacogdoches County; Gail Smith, Navarro County; Kevin Kieschnick, Nueces County; Linda Womble, Ochiltree County; Linda Brown, Oldham County; Sherri Aylor, Potter County; Tonya Martin, Red River County; Ida Turner, Refugio County; Dalia Sanchez, San Patricio County; Gary B. Barber, Smith County; Darlene Chambers, Somervell County; Ron Wright, Tarrant County; Becky Robles, Tom Green County; Bruce Elfant, Travis County; Patrick L. Kubala, Wharton County; Deborah M. Hunt, Williamson County; and Monte S. Shaw, Wise County. The comments from the TACs contend that the proposed changes to §217.29 are not authorized or allowed by Transportation Code, §520.005, and that the rules reduce the amount of revenue counties receive from registration transactions by encouraging online renewals. The comments from the TACs also expressed concern about driver safety as a result of ending mandatory plate replacement at seven years, and that TACs were personally liable for dollars that are required to flow through their offices. Some TACs expressed a concern that walk-in customers are subject to a higher fee for vehicle registration.

The department also received comments from 46 individuals who submitted letters or e-mails. Most, but not all, of the individual commenters were opposed to the rule as proposed.

The department received resolutions in opposition adopted by the Commissioners Courts of Bee, Bexar, Brown, Castro, Collin, Denton, DeWitt, El Paso, Grayson, Jackson, Kaufman, Lamar, Lynn, Lubbock, Midland, Panola, San Patricio, and Sutton Counties. The resolutions opposed the rules because of a revenue loss to the counties, an increase in county costs and a loss of local control.

The department did not receive a request for a public hearing pursuant to Government Code, §2001.029(b).

GENERAL COMMENTS

Several of the individual commenters expressed opposition to the proposed rules in general, with some opposing the plan for its emphasis on increasing online registration renewal. Others opposed the "outsourcing" of vehicle registration with a private vendor, and moving registration processing from local county offices to Austin. Other comments opposed dedicating more funds to roads and bridges.

RESPONSE

The board is statutorily required by the Transportation Code, §502.1911 and §520.004 to adopt a processing and handling fee by rule, and to provide services that are reasonable, adequate and efficient. The department has determined that the process for renewing registrations online can be made more efficient by contracting with a private vendor for the fulfillment part of the

registration renewal process. Only part of the vehicle registration renewal process will be moved to Austin. Texas citizens will continue to visit in person or mail in their registrations to their local TACs, and TACs will retain authority to review and reject online transactions. The decision to dedicate additional funds to roads and bridges is not made by the department or board, but by the Texas Legislature.

COMMENTS TO SPECIFIC RULE SECTIONS

§217.29, Vehicle Registration Renewal via Internet

COMMENT

The Texas Association of Counties comments that the regulation is invalid because it conflicts with the Transportation Code. Many of the comments from individual TACs articulate an argument similar to the TACA comment, and the response covers those comments. More specifically, TACA argues that the changes to §217.29, which eliminate some of the duties of the TAC and transfer those duties to the department, conflict with Transportation Code, §520.005, which states that: "Each county assessor-collector shall process a registration renewal through an on-line system designated by the department." TACA also argues that the proposed rule is in conflict with Transportation Code, §502.040(b)(1), which states that an application for vehicle registration is made "through the county assessor-collector of the county in which the owner resides[.]"

RESPONSE

The department disagrees with the TACA comment. Transportation Code, §520.004 gives the department jurisdiction over vehicle registrations, and requires the department to provide by rule services that are "reasonable, adequate, and efficient." The proposed changes to §217.29 reflect the department's efforts to fulfill its statutory duty to provide reasonable, adequate and efficient registration renewal services. Both §520.005(d) and §502.040 use almost identical language when referring to the county's role in the registration of vehicles: - "process . . . through an on-line system" and "application must be . . . made in a manner prescribed by the department . . . through the county assessor-collector." There is no definition of the term "through" in either statutory section. The department, in light of its role in the efficient and orderly processing of registrations, and consistent with the Legislature's directives in HB 2202 (83rd RS, 2013), is creating a more efficient method of fulfilling the online transactions, which is only one aspect of the process of registration renewal, and includes printing, assembling and mailing renewal stickers. The department's interpretation of §520.005 and §502.040 is entitled to "serious consideration" by the courts of the state. *Railroad Comm'n v. Texas Citizens for a Safe Future & Clean Water*, 336 S.W.3d 619, 624 (Tex. 2011). If "there is an ambiguity in the governing framework, [a court] will generally uphold an agency's interpretation of an ambiguous statute that it is charged with enforcing provided that the construction is reasonable and 'in accord with the plain language of the statute.'" *Id.* at 625. The department has consistently maintained that the county tax assessor-collectors will have some part in "processing" the on-line transactions, whereas much of the work of fulfillment will be satisfied by the department. This is consistent with current applications for registration in International Registration Plan (IRP) registrations, token trailers, and forestry vehicles where the department has long performed the registration work and routed compensation for the entire registration plus the county portion to the county of registration in spite of the TAC performing no work on these registrations.

