

1-1 By: Isett, Pickett, Harper-Brown H.B. No. 300
1-2 (Senate Sponsor - Hegar)
1-3 (In the Senate - Received from the House May 12, 2009;
1-4 May 12, 2009, read first time and referred to Committee on
1-5 Transportation and Homeland Security; May 23, 2009, reported
1-6 adversely, with favorable Committee Substitute by the following
1-7 vote: Yeas 9, Nays 0; May 23, 2009, sent to printer.)

1-8 COMMITTEE SUBSTITUTE FOR H.B. No. 300 By: Carona

1-9 A BILL TO BE ENTITLED
1-10 AN ACT

1-11 relating to the continuation and functions of the Texas Department
1-12 of Transportation, including the transfer of certain functions to
1-13 the Texas Department of Motor Vehicles and the Texas Department of
1-14 Licensing and Regulation; providing penalties.

1-15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-16 ARTICLE 1. GENERAL COMMISSION AND DEPARTMENT PROVISIONS

1-17 SECTION 1.01. Sections 201.051(a), (f), (g), and (j),
1-18 Transportation Code, are amended to read as follows:

1-19 (a) The Texas Transportation Commission consists of five
1-20 members appointed by the governor with the advice and consent of the
1-21 senate. If the governor does not appoint the commissioners before
1-22 February 28 of an odd-numbered year, the lieutenant governor shall
1-23 appoint the commissioners. A commissioner appointed by the
1-24 lieutenant governor is not subject to confirmation by the senate.

1-25 (f) An officer, employee, or paid consultant of a Texas
1-26 trade association in the field of road construction or maintenance,
1-27 aviation, or outdoor advertising is not eligible for appointment as
1-28 [or a Texas trade association of automobile dealers may not be] a
1-29 member of the commission.

1-30 (g) The spouse of an officer, manager, or paid consultant of
1-31 a Texas trade association in the field of road construction or
1-32 maintenance, aviation, or outdoor advertising is not eligible for
1-33 appointment as [or a Texas association of automobile dealers may
1-34 not be] a member of the commission.

1-35 (j) In this section, "Texas trade association" means a
1-36 [nonprofit,] cooperative[, and voluntarily joined statewide
1-37 association of business or professional competitors in this state
1-38 designed to assist its members and its industry or profession in
1-39 dealing with mutual business or professional problems and in
1-40 promoting their common interest.

1-41 SECTION 1.02. Section 201.052, Transportation Code, is
1-42 amended to read as follows:

1-43 Sec. 201.052. TERMS. Members of the commission serve
1-44 two-year [staggered six-year] terms[, with the terms of either one
1-45 or two members] expiring February 1 of each odd-numbered year.

1-46 SECTION 1.03. Section 201.054, Transportation Code, is
1-47 amended to read as follows:

1-48 Sec. 201.054. COMMISSION MEETINGS. (a) The commission
1-49 shall hold regular meetings at least once a month and special
1-50 meetings at the call of the chair. Commissioners shall attend the
1-51 meetings of the commission. The chair shall oversee the
1-52 preparation of an agenda for each meeting and ensure that a copy is
1-53 provided to each commissioner at least seven days before the
1-54 meeting.

1-55 (b) The commission shall make a sound and video recording of
1-56 each regular and called meeting of the commission and of any
1-57 workshop conducted by the commission. Not later than 24 hours after
1-58 a meeting or workshop of the commission is adjourned, the
1-59 department shall post the sound and video recording of the meeting
1-60 or workshop on the department's Internet website.

1-61 SECTION 1.04. Subchapter B, Chapter 201, Transportation
1-62 Code, is amended by adding Section 201.060 to read as follows:

1-63 Sec. 201.060. ASSISTANTS TO COMMISSIONERS. An assistant to

a commissioner is required to report only to that commissioner. An assistant to a commissioner may not be required to report to the director.

SECTION 1.05. Subchapter C, Chapter 201, Transportation Code, is amended by adding Sections 201.117 and 201.118 to read as follows:

Sec. 201.117. TECHNOLOGICAL SOLUTIONS. The commission shall implement a policy requiring the department to use appropriate technological solutions to improve the department's ability to perform its functions. The policy must ensure that the public is able to interact with the department on the Internet.

Sec. 201.118. NEGOTIATED RULEMAKING; ALTERNATIVE DISPUTE RESOLUTION PROCEDURES. (a) The commission shall develop and implement a policy to encourage the use of:

(1) negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of department rules; and

(2) appropriate alternative dispute resolution procedures under Chapter 2009, Government Code, to assist in the resolution of internal and external disputes under the department's jurisdiction.

(b) The department's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.

(c) The commission shall designate a trained person to:

(1) coordinate the implementation of the policy adopted under Subsection (a);

(2) serve as a resource for any training needed to implement the procedures for negotiated rulemaking or alternative dispute resolution; and

(3) collect data concerning the effectiveness of those procedures, as implemented by the department.