TACA also misreads the meaning and effect of Transportation Code, §520.005(d). That section requires a TAC to process a registration renewal through an online system designated by the department. Section 520.005(d) does not say "all registration renewals," but instead speaks of "a registration renewal" meaning a registration renewal received by the TAC. Section 520.005(d) does not require all aspects of registration renewals be processed by a TAC; it merely requires a TAC process those that it receives. Moreover, even if one interprets §520.005(d) as requiring TACs to process all registration renewals, payments for online registration renewals will be processed through each county TAC as they currently are processed. The proposed rule merely takes part of the registration renewal process and moves it from the TAC to the department, meeting the requirement of Transportation Code, §520.004 that the department provide efficient registration services.

The effect of TACA's argument is to interpret §520.005 as prohibiting the department from processing or approving vehicle registration renewals. Such an interpretation conflicts with several Transportation Code sections that clearly establish the department's lead role in processing and approving vehicle registration and registration renewal applications. For example, Transportation Code, §502.042 identifies the department, not a county tax assessor-collector, as the entity that "may not register or renew the registration of a motor vehicle" unless certain requirements are met. In addition, Transportation Code, §502.191 identifies the department and its employees, along with TACs, as being authorized to collect registration fees. TACA's statutory interpretation ignores other Transportation Code sections that give the department primary jurisdiction over vehicle registrations.

TACA also argues that the proposed changes to §217.29 conflict with Transportation Code, §502.040(b), which it argues requires a registration application be made "through" the county tax assessor-collector. This section of the Transportation Code applies to an initial registration application, and not to vehicle registration renewals, and therefore does not conflict with the proposed changes to §217.29, which only applies to vehicle registration renewals.

The department has made changes to the rule as proposed to clarify the timing and applicability of the shift in responsibilities as it relates to vehicle registration renewals.

Additional comments from several of the TACs emphasize that the county TAC is personally liable for every dollar that is required to flow through their office. The Hidalgo County TAC, Pablo (Paul) Villarreal, Jr., commented that county deputies must check an internal scofflaw database of individuals that have citations due to local municipalities, justice of the peace courts, and county and district courts.

In response to the comments relating to personal liability and scofflaw checks, the department has added language back to the county responsibilities section in §217.29 giving the counties the ability to reject applications that do not meet the requirements of Chapter 217 or Transportation Code, Chapter 502. The online registration renewal process will be designed to automatically put a system hold on an application to give TACs the opportunity to decline or reject a registration renewal transaction. Circumstances that may result in a TAC rejecting an application for renewal include the discovery of fees or other amounts owed to the county by the applicant (scofflaw). After the hold is released, the application will be automatically approved, and the remaining work of fulfilling the registration (printing the sticker, stuffing

the envelope and mailing) will be performed by the department at its expense.

§217.31, License Plate Reissuance Program

COMMENT

The 3M Company (3M) commented on the rules affecting license plate replacement, expressing concerns about declines in license plate reflectivity and readability, and the effect on law enforcement. 3M also expressed concerns about the effect of the rule changes on toll revenue, red light camera programs, and registration revenue. A commenter opposed extending license plate renewal beyond seven years. The Harris County Toll Road Authority expresses support for the proposed rules affecting license plate replacement, and asked that improvement be sought in license plate fonts.

RESPONSE

The elimination of mandatory plate replacement at seven years affects only a small percentage of Texas motorists, and the requirement that license plates be legible with proper reflectivity remains in effect. The department received no comments from law enforcement entities expressing concern with the rule as proposed. The changes to the plate replacement do not relieve a motorist of the requirement to comply with Transportation Code, §502.475.

§217.183, Fee Amount

COMMENT

State Sen. Don Huffines commented that the fee structure that encourages online registration was misguided and unwarranted. Sen. Huffines also expressed his concern that the department was burdening Texas drivers with increased fees, and should work within its existing budgeting capabilities.

RESPONSE

The board is required by Transportation Code, §502.1911 to set the processing and handling fee at a level sufficient to cover the costs associated with collecting registration fees. The department interprets the passage of HB 2202 by the 83rd Texas Legislature as a mandate to establish a processing and handling fee. The department will continue to eliminate redundancies, inefficiencies and misallocations consistent with Transportation Code, §520.004, which requires the department to provide efficient registration services.

COMMENT

State Rep. Ken King expressed concern that the additional fee would burden farmers and oil and gas companies.

RESPONSE

While the department acknowledges that the cost to renew registrations by mail and in-person will increase, the overall increase was mandated by HB 2202. The fee structure seeks to encourage all Texans to renew registrations online and pay less than they currently pay.

COMMENT

TCUC and other commenters contend that the proposed rules violate Transportation Code, §502.1911(b)(2), which directs the board to set the processing and handling fee in an amount that is sufficient to cover the expenses associated with collecting registration fees by the department, TACs, and deputies. TCUC argues that the department will be depriving counties of revenue

from online registrations, leaving counties with high-cost in-person transactions without the benefit of revenue from online registrations. TCUC contends that its member counties will all see annual revenue losses, and that the efficiencies the department offsets the revenue losses with are overstated.

RESPONSE

The department disagrees with the TCUC comment. The processing and handling fee, and the allocation to the TACs of a portion of that fee, are set at amounts that compensate the TACs for their expenses in collecting registration fees. Costs for collecting registration fees vary depending on the type of transaction and from county to county. In some cases, the fee allocation to a TAC may not entirely compensate the TAC for a specific transaction. However, when considering the variety of registration transactions covered by this rule, the department contends that the allocations fairly compensate the TACs for their work, comply with the requirement of Transportation Code, §502.1911(b)(2), and encourage the efficient processing of registration transactions at the county level, consistent with the department's statutory duty to provide for reasonable, adequate, and efficient registration and titling services, along with county standards for uniformity and service quality, in compliance with Transportation Code, §520.004(1) and (2). The TACs also receive revenue from transactions where they are not involved in processing an application or collecting a registration fee. Those transactions include International Registration Plan registrations under Transportation Code, §502.091, token trailer registrations under Transportation Code, §502.255, and commercial fleet registrations under Transportation Code, §502.0023. TACs will receive \$2.30 for those transactions even though the transaction is processed by the department. TACs also receive compensation for certain transactions that require a minimal amount of staff time, such as duplicate receipts, inquiry receipts, and replacement registration stickers. The TACs will also benefit from lower costs, including postage, from the elimination of mandatory plate replacement at seven years.

The TAC comments which contained arguments regarding reductions due to the rules did so in light of revenues, not based on the expenses associated with collecting registration fees by the county TACs. The department cannot extrapolate the county cost of performing registration services solely from a comparison of county revenue per transaction before and after the rule change. TACs will see a significant reduction in the amount of work performed for online transactions, and consequently, county costs will decrease. TACs will no longer be printing, assembling and mailing online renewal registrations, as that function will be completed by the department. The department calculated the reduced costs for TACs based on worker time in processing online renewals, combined with postage and envelope costs. The estimates for reduced costs are not understated, and represent real costs that will no longer be incurred by TACs.

COMMENT

The Office of Texas Governor Greg Abbott submitted a comment that urges the department to allocate any additional funding identified since the proposal to reduce the processing and handling fee paid by consumers.

RESPONSE

The department agrees with the comment from the Governor's Office. Setting the processing and handling fee at \$4.75 will minimize the financial impact of the fee on Texas drivers to the greatest extent possible, drive greater efficiency in the state's regis-

tration system, and provide sufficient funding for the department and TACs to cover the expenses associated with collecting the registration fees.

§217.185, Allocation of the Processing and Handling Fee

COMMENT

State Sen. Robert Nichols requested that the board carefully consider the full effect of the proposed rules on all Texas counties. State Sen. Charles Perry expressed concern about the impact of the proposed rule on local tax assessor-collectors and taxpayers. State Rep. Joseph Pickett asked that the board look carefully at the decrease in revenue to the counties and the allocation of the processing and handling fee. State Rep. Ken King expressed concern that the proposed rules will have an adverse effect on rural areas. State Rep. Dawnna Dukes expressed concern that the proposed rules shift administrative duties to the counties without providing necessary resources to fulfill county obligations.

The department received resolutions from several Texas counties, and comments from Texas county judges. The resolutions from the commissioner's courts of Bee, Brown, Castro, DeWitt, Donley, Jackson, Kaufman, Lamar, Lynn, Midland, Panola, San Patricio and Sutton counties state that the rules as proposed will decrease county revenues, increase county costs and reduce local control. Brazoria County Judge L.M. "Matt" Sebesta, Jr. submitted a comment similar to those counties listed above. The resolutions from the commissioner's courts of Collin, Denton, El Paso, Grayson and Lubbock counties state that the proposed rules will result in a revenue loss to counties. Nueces County Judge Samuel L. Neal, Jr. suggested that counties be allowed to voluntarily "opt-out" of turning over online registrations to the state. The Travis County Commissioners Court commented that the proposal will reduce county fee revenue and increase costs to county vehicle owners. The department also received comments from many TACs concerned about the loss of revenue to the counties from registration transactions. The Harris County TAC, Mike Sullivan, commented that the rules as proposed fail to sufficiently cover the expenses associated with collecting registration fees, as required by Transportation Code, §502.1911. The Harris County comments also contend that the amount of "cost savings" in the proposed rule is overestimated and leave the county with a revenue shortfall. The comments also question the results of the TTI study and contend that the study neglected to consider certain cost factors, such as an increase in average transaction time due to the implementation of "single-sticker," increased transaction time due to the October 2015 Registration and Title System (RTS) refactoring, overtime costs, and other factors. In addition, the comments question some of the assumptions that the department used in the fiscal note for the proposed rules, such as the yearly increase in registration transactions and the yearly increase in online registration renewals. The comments also contend that the allocation of \$.25 to the TACs for online registration renewals is not equitable or reflective of actual costs. Travis County TAC Bruce Elfant commented that the TTI study does not take into account the consequences of Two Steps One Sticker and National Motor Vehicle Title Information System (NMVTIS) compliance and that the department is not authorized to shift the responsibility for online registration renewals from the counties.

RESPONSE

The department agrees that the proposed rules will result in a loss of revenue to counties. The department disagrees that the

proposed rules will result in increased county costs. The proposed rules shift the responsibility for fulfilling internet vehicle registration renewals from counties to the department, resulting in decreased expenses for the counties, not increased costs. The department has also made changes to the rule as proposed to clarify the timing and applicability of the changes to fee allocation.