SECTION 1.06. Subchapter C, Chapter 201, Transportation Code, is amended by adding Section 201.119 to read as follows:

Sec. 201.119. ADVISORY COMMITTEES. (a) The commission may establish, as it considers necessary, advisory committees on any of the matters under its jurisdiction.

(b) The commission shall determine the purpose, duties, and membership of each advisory committee.

SECTION 1.07. Sections 201.202(a) and (c), Transportation Code, are amended to read as follows:

(a) The commission shall organize the department into divisions to accomplish the department's functions and the duties assigned to it, including divisions for:

- (1) aviation;
- (2) highways and roads;
- (3) public transportation; and
- (4) rail [~~motor vehicle titles and registration~~].

(c) ~~A [In appointing a] person designated by the commission as the department's chief financial officer must report directly to the commission [to supervise a function previously performed by the former State Department of Highways and Public Transportation, Texas Department of Aviation, or Texas Turnpike Authority, preference shall be given to a person employed in a similar position in that former agency].~~

SECTION 1.08. Section 201.204, Transportation Code, is amended to read as follows:

Sec. 201.204. SUNSET PROVISION. The Texas Department of Transportation is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the department is abolished September 1, 2013 [~~2009~~].

SECTION 1.09. Subchapter D, Chapter 201, Transportation Code, is amended by adding Sections 201.210, 201.211, 201.212, and 201.213 to read as follows:

Sec. 201.210. COMPLIANCE CERTIFICATION. (a) Not later than September 1 of each year, the director and the department's chief financial officer shall each certify in writing that the director or the officer, as applicable:

(1) is responsible for establishing and maintaining the department's internal controls;

(2) has evaluated the effectiveness of the department's internal controls;

(3) has presented conclusions about the effectiveness of the department's internal controls and applicable reporting requirements; and

(4) has effectively complied with all applicable legislative mandates.

(b) The director and the department's chief financial officer shall submit the certifications required by Subsection (a) to the governor, the lieutenant governor, the speaker of the house of representatives, the chair of the standing committee of each house of the legislature with primary jurisdiction over transportation matters, and the Transportation Legislative Oversight Committee created under Section 201.625.

(c) The Transportation Legislative Oversight Committee shall recommend to the 82nd Legislature appropriate penalties for failure to submit the certifications required by Subsection (a).

Sec. 201.211. LEGISLATIVE LOBBYING. (a) In addition to Section 556.006, Government Code, a member of the commission, the director, or a department employee may not use money under the department's control or state resources to engage in an activity to influence the passage or defeat of legislation, except as provided by Subsection (c).

(b) Violation of Subsection (a) is grounds for dismissal of an employee who directs or carries out the violation.

(c) This section does not prohibit a member of the commission, the director, or a department employee from using state resources to:

(1) provide public information or information responsive to a request;

(2) communicate with officers and employees of the federal government in pursuit of federal appropriations; or

(3) influence the passage or defeat of federal legislation or regulation.

Sec. 201.212. ETHICS AFFIRMATION AND HOTLINE. (a) Each department employee shall annually affirm the employee's commitment to adhere to the ethics policy adopted under Section 572.051(c), Government Code.

(b) The department shall establish and operate a dedicated telephone line that enables a person to call the number, anonymously or not anonymously, to report alleged fraud, waste, or abuse or an alleged violation of the ethics policy adopted under Section 572.051(c), Government Code.

Sec. 201.213. LEGISLATIVE APPROPRIATIONS REQUEST. Department staff shall deliver the department's legislative appropriations request to the commission in an open meeting not later than the 30th day before the commission adopts the legislative appropriations request for submission to the Legislative Budget Board.

SECTION 1.10. (a) Subchapter D, Chapter 201, Transportation Code, is amended by adding Section 201.214 to read as follows:

Sec. 201.214. ENVIRONMENTAL CERTIFICATION. (a) So as to improve environmental accountability in the department, the department shall establish a certification process for environmental specialists. A person who successfully completes the certification process may:

(1) perform analyses and reviews of environmental reports and documents; and

(2) approve environmental reports and documents.

(b) The certification process must establish minimum levels of training, including continuing education. A person certified by the department must successfully complete continuing education on a regular basis and be recertified each year.

(b) Not later than March 31, 2010, the Texas Department of Transportation shall establish the certification process under Section 201.214, Transportation Code, as added by Subsection (a) of

4-1 this section.

4-2 (c) Not later than September 30, 2010, each employee of the
4-3 Texas Department of Transportation whose job includes working on
4-4 the development of environmental reports and documents must have
4-5 successfully completed the certification process under Section
4-6 201.214, Transportation Code, as added by Subsection (a) of this
4-7 section.

4-8 SECTION 1.11. Section 201.301(a), Transportation Code, is
4-9 amended to read as follows:

4-10 (a) The commission shall elect an executive director for the
4-11 department. The director must be ~~[a registered professional~~
4-12 ~~engineer in this state and]~~ experienced and skilled in
4-13 transportation planning, development, construction, and
4-14 maintenance.

4-15 SECTION 1.12. Section 201.404(b), Transportation Code, is
4-16 amended to read as follows:

4-17 (b) The director or the director's designee shall develop a
4-18 system of annual performance evaluations that are based on
4-19 documented employee performance. All merit pay for department
4-20 employees must be based on the system established under this
4-21 subsection. If an annual performance evaluation indicates that an
4-22 employee's performance is unsatisfactory, the director or the
4-23 person designated by the director shall consider whether the
4-24 employee should be terminated. The annual performance evaluations
4-25 developed under this subsection must include the evaluation of an
4-26 employee's:

4-27 (1) professionalism;
4-28 (2) diligence; and
4-29 (3) responsiveness to directives and requests from the
4-30 director and the legislature.

4-31 SECTION 1.13. Section 201.703, Transportation Code, is
4-32 amended to read as follows:

4-33 Sec. 201.703. EXPENDITURES AND CONTRACTS FOR
4-34 TRANSPORTATION PROJECT OR PROGRAM ~~[ROADS]~~ NOT ON ~~[THE]~~ HIGHWAY
4-35 SYSTEM. (a) The department in conjunction with the Federal Highway
4-36 Administration may spend for a transportation program or for the
4-37 improvement of a transportation project ~~[road]~~ not on ~~[in]~~ the
4-38 state highway system money appropriated by the United States
4-39 Congress, ~~[and]~~ allocated by the United States secretary of
4-40 transportation to the department, and eligible under federal law
4-41 for expenditure on the project or program ~~[road]~~. That federal
4-42 money may be matched or supplemented by an amount of state money
4-43 necessary for proper construction and performance of the work.

4-44 (b) State money may not be used exclusively for the
4-45 construction of a road not on ~~[in]~~ the state highway system.

4-46 (c) The expenditure of state money is limited to the cost of
4-47 construction and engineering, overhead, and other costs on which
4-48 the application of federal money is prohibited or impractical and
4-49 to the cost of providing federally required oversight.

4-50 (d) The department may:

4-51 (1) contract for work involving a road that is not on
4-52 the state highway system under this section in accordance with the
4-53 law that would apply to the department if the work were on the state
4-54 highway system; or

4-55 (2) authorize a local government to contract for the
4-56 work in accordance with commission rule or with the law that would
4-57 apply to the local government for a comparable project.

4-58 SECTION 1.14. Section 202.021, Transportation Code, is
4-59 amended by amending Subsection (e) and adding Subsection (e-1) to
4-60 read as follows:

4-61 (e) The commission may waive payment for real property
4-62 transferred to a governmental entity under this section if:

4-63 (1) the estimated cost of future maintenance on the
4-64 property equals or exceeds the fair value of the property; or

4-65 (2) the property is a highway right-of-way and the
4-66 governmental entity assumes or has assumed jurisdiction, control,
4-67 and maintenance of the right-of-way for public road purposes.

4-68 (e-1) If property described by Subsection (e)(2) ceases to
4-69 be used for public road purposes, the real property rights

transferred under this section terminate and automatically revert to and vest in this state.

SECTION 1.15. Section 203.031, Transportation Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) In the exercise of its authority to manage access to or from a controlled access highway under Subsection (a)(2) or (4), the commission by rule shall:

(1) require that a decision by a department district office denying a request for access to a specific location on a controlled access highway be in writing and include the reasons for the denial;

(2) provide procedures for appealing a denial under Subdivision (1), including procedures that:

(A) allow the applicant to appeal the denial to the department's design division before the 31st day after the date written notice of the denial is given to the applicant;

(B) provide that if an appeal under Paragraph (A) is not decided before the 91st day after the date the appeal was filed, the access applied for must be granted; and

(C) allow the applicant to appeal the decision of the design division to the director and, if the decision is affirmed, to a board of variance appointed by the director and composed of at least three persons who may not be below the level of department division director, office director, or district engineer and who were not involved in the original decision to deny access;

(3) provide that properly platted access points to or from a controlled access highway that are located on undeveloped property are subject to the access management standards in effect at the time the points were platted regardless of when the initial request for access was submitted to the department, but only if:

(A) development of the property begins and the request for access at the platted locations is submitted to the department before the fifth anniversary of the date the plat was recorded; and

(B) the design of the highway facility in the vicinity of the platted access points did not materially change after the date the plat was recorded so as to significantly impact traffic patterns to the extent that the platted access points present a threat to public safety;

(4) require that:

(A) owners of land adjacent to a proposed highway construction project be provided written notice of the project at least 60 days before the date construction begins if the project will permanently alter permitted access to or from a controlled access highway at the owners' existing locations; and

(B) the access described by Paragraph (A) be reinstated to the most practicable extent possible after due consideration of the impact on highway safety, mobility, and efficient operation of any changed traffic patterns resulting from the construction;

(5) adopt criteria for determining when a variance to access management standards may be granted, including criteria that, in addition to highway safety, mobility, and efficient operation concerns, takes into consideration any of the following consequences resulting from denial of the owner's request for access to a specific location on a controlled access highway that may impact a property owner:

(A) denial of reasonable access to the property; and

(B) undue hardship on a business located on the property; and

(6) clarify that the remodeling or demolition and rebuilding of a business does not cause new access management standards to apply unless the department makes an affirmative finding in writing that the remodeled or rebuilt business will significantly impact traffic patterns to the extent that the current access location presents a threat to public safety.