There is a limited effect on local control for internet registration renewals, and that is necessary to achieve efficiency in the processing of vehicle registrations, as required by Transportation Code, §520.004(2), which requires the department to provide reasonable, adequate and efficient registration and titling services. TACs will continue to administer in person and mail-in registration transactions, and will continue to have the authority to reject online registration renewals. In addition, revenue from online registration renewals will continue to flow through local TACs, not a private vendor. In response to Nueces County Judge Neal, the department disagrees with the comment, as allowing counties to "opt-out" of the proposed online renewal registration would reduce the projected efficiencies. In response to the Travis County Commissioners Court, the department notes that Travis County vehicle owners who renew their registrations online will pay less to renew their registrations.

The department disagrees with the comments from the Harris County TAC. The TTI study represents the most comprehensive compilation of costs incurred in processing registration transactions, and is an estimate. The department's assumption relating to yearly registration transaction volume and online transaction increases are based on statewide data, and it is entirely plausible that Harris County data will vary from the department's data. Regarding the allocation of \$.25 for online transactions, the department disagrees with the comment, as most of the TAC's responsibilities for these transactions are shifted to the department.

The department disagrees with the comments from the Travis County TAC. The department contends that TAC assistance with Two Steps One Sticker and NMVTIS compliance provides a great benefit to Texans in safety, efficiency and fraud prevention, and that the impact on TACs is overstated. The Two Steps One Sticker and NMVTIS programs are also mandated by law and cannot be affected by this rulemaking.

COMMENT

One commenter noted that the proposed rules are not clear as to whether they apply to vehicle registrations for commercial vehicles or vehicles registered under the International Registration Plan (IRP).

RESPONSE

The department agrees with the comment, and has made changes to §217.183 and §217.185 to clarify the applicability of the rules to commercial vehicles and those registered under the IRP.

SUBCHAPTER B. MOTOR VEHICLE REGISTRATION

43 TAC §§217.23, 217.24, 217.29, 217.32, 217.52, 217.53

STATUTORY AUTHORITY

The amendments are adopted under Transportation Code, §1002.001, which provides the board with the authority to adopt rules necessary and appropriate to implement the powers and the duties of the department under the Transportation Code;

Transportation Code, §501.0041, which provides the department may adopt rules to administer Chapter 501, Certificate of Title Act; Transportation Code, §502.0021, which provides the department may adopt rules to administer Transportation Code, Chapter 502, Registration of Vehicles; and more specifically, Transportation Code, §520.0071, which provides the board by rule shall prescribe the fees that may be charged or retained by deputies; Transportation Code, §502.1911, which authorizes the department to collect a fee to cover the expenses of collecting registration fees and that is in an amount sufficient to cover the expenses of collecting registration fees by the department, a county tax assessor-collector, a private entity with which a county tax assessor-collector contracts under Transportation Code, §502.197, or a deputy assessor-collector that is deputized in accordance with board rule under Transportation Code, §520.0071; and Transportation Code, §504.0011, which provides the department may adopt rules to implement and administer Chapter 504, License Plates.

CROSS REFERENCE TO STATUTE

Finance Code, §348.005 and §353.006; and Transportation Code, §§502.0023, 502.010, 502.011, 502.040, 502.042, 502.060, 502.091 - 502.095, 502.191, 502.1911, 502.197, 502.255, 502.356, 504.002, 504.007, and 520.0071.

§217.29. *Vehicle Registration Renewal via Internet.*

(a) Internet registration renewal program. The department will maintain a uniform Internet registration renewal process. This process will provide for the renewal of vehicle registrations via the Internet and will be in addition to vehicle registration procedures provided for in §217.28 of this title (relating to Vehicle Registration Renewal). The Internet registration renewal program will be facilitated by a third-party vendor.

(b) County participation in program. All county tax assessor-collectors shall process registration renewals through an online system designated by the department.

(c) Eligibility of individuals for participation. To be eligible to renew a vehicle's registration via the Internet, the vehicle owner must meet all criteria for registration renewal outlined in this subchapter and in Transportation Code, Chapter 502.

(d) Fees. This subsection applies to vehicle registrations expiring prior to January 1, 2017 that are submitted for renewal prior to July 1, 2017. A vehicle owner who renews registration via the Internet must pay:

- (1) registration fees prescribed by law;
- (2) any local fees or other fees prescribed by law and collected in conjunction with registering a vehicle;
- (3) a fee of \$1 for the processing of a registration renewal by mail in accordance with Transportation Code, §502.197(a); and
- (4) a convenience fee of \$2 for the processing of an electronic registration renewal paid by a credit card payment in accordance with Transportation Code, §1001.009.

(e) Information to be submitted by vehicle owner. A vehicle owner who renews registration via the Internet must submit or verify the following information:

- (1) registrant information, including the vehicle owner's name and county of residence;
- (2) vehicle information, including the license plate number of the vehicle to be registered;

(3) insurance information, including the name of the insurance company, the name of the insurance company's agent (if applicable), the telephone number of the insurance company or agent (local or toll free number serviced Monday through Friday 8:00 a.m. to 5:00 p.m.), the insurance policy number, and representation that the policy meets all applicable legal standards;

(4) credit card information, including the type of credit card, the name appearing on the credit card, the credit card number, and the expiration date; and

(5) other information prescribed by rule or statute.

(f) Duties of the county. For vehicle registrations that expire prior to January 1, 2017 that are submitted for renewal prior to July 1, 2017, a county tax assessor-collector shall:

(1) accept electronic payment for vehicle registration renewal via the Internet;

(2) execute an agreement with the department as provided by the director;

(3) process qualified Internet registration renewal transactions as submitted by the third-party vendor;

(4) communicate with the third-party vendor and applicants via email, regular mail, or other means, as specified by the director;

(5) promptly mail renewal registration validation stickers and license plates to applicants;

(6) ensure that all requirements for registration renewal are met, including all requirements set forth in this subchapter, and in Transportation Code, Chapter 502;

(7) reject applications that do not meet all requirements set forth in this chapter, and in Transportation Code, Chapter 502; and

(8) register each vehicle for a 12-month period.

(g) Duties of the county. For vehicle registrations that expire on or after January 1, 2017, and registrations that expired prior to January 1, 2017 that are submitted for renewal on or after July 1, 2017, a county tax assessor-collector shall:

(1) accept electronic payment for vehicle registration renewal via the Internet;

(2) execute an agreement with the department as provided by the director;

(3) process qualified Internet registration renewal transactions as submitted by the third-party vendor;

(4) communicate with the third-party vendor and applicants via email, regular mail, or other means, as specified by the director;

(5) reject applications that do not meet all requirements set forth in this chapter, and in Transportation Code, Chapter 502; and

(6) register each vehicle for a 12-month period.

(h) Duties of the department. For vehicle registrations that expire on or after January 1, 2017, and registrations that expired prior to January 1, 2017 that are submitted for renewal on or after July 1, 2017, the department shall promptly mail renewal registration validation stickers and license plates to applicants.

§217.52. Marketing of Specialty License Plates through a Private Vendor.

(a) Purpose and scope. The department will enter into a contract with a private vendor to market department-approved specialty license plates in accordance with Transportation Code, Chapter 504, Subchapter J. This section sets out the procedure for approval of the design, purchase, and replacement of vendor specialty license plates. In this section, the license plates marketed by the vendor are referred to as vendor specialty license plates.

(b) Application for approval of vendor specialty license plate designs.

(1) Approval required. The vendor shall obtain the approval of the Board for each license plate design the vendor proposes to market in accordance with this section and the contract entered into between the vendor and the department.

(2) Application. The vendor must submit a written application on a form approved by the executive director to the department for approval of each license plate design the vendor proposes to market. The application must include:

(A) a draft design of the specialty license plate;

(B) projected sales of the plate, including an explanation of how the projected figure was determined;

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

(D) a licensing agreement from the appropriate third party for any design or design element that is intellectual property; and

(E) other information necessary for the Board to reach a decision regarding approval of the requested vendor specialty plate.

(c) Review and approval process. The Board will review vendor specialty license plate applications. The Board:

(1) will not consider incomplete applications; and

(2) may request additional information from the vendor to reach a decision.

(d) Board decision.

(1) Decision. The decision of the Board will be based on:

(A) compliance with Transportation Code, Chapter 504, Subchapter J;

(B) the proposed license plate design, including:

(i) whether the design meets the legibility and reflectivity standards established by the department;

(ii) whether the design meets the standards established by the department for uniqueness to ensure that the proposed plate complies with Transportation Code, §504.852(c);

(iii) whether the license plate design can accommodate the International Symbol of Access (ISA) as required by Transportation Code, §504.201(f);

(iv) the criteria designated in §217.27 of this title (relating to Vehicle Registration Insignia) as applied to the design;

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

(vi) other information provided during the application process.

(2) Public comment on proposed design. All proposed plate designs will be considered by the Board as an agenda item at a regularly or specially called open meeting. Notice of consideration

of proposed plate designs will be posted in accordance with Office of the Secretary of State meeting notice requirements. Notice of each license plate design will be posted on the department's Internet web site to receive public comment at least 25 days in advance of the meeting at which it will be considered. The department will notify all specialty plate organizations and the sponsoring agencies who administer specialty license plates issued in accordance with Transportation Code, Chapter 504, Subchapter G, of the posting. A comment on the proposed design can be submitted in writing through the mechanism provided on the department's Internet web site 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.

(e) Final approval and specialty license plate issuance.

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

(2) Application not approved. If the application is not approved, the applicant may submit a new application and supporting documentation for the design to be considered again by the Board if:

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

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

(3) Issuance of approved specialty plates.

(A) If the vendor's specialty license plate is approved, the vendor must submit the non-refundable start-up fee before any further design and 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 of all specialty license plate designs and will provide guidance on the submitted draft design to ensure compliance with the format and license plate specifications.

(f) Redesign of vendor specialty license plates.

(1) On receipt of a written request from the vendor, the department will allow a redesign of a vendor specialty license plate.

(2) The vendor must pay the redesign administrative costs as provided in the contract between the vendor and the department.

(g) Multi-year vendor specialty license plates. Purchasers will have the option of purchasing vendor specialty license plates for a one-year, a three-year, or a five-year period.

(h) License plate categories and associated fees. The categories and the associated fees for vendor specialty plates are set out in this subsection.