SECTION 1.16. Subchapter C, Chapter 202, Transportation

Code, is amended by adding Section 202.061 to read as follows:

Sec. 202.061. ENVIRONMENTAL COVENANT. (a) The commission may enter into an environmental covenant for the purpose of subjecting real property in which the department has an ownership interest to a plan or the performance of work for environmental remediation if the plan or work performed is first approved by the Texas Commission on Environmental Quality or a federal agency with the authority to approve the plan or work under the applicable laws and regulations.

(b) The environmental covenant must:

(1) contain a legally sufficient description of the property subject to the covenant;

(2) describe the nature of the contamination on or under the property, including the contaminants, the source, if known, and the location and extent of the contamination; and

(3) describe the activity and use limitations on the property.

(c) The plan or performance of work for environmental remediation must:

(1) meet applicable state and federal standards for environmental remediation; and

(2) bring the property into compliance with zoning or land use controls imposed on the property by each applicable local government.

(d) For each property for which the commission may enter into an environmental covenant, the commission by order may authorize the executive director to execute an environmental covenant on behalf of the commission. Not less than 30 days before the date the commission considers a proposed order under this subsection, the commission must mail to each owner of a property interest in the applicable property, each adjacent landowner, and each applicable local government a notice that includes a clear and concise description of the proposal to enter into the environmental covenant and a statement of the manner in which written comments may be submitted to the commission.

SECTION 1.17. Subchapter H, Chapter 201, Transportation Code, is amended by adding Section 201.625 to read as follows:

Sec. 201.625. TRANSPORTATION LEGISLATIVE OVERSIGHT COMMITTEE. (a) In this section, "committee" means the Transportation Legislative Oversight Committee.

(b) The committee is composed of the following members:

(1) the chair and all members of the Senate Committee on Transportation and Homeland Security;

(2) the chair and all members of the House Committee on Transportation;

(3) the chair of the Senate Committee on Finance; and

(4) the chair of the House Committee on Appropriations.

(c) The chair of the Senate Committee on Transportation and Homeland Security and the chair of the House Committee on Transportation serve as the presiding officer of the committee on an alternating basis, with the chair of the Senate Committee on Transportation and Homeland Security serving as the first chair of the committee. The presiding officer of the committee serves a two-year term that expires February 1 of each odd-numbered year.

(d) The committee has all other powers and duties provided to a special committee by:

(1) Subchapter B, Chapter 301, Government Code;

(2) the rules of the senate and the house of representatives; and

(3) policies of the senate and house committees on administration.

(e) The committee shall meet at least quarterly and at the call of the presiding officer.

(f) The committee shall monitor the following:

(1) implementation of the changes in law made as a result of the sunset review process;

(2) the progress made in transference of powers, duties, and property from the Texas Department of Transportation to

the Texas Department of Motor Vehicles;

(3) any proposed changes in the organization or structure of the department;

(4) significant transportation policy initiatives at both the state and federal levels;

(5) major projects of the department;

(6) the financial issues facing the department, including the amounts and usage of dedicated and non-dedicated state highway funds, the impacts of various bond programs, the short-term and long-term cash forecast of the department, possible revenue sources for the rail relocation and improvement fund, and additional revenue sources for the Texas Mobility Fund; and

(7) reports on any subject requested by the committee or determined by the department to be beneficial to the committee.

(g) The committee shall require the department to provide reports to the committee as necessary to effectively perform the committee's duties under Subsection (f).

(h) When the department files a quarterly financial statement required by Section 201.107(a) with the governor, the department shall provide a copy of that statement to the committee.

(i) Notwithstanding any other provision of this chapter, the committee may not recommend specific projects or recommend funding for specific projects at the department.

(j) The department shall enter into an interagency agreement with the legislature, a chamber of the legislature, or a legislative agency to provide funding to support the operation of the committee from available amounts appropriated to the department. The amount provided by the department for a state fiscal biennium may not exceed \$1 million.

(k) This section expires August 31, 2013.

SECTION 1.18. Subchapter B, Chapter 223, Transportation Code, is amended by adding Section 223.0411 to read as follows:

Sec. 223.0411. REPORT. (a) Not later than December 31, 2009, the comptroller shall submit a report to the governor, the Transportation Legislative Oversight Committee, and the Legislative Budget Board as provided by this section. In developing the report, the comptroller shall collaborate with:

- (1) the department;
- (2) the Texas Board of Professional Engineers;
- (3) the Association of General Contractors; and
- (4) the Consultant Engineer Council.