(1) Custom license plates. Custom license plates include license plates with a variety of pre-approved background and character color combinations that may be personalized with either three alpha and two or three numeric characters or two or three numeric and three alpha characters. Generic license plates on standard white sheeting with the word "Texas" that may be personalized with up to six alphanumeric characters are considered custom license plates before December 2, 2010. The fees for issuance of Custom and Generic license plates are \$150 for one year, \$400 for three years, and \$450 for five years.

(2) T-Plates (Premium) license plates. T-Plates (Premium) license plates may be personalized with up to seven alphanumeric characters, including the "T," on colored backgrounds or designs approved by the department. The fees for issuance of T-Plates (Premium) li-

cence plates are \$150 for one year, \$400 for three years, and \$450 for five years.

(3) Luxury license plates. Luxury license plates may be personalized with up to six alphanumeric characters on colored backgrounds or designs approved by the department. The fees for issuance of luxury license plates are \$150 for one year, \$400 for three years, and \$450 for five years.

(4) Freedom license plates. Freedom license plates include license plates with a variety of pre-approved background and character color combinations that may be personalized with up to seven alphanumeric characters. The fees for issuance of freedom license plates are \$195 for one year, \$445 for three years, and \$495 for five years.

(5) Background only license plates. Background only license plates include non-personalized license plates with a variety of pre-approved background and character color combinations. The fees for issuance of background only license plates are \$50 for one year, \$130 for three years, and \$175 for five years.

(6) Vendor souvenir license plates. Vendor souvenir license plates are replicas of vendor specialty license plate designs that may be personalized with up to twenty-four alphanumeric characters. Vendor souvenir license plates are not street legal or legitimate insignias of vehicle registration. The fee for issuance of souvenir license plates is \$40.

(7) Auction of alphanumeric patterns. The vendor may auction alphanumeric patterns for one, three, or five year terms with options to renew indefinitely at the current price established for a one, three, or five year luxury category license plate. The purchaser of the auction pattern may select from the vendor background designs at no additional charge at the time of initial issuance. The auction pattern may be moved from one vendor design plate to another vendor design plate as provided in subsection (n)(1) of this section. The auction pattern may be transferred from owner to owner as provided in subsection (l)(2) of this section.

(8) Personalization and specialty plate fees.

(A) The fee for the personalization of license plates applied for prior to November 19, 2009 is \$40 if the plates are renewed annually.

(B) The personalization fee for plates applied for after November 19, 2009 is \$40 if the plates are issued pursuant to Transportation Code, Chapter 504, Subchapters G and I.

(C) If the plates are renewed annually, the personalization and specialty plate fees remain the same fee as at the time of issuance if a sponsor of a specialty license plate authorized under Transportation Code, Chapter 504, Subchapters G and I signs a contract with the vendor in accordance with Transportation Code, Chapter 504, Subchapter J.

(i) Payment of fees.

(1) Payment of specialty license plate fees. The fees for issuance of vendor specialty license plates will be paid directly to the state through vendor and state systems for the license plate category and period selected by the purchaser. A person who purchases a multi-year vendor specialty license plate must pay upon purchase the full fee which includes the renewal fees.

(2) Payment of statutory registration fees. To be valid for use on a motor vehicle, the license plate owner is required to pay, in addition to the vendor specialty license plate fees, any statutorily required registration fees in the amount as provided by Transportation Code, Chapter 502, and this subchapter.

(j) Refunds. Fees for vendor specialty license plate fees will not be refunded after an application is submitted to the vendor and the department has approved issuance of the license plate.

(k) Replacement.

(1) Application. An owner must apply directly to the county tax assessor-collector for the issuance of replacement vendor specialty license plates and must pay the fee described in paragraphs (2) or (3) of this subsection, whichever applies.

(2) Lost or mutilated vendor specialty license plates. To replace vendor specialty license plates that are lost or mutilated, the owner must pay the statutory replacement fee provided in Transportation Code, §504.007.

(3) Optional replacements. An owner of a vendor specialty license plate may replace vendor specialty license plates by submitting a request to the county tax assessor-collector accompanied by the payment of a \$6 fee.

(4) Interim replacement tags. If the vendor specialty license plates are lost or mutilated to such an extent that they are unusable, replacement license plates will need to be remanufactured. The county tax assessor-collector will issue interim replacement tags for use until the replacements are available. The owner's vendor specialty license plate number will be shown on the interim replacement tags.

(5) Stolen vendor specialty license plates. The county tax assessor-collector will not approve the issuance of replacement vendor specialty license plates with the same license plate number if the department's records indicate that the vehicle displaying that license plate number was reported stolen or the license plates themselves were reported stolen.

(l) Transfer of vendor specialty license plates.

(1) Transfer between vehicles. The owner of a vehicle with vendor specialty license plates may transfer the license plates between vehicles by filing an application through the county tax assessor-collector if the vehicle to which the plates are transferred:

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

(B) meets the vehicle classification requirements for that particular specialty license plate.

(2) Transfer between owners. Vendor specialty license plates may not be transferred between persons unless the license plate pattern was initially purchased through auction as provided in subsection (h)(7) of this section. An auctioned alphanumeric pattern may be transferred as a specialty license plate or as a virtual pattern to be manufactured on a new background as provided under the restyle option in subsection (n)(1) of this section. In addition to the fee paid at auction, the new owner of an auctioned alphanumeric pattern or plate will pay the department a fee of \$25 to cover the cost of the transfer, and complete the department's prescribed application at the time of transfer.