(b) The report must include:

(1) the number of licensed professional engineers and graduate engineers employed by the department in each of the previous five state fiscal years aggregated by work function and by strategy;

(2) the dollar amount of highway and bridge projects awarded by the department in each of the previous five state fiscal years;

(3) the cost, including all direct and indirect costs, aggregated by type of project per \$100 million, of highway and bridge projects awarded by the department in each of the previous five state fiscal years, including the percentage of those projects for which activities were conducted by:

- (A) department personnel;
- (B) private sector personnel; and
- (C) both department personnel and private sector personnel;

(4) an analysis of the dollar volume impact to the department's highway and bridge construction and maintenance program per \$100 million of projects awarded for each one percent increase in production by private sector personnel offset by a reduction in the activities of department personnel, considering the cost to perform activities described by Subdivision (3);

(5) a recommended plan for staffing and usage of department and private sector personnel in the planning of department highway and bridge projects for the next 10-year period based on projected funding for the department;

(6) an attrition plan to achieve the department

staffing levels recommended in the plan under Subdivision (5) before January 1, 2013, if those recommended levels are lower than the corresponding staffing levels on September 1, 2009; and

(7) a detailed description as to how the results of the report will be incorporated in the department's ongoing restructuring efforts.

(c) The cost analysis required by Subsection (b)(3) shall be conducted by an independent contract cost accounting firm that is knowledgeable of governmental and private sector accounting practices.

(d) The department may not hire a new employee to fill a vacancy in a position paid out of funds appropriated to the department for the planning, design, and management of transportation projects in the General Appropriations Act (Strategy A.1.1., or its successor) until:

(1) the comptroller submits the report required by this section; and

(2) the Legislative Budget Board approves the recommendations contained in the report.

(e) This section expires September 1, 2011.

SECTION 1.19. Subchapter F, Chapter 224, Transportation Code, is amended by adding Section 224.1544 to read as follows:

Sec. 224.1544. VEHICLE SIZE AND WEIGHT LIMITS. (a) The commission may authorize the operation of a vehicle or combination that exceeds a height, length, or gross weight limitation in Subchapter C, Chapter 621, on a lane of a highway that is designated as an exclusive lane under Section 224.1541 if supported by an engineering and traffic study that includes an analysis of the structural capacity of bridges and pavements, current and projected traffic patterns and volume, and potential effects on public safety.

(b) This section does not authorize the operation of a vehicle with an axle weight that is greater than that authorized by Chapter 621, 622, or 623.

SECTION 1.20. Section 228.001, Transportation Code, is amended by adding Subdivisions (2-a) and (7) to read as follows:

(2-a) "Operate" and "operation" include the processing and collecting of tolls and the providing of related customer services.

(7) "Registered owner" means:

(A) an owner as defined by Section 502.001; or
(B) the owner of a vehicle as shown on the vehicle registration records of the department or the analogous department or agency of another state or country.

SECTION 1.21. (a) Section 228.004, Transportation Code, is amended to read as follows:

Sec. 228.004. ~~[PROMOTION OF]~~ TOLL PROJECT INFORMATION. (a) The department may, notwithstanding Chapter 2113, Government Code, engage in marketing, advertising, and other activities to provide information relating to pending or operating ~~[promote the development and use of]~~ toll projects, including information concerning the methods of paying and collecting tolls, and may enter into contracts or agreements necessary to procure marketing, advertising, or informational ~~[other promotional]~~ services from outside service providers.

(b) This section does not authorize the department to engage in marketing, advertising, or other activities for the purpose of influencing public opinion about the use of toll roads or the use of tolls as a financial mechanism.

(b) The change in law made by this section applies only to a contract or agreement entered into or renewed under Section 228.004, Transportation Code, on or after the effective date of this Act. A contract or agreement entered into or renewed under that section before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

SECTION 1.22. Subsection (a), Section 228.054, Transportation Code, is amended to read as follows:

(a) Except as provided by Subsection (e) or Section

228.0545, the operator of a vehicle, other than an authorized emergency vehicle, as defined by Section 541.201, that is driven or towed through a toll collection facility shall pay the proper toll. The exemption from payment of a toll for an authorized emergency vehicle applies regardless of whether the vehicle is:

- (1) responding to an emergency;
- (2) displaying a flashing light; or
- (3) marked as an emergency vehicle.

SECTION 1.23. Subchapter B, Chapter 228, Transportation Code, is amended by adding Section 228.0545 to read as follows:

Sec. 228.0545. ALTERNATIVE TOLLING METHODS. (a) As an alternative to requiring payment of a toll at the time a vehicle is driven or towed through a toll collection facility, the department may use video billing or other tolling methods to permit the registered owner of the vehicle to pay the toll on a later date.

(b) The department may use automated enforcement technology authorized by Section 228.058 to identify the registered owner of the vehicle for purposes of billing, collection, and enforcement activities.

(c) The department shall send by first class mail to the registered owner of the vehicle a written notice of the total amount due. The notice must specify the date, which may not be earlier than the 15th day after the date the notice is mailed, by which the amount due must be paid. The registered owner shall pay the amount due on or before the date specified in the notice.

(d) The department shall send the notice required by Subsection (c) and subsequent notices to:

(1) the registered owner's address as shown in the vehicle registration records of the department; or

(2) an alternate address provided by the owner or derived through other reliable means.