(m) Gift plates.

(1) A person may purchase plates as a gift for another person if the purchaser submits a statement that provides:

(A) the purchaser's name and address;

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

(C) the vehicle identification number of the vehicle on which the plates will be displayed or a statement that the plates will not be displayed on a vehicle.

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

(n) Restyled vendor specialty license plates. A person who has purchased a multi-year vendor specialty license plate may request a restyled license plate at any time during the term of the plate.

(1) For the purposes of this subsection, "restyled license plate" is a vendor specialty license plate that has a different style from the originally purchased vendor specialty license plate but:

(A) is within the same price category, except if the pattern is an auction pattern; and

(B) has the same alpha-numeric characters and expiration date as the previously issued multi-year license plates.

(2) The fee for each restyled license plate is \$50.

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

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For further information, please call: (512) 465-5665



43 TAC §217.31

STATUTORY AUTHORITY

The repeal is adopted under Transportation Code, §1002.001, which provides the board with the authority to adopt rules necessary and appropriate to implement the powers and the duties of the department under the Transportation Code; Transportation Code, §501.0041, which provides the department may adopt rules to administer Chapter 501, Certificate of Title Act; Transportation Code, §502.0021, which provides the department may adopt rules to administer Transportation Code, Chapter 502, Registration of Vehicles; and more specifically, Transportation Code, §520.0071, which provides the board by rule shall prescribe the fees that may be charged or retained by deputies; Transportation Code, §502.1911, which authorizes the department to collect a fee to cover the expenses of collecting registration fees and that is in an amount sufficient to cover the expenses of collecting registration fees by the department, a county tax assessor-collector, a private entity with which a county tax assessor-collector contracts under Transportation Code, §502.197, or a deputy assessor-collector that is deputized in accordance with board rule under Transportation Code, §520.0071; and Transportation Code, §504.0011, which provides the department may adopt rules to implement and administer Chapter 504, License Plates.

CROSS REFERENCE TO STATUTE

Finance Code, §348.005 and §353.006; and Transportation Code, §§502.0023, 502.010, 502.011, 502.040, 502.042, 502.060, 502.091-502.095, 502.191, 502.1911, 502.197, 502.255, 502.356, 504.002, 504.007, and 520.0071.

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

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SUBCHAPTER C. REGISTRATION AND TITLE SYSTEM

43 TAC §217.72

STATUTORY AUTHORITY

The amendments are adopted under Transportation Code, §1002.001, which provides the board with the authority to adopt rules necessary and appropriate to implement the powers and the duties of the department under the Transportation Code; Transportation Code, §501.0041, which provides the department may adopt rules to administer Chapter 501, Certificate of Title Act; Transportation Code, §502.0021, which provides the department may adopt rules to administer Transportation Code, Chapter 502, Registration of Vehicles; and more specifically, Transportation Code, §520.0071, which provides the board by rule shall prescribe the fees that may be charged or retained by deputies; Transportation Code, §502.1911, which authorizes the department to collect a fee to cover the expenses of collecting registration fees and that is in an amount sufficient to cover the expenses of collecting registration fees by the department, a county tax assessor-collector, a private entity with which a county tax assessor-collector contracts under Transportation Code, §502.197, or a deputy assessor-collector that is deputized in accordance with board rule under Transportation Code, §520.0071; and Transportation Code, §504.0011, which provides the department may adopt rules to implement and administer Chapter 504, License Plates.

CROSS REFERENCE TO STATUTE

Finance Code, §348.005 and §353.006; and Transportation Code, §§502.0023, 502.010, 502.011, 502.040, 502.042, 502.060, 502.091-502.095, 502.191, 502.1911, 502.197, 502.255, 502.356, 504.002, 504.007, and 520.0071.

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SUBCHAPTER I. FEES

43 TAC §§217.181 - 217.185

STATUTORY AUTHORITY

The new subchapter is adopted under Transportation Code, §1002.001, which provides the board with the authority to adopt rules necessary and appropriate to implement the powers and the duties of the department under the Transportation Code; Transportation Code, §501.0041, which provides the department may adopt rules to administer Chapter 501, Certificate of Title Act; Transportation Code, §502.0021, which provides the department may adopt rules to administer Transportation Code, Chapter 502, Registration of Vehicles; and more specifically, Transportation Code, §520.0071, which provides the board by rule shall prescribe the fees that may be charged or retained by deputies; Transportation Code, §502.1911, which authorizes the department to collect a fee to cover the expenses of collecting registration fees and that is in an amount sufficient to cover the expenses of collecting registration fees by the department, a county tax assessor-collector, a private entity with which a county tax assessor-collector contracts under Transportation Code, §502.197, or a deputy assessor-collector that is deputized in accordance with board rule under Transportation Code, §520.0071; and Transportation Code, §504.0011, which provides the department may adopt rules to implement and administer Chapter 504, License Plates.

CROSS REFERENCE TO STATUTE

Finance Code, §348.005 and §353.006; and Transportation Code, §§502.0023, 502.010, 502.011, 502.040, 502.042, 502.060, 502.091 - 502.095, 502.191, 502.1911, 502.197, 502.255, 502.356, 504.002, 504.007, and 520.0071.