(e) On or before October 1 of each year, the department shall conduct a cost analysis to determine a policy on whether to mail a notice under Subsection (c) after each time a vehicle is driven or towed through a toll collection facility or only after a certain number of times a vehicle is driven or towed through a facility. The policy must ensure that the cost to the department of collecting tolls as provided by this section does not exceed the amount of the tolls and fees collected.

SECTION 1.24. Section 228.055, Transportation Code, is amended by amending Subsections (a), (b), (d), (e), (h), and (i), and adding Subsection (d-1) to read as follows:

(a) In the event of nonpayment of the ~~[proper]~~ toll as required by Section 228.054 or 228.0545, on issuance of a written notice of nonpayment, the registered owner of the nonpaying vehicle is liable for the payment of both the proper toll and an administrative fee.

(b) The department may impose and collect the administrative fee, so as to recover the cost of collecting the unpaid toll, not to exceed \$100. The department shall send a written notice of nonpayment to the registered owner of the vehicle at that owner's address as shown in the vehicle registration records of the department or an alternate address provided by the owner or derived through other reliable means. The notice of nonpayment shall be sent by first class mail not later than the 30th day after the date of the alleged failure to pay and may require payment not sooner than the 30th day after the date the notice was mailed. The registered owner shall pay a separate toll and administrative fee for each event of nonpayment under Section 228.054 or 228.0545.

(d) It is an exception to the application of Subsection (a) or (c) if the registered owner of the vehicle is a lessor of the vehicle and not later than the 30th day after the date the notice of nonpayment is mailed provides to the department:

(1) a copy of the rental, lease, or other contract document covering the vehicle on the date of the nonpayment under Section 228.054 or the date the vehicle was driven or towed through a toll collection facility that results in a notice issued under Section 228.0545, with the name and address of the lessee clearly

legible; or

(2) electronic data, in a format agreed on by the department and the lessor, other than a photocopy or scan of a rental or lease contract, that contains the information required under Sections 521.460(c)(1), (2), and (3) covering the vehicle on the date of the nonpayment under Section 228.054 or the date the vehicle was driven or towed through a toll collection facility that results in a notice issued under Section 228.0545.

(d-1) If the lessor provides the required information within the period prescribed under Subsection (d), the department may send a notice of nonpayment to the lessee at the address provided under Subsection (d) ~~[shown on the contract document]~~ by first class mail before the 30th day after the date of receipt of the required information from the lessor. The lessee of the vehicle for which the proper toll was not paid who is mailed a written notice of nonpayment under this subsection and fails to pay the proper toll and administrative fee within the time specified by the notice of nonpayment commits an offense. The lessee shall pay a separate toll and administrative fee for each event of nonpayment. Each failure to pay a toll or administrative fee under this subsection is a separate offense.

(e) It is an exception to the application of Subsection (a) or (c) if the registered owner of the vehicle transferred ownership of the vehicle to another person before the event of nonpayment under Section 228.054 occurred or before the date the vehicle was driven or towed through a toll collection facility that results in a notice issued under Section 228.0545, submitted written notice of the transfer to the department in accordance with Section 520.023, and, before the 30th day after the date the notice of nonpayment is mailed, provides to the department the name and address of the person to whom the vehicle was transferred. If the former owner of the vehicle provides the required information within the period prescribed, the department may send a notice of nonpayment to the person to whom ownership of the vehicle was transferred at the address provided by the former owner by first class mail before the 30th day after the date of receipt of the required information from the former owner. The department may send all subsequent notices of nonpayment associated with the vehicle to the person to whom ownership of the vehicle was transferred at the address provided by the former owner or an alternate address provided by the subsequent owner or derived through other reliable means. The subsequent owner of the vehicle for which the proper toll was not paid who is mailed a written notice of nonpayment under this subsection and fails to pay the proper toll and administrative fee within the time specified by the notice of nonpayment commits an offense. The subsequent owner shall pay a separate toll and administrative fee for each event of nonpayment under Section 228.054 or 228.0545. Each failure to pay a toll or administrative fee under this subsection is a separate offense.

(h) ~~[In this section, "registered owner" means the owner of a vehicle as shown on the vehicle registration records of the department or the analogous department or agency of another state or country.~~

~~[(i)]~~ The department may contract, in accordance with Section 2107.003, Government Code, with a person to collect the unpaid toll and administrative fee before referring the matter to a court with jurisdiction over the offense.

SECTION 1.25. Subsections (b) and (c), Section 228.056, Transportation Code, are amended to read as follows:

(b) In the prosecution of an offense under Section 228.055(c), (d-1) ~~[(d)]~~, or (e):

(1) it is presumed that the notice of nonpayment was received on the fifth day after the date of mailing;

(2) a computer record of the department of the registered owner of the vehicle is prima facie evidence of its contents and that the defendant was the registered owner of the vehicle when the underlying event of nonpayment under Section 228.054 occurred or on the date the vehicle was driven or towed through a toll collection facility that results in a notice issued

under Section 228.0545; and

(3) a copy of the rental, lease, or other contract document, or the electronic data provided to the department under Section 228.055(d), covering the vehicle on the date of the underlying event of nonpayment under Section 228.054 or on the date the vehicle was driven or towed through a toll collection facility that results in a notice issued under Section 228.0545 is prima facie evidence of its contents and that the defendant was the lessee of the vehicle when the underlying event of nonpayment under Section 228.054 occurred or when the vehicle was driven or towed through a toll collection facility that results in a notice issued under Section 228.0545.

(c) It is a defense to prosecution under Section 228.055(c), (d-1) [(d-1)], or (e) that the motor vehicle in question was stolen before the failure to pay the proper toll occurred and had not been recovered before the failure to pay occurred, but only if the theft was reported to the appropriate law enforcement authority before the earlier of:

(1) the occurrence of the failure to pay; or

(2) eight hours after the discovery of the theft.

SECTION 1.26. Section 228.057, Transportation Code, is amended by adding Subsections (g) and (h) to read as follows:

(g) The department may, following closure of an electronic toll collection customer account and at the request of the account holder, refund the balance of funds in the account after making a deduction for any outstanding tolls and fees.

(h) The department may enter into an agreement with a governmental or private entity regarding the use of a transponder issued by the department and the corresponding electronic toll collection customer account to pay for parking services offered by the entity.

SECTION 1.27. Subsection (b), Section 228.058, Transportation Code, is amended to read as follows:

(b) Automated enforcement technology approved by the department under Subsection (a) may be used only for the purpose of producing, depicting, photographing, or recording an image that depicts that portion of a vehicle necessary to establish the classification of vehicle and the proper toll to be charged, the license plate number, and the state or country of registration, including an image:

(1) of a license plate attached to the front or rear of a vehicle; and

(2) showing the vehicle dimensions, the presence of a trailer, and the number of axles.

SECTION 1.28. (a) Section 228.201, Transportation Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) The ~~[Except as provided by Section 228.2015, the]~~ department may not operate a nontolled state highway or a segment of a nontolled state highway as a toll project, and may not transfer a highway or segment to another entity for operation as a toll project, unless:

(1) the commission by order designated the highway or segment as a toll project before the contract to construct the highway or segment was awarded;

(2) the highway or segment was open to traffic as a turnpike project on or before September 1, 2005;

(3) the project was designated as a toll project in a plan or program of a metropolitan planning organization on or before September 1, 2005;

(4) the highway or segment is reconstructed so that the number of nontolled lanes on the highway or segment is greater than or equal to the number in existence before the reconstruction;

(5) a facility that has access, function, and control devices similar to the converted highway or segment before conversion is constructed adjacent to the highway or segment so that the number of nontolled lanes on the converted highway or segment and the adjacent facility together is greater than or equal to the number in existence on the converted highway or segment

before the conversion; or

(6) subject to Subsection (b), the highway or segment was open to traffic as a high-occupancy vehicle lane on May 1, 2005[~~, or~~

~~[(7) the commission converts the highway or segment to a toll facility by:~~

~~[(A) making the determination required by Section 228.202,~~

~~[(B) conducting the hearing required by Section 228.203, and~~

~~[(C) obtaining county and voter approval as required by Sections 228.207 and 228.208].~~

(a-1) Subsection (a) does not apply to a port of entry, as defined by Section 621.001.

(b) Sections 228.202, 228.203, 228.207, and 228.208, Transportation Code, are repealed.

(c) The change in law made by this Act to Section 228.201(a)(5), Transportation Code, does not apply to:

(1) the State Highway 130, Segments 5 and 6, project in Travis, Caldwell, and Guadalupe Counties;

(2) the DFW Connector project in Tarrant and Dallas Counties (State Highway 114 from State Highway 114L Business to east of International Parkway and State Highway 121 from north of FM 2499 to south of State Highway 360);

(3) the North Tarrant Express project in Tarrant and Dallas Counties (IH 820 and State Highway 121/State Highway 183 from IH 35W to State Highway 161, IH 820 east from State Highway 121/State Highway 183 to Randol Mill Road, and IH 35W from IH 30 to State Highway 170);

(4) the IH 635 managed lanes project in Dallas County (IH 635 from east of Luna Road to Greenville Avenue and IH 35E from south of the Loop 12/IH 35E split to south of Valwood Parkway); or

(5) the U.S. Highway 290 project from east of U.S. Highway 183 to east of Farm-to-Market Road 734 in Travis County.

(d) A project described by Subsection (c) of this section is governed by Subchapter E, Chapter 228, Transportation Code, as that subchapter existed immediately before the effective date of this Act, and that subchapter is continued in effect for that purpose.

SECTION 1.29. Section 284.0701, Transportation Code, is amended by amending Subsection (d) and adding Subsection (d-1) to read as follows:

(d) It is an exception to the application of Subsection (a) or (c) if the registered owner of the vehicle is a lessor of the vehicle and not later than the 30th day after the date the notice of nonpayment is mailed provides to the authority:

(1) a copy of the rental, lease, or other contract document covering the vehicle on the date of the nonpayment under Section 284.070, with the name and address of the lessee clearly legible; or

(2) electronic data, other than a photocopy or scan of a rental or lease contract, that contains the information required under Sections 521.460(c)(1), (2), and (3) covering the vehicle on the date of the nonpayment under Section 284.070.

(d-1) If the lessor provides the required information within the period prescribed under Subsection (d), the authority may send a notice of nonpayment to the lessee at the address provided under Subsection (d) [shown on the contract document] by first class mail before the 30th day after the date of receipt of the required information from the lessor. The lessee of the vehicle for which the proper toll was not paid who is mailed a written notice of nonpayment under this subsection and fails to pay the proper toll and administrative cost within the time specified by the notice of nonpayment commits an offense. The lessee shall pay a separate toll and administrative cost for each event of nonpayment. Each failure to pay a toll or administrative cost under this subsection is a separate offense.

SECTION 1.30. Sections 284.0702(b) and (c), Transportation Code, are amended to read as follows:

(b) In the prosecution of an offense under Section

284.0701(c), (d-1) [~~(d)~~], or (e):

(1) [~~7~~] a computer record of the department of the registered owner of the vehicle is prima facie evidence of its contents and that the defendant was the registered owner of the vehicle when the underlying event of nonpayment under Section 284.070 occurred; and

(2) a copy of the rental, lease, or other contract document, or the electronic data provided to the authority under Section 284.0701(d), covering the vehicle on the date of the underlying event of nonpayment under Section 284.070 is prima facie evidence of its contents and that the defendant was the lessee of the vehicle when the underlying event of nonpayment under Section 284.070 occurred.

(c) It is a defense to prosecution under Section 284.0701(c), (d-1) [~~(d)~~], or (e) that the vehicle in question was stolen before the failure to pay the proper toll occurred and had not been recovered before the failure to pay occurred, but only if the theft was reported to the appropriate law enforcement authority before the earlier of:

(1) the occurrence of the failure to pay; or

(2) eight hours after the discovery of the theft.

SECTION 1.31. Section 366.178, Transportation Code, is amended by amending Subsections (f) and (i) and adding Subsection (i-1) to read as follows:

(f) In the prosecution of a violation for nonpayment, proof that the vehicle passed through a toll collection facility without payment of the proper toll together with proof that the defendant was the registered owner or the driver of the vehicle when the failure to pay occurred, establishes the nonpayment of the registered owner. The proof may be by testimony of a peace officer or authority employee, video surveillance, or any other reasonable evidence, including a copy of the rental, lease, or other contract document or the electronic data provided to the authority under Subsection (i) that shows the defendant was the lessee of the vehicle when the underlying event of nonpayment occurred.

(i) A registered owner who is the lessor of a vehicle for which a notice of nonpayment has been issued is not liable if, not later than the 30th day after the date the notice of nonpayment is mailed, the registered owner provides to the authority:

(1) a copy of the rental, lease, or other contract document [~~lease agreement~~] covering the vehicle on the date of the nonpayment, with the [~~—The~~] name and address of the lessee [~~must be~~] clearly legible; or

(2) electronic data, other than a photocopy or scan of a rental or lease contract, that contains the information required under Sections 521.460(c)(1), (2), and (3) covering the vehicle on the date of the nonpayment under this section.

(i-1) If the lessor timely provides the required information under Subsection (i), the lessee of the vehicle on the date of the violation is considered to be the owner of the vehicle for purposes of this section. The lessee is subject to prosecution for failure to pay the proper toll if the authority sends a notice of nonpayment to the lessee by first-class mail not later than the 30th day after the date of the receipt of the information from the lessor.

SECTION 1.32. Section 370.177, Transportation Code, is amended by amending Subsections (e), (g), and (i) and adding Subsection (e-1) to read as follows:

(e) It is an exception to the application of Subsection (b) or (d) that the registered owner of the vehicle is a lessor of the vehicle and not later than the 30th day after the date the notice of nonpayment is mailed provides to the authority:

(1) a copy of the rental, lease, or other contract document covering the vehicle on the date of the nonpayment under Subsection (a), with the name and address of the lessee clearly legible; or

(2) electronic data, other than a photocopy or scan of a rental or lease contract, that contains the information required under Sections 521.460(c)(1), (2), and (3) covering the vehicle on

the date of the nonpayment under Subsection (a).

(e-1) If the lessor provides the required information within the period prescribed under Subsection (e), the authority may send a notice of nonpayment to the lessee at the address provided under Subsection (e) ~~[shown on the contract document]~~ by first class mail before the 30th day after the date of receipt of the required information from the lessor. The lessee of the vehicle for which the proper toll was not paid who is mailed a written notice of nonpayment under this subsection and fails to pay the proper toll and administrative fee within the time specified by the notice of nonpayment commits an offense. The lessee shall pay a separate toll and administrative fee for each event of nonpayment. Each failure