§217.183. *Fee Amount.*

Except as limited by §217.184 of this title (relating to Exclusions), a processing and handling fee in the amount of \$4.75 shall be collected with each registration transaction processed by the department, the county tax assessor-collector, or a deputy appointed by the county tax assessor-collector. For registrations processed through the TxIRP system, the applicant shall pay any applicable service charge. If a transaction includes both registration and issuance of a license plate or specialty plate, the processing and handling fee shall be collected on the registration transaction only.

§217.184. *Exclusions.*

The following transactions are exempt from the processing and handling fee established by §217.183 of this title (relating to Fee Amount), but are subject to any applicable service charge set pursuant to Government Code, §2054.2591, Fees. The processing and handling fee may not be assessed or collected on the following transactions:

- (1) a replacement registration sticker under Transportation Code, §502.060;
- (2) a registration transfer under Transportation Code, §502.192;
- (3) an exempt registration under Transportation Code, §502.451;
- (4) a vehicle transit permit under Transportation Code, §502.492;
- (5) a replacement license plate under Transportation Code, §504.007;

(6) a registration correction receipt, duplicate receipt, or inquiry receipt;

(7) an inspection fee receipt; or

(8) an exchange of license plate for which no registration fees are collected.

§217.185. Allocation of Processing and Handling Fee.

(a) For registrations that expire on or after January 1, 2017 and registrations that expired prior to January 1, 2017 that are submitted for renewal on or after July 1, 2017, except as provided in subsection (b) of this section, the fee amount established in §217.183 of this title (relating to Fee Amount) shall be allocated as follows:

(1) If the registration transaction was processed in person at the office of the county tax assessor-collector:

(A) the county tax assessor-collector may retain \$2.30; and

(B) the remaining amount shall be remitted to the department.

(2) If the registration transaction was mailed to office of the county tax assessor-collector:

(A) the county tax assessor-collector may retain \$2.30; and

(B) the remaining amount shall be remitted to the department.

(3) If the registration transaction was processed through the department or the TxIRP system or is a registration processed under Transportation Code, §§502.0023, 502.091, or 502.255; or §217.46(b)(5) or (d)(1)(B)(i) of this title (relating to Commercial Vehicle Registration):

(A) \$2.30 will be remitted to the county tax assessor-collector; and

(B) the remaining amount shall be retained by the department.

(4) If the registration transaction was processed through the department's online registration portal, the fee established in §217.183 is discounted by \$1:

(A) Texas Online receives the amount set pursuant to Government Code, §2054.2591, Fees;

(B) the county tax assessor-collector may retain \$.25; and

(C) the remaining amount shall be remitted to the department.

(5) If the registration transaction was processed by a deputy appointed by the county tax assessor-collector in accordance with Subchapter H of this chapter (relating to Deputies):

(A) the deputy may retain:

(i) the amount specified in §217.168(c) of this title (relating to Deputy Fee Amounts). The deputy must remit the remainder of the processing and handling fee to the county tax assessor-collector; and

(ii) the convenience fee established in §217.168, if the registration transaction is processed by a full service deputy;

(B) the county tax assessor-collector may retain \$1.30; and

(C) the county tax assessor-collector must remit the remaining amount to the department.

(b) For transactions under Transportation Code, §§502.092-502.095, the entity receiving the application and processing the transaction collects and retains the entire processing and handling fee established in §217.183. A full service deputy processing a temporary permit transaction may not charge a convenience fee for that transaction.

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

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SUBCHAPTER H. DEPUTIES

43 TAC §§217.161 - 217.164, 217.166 - 217.168

The Texas Department of Motor Vehicles (department) adopts amendments to §217.161, Deputies. The department also adopts new sections §217.162, Definitions; §217.163, Full Service Deputies; §217.164, Limited Service Deputies; §217.166, Dealer Deputies; §217.167, Bonding Requirements; and §217.168, Deputy Fee Amounts. The amendments to §217.161 and §217.164 are adopted without changes to the proposed text as published in the April 22, 2016, issue of the *Texas Register* (41 TexReg 2930) and will not be republished. New §§217.162, 217.163, and 217.166 - 217.168 are adopted with changes to the proposed text and will be republished. The proposal included new §217.165, Inspection Deputies. However, as further detailed below, the department withdraws this section.

Changes in the new sections respond to public comments and/or reflect nonsubstantive variations from the proposed new sections.

EXPLANATION OF ADOPTED AMENDMENTS AND NEW SECTIONS

House Bill 2202 and House Bill 2741, 83rd Legislature, Regular Session, 2013, added Transportation Code, §520.0071 and repealed Transportation Code, §§520.008, 520.009, 520.0091, and 520.0092. As a result, the legislature directed the department to prescribe rules governing deputies performing titling and registration duties. The legislation authorized deputies to continue to perform services under §§520.008, 520.009, 520.0091, and 520.0092 until the effective date of the rules adopted by the board of the Texas Department of Motor Vehicles (board) regarding the types of deputies authorized to perform titling and registration duties under §520.0071. The amendments and new sections implement the legislative directive of House Bills 2202 and 2741.

As required by Transportation Code, §520.0071, the amendments and new sections establish the classification types of deputies performing titling and registration duties, the duties and obligations of deputies, the type and amount of any bonds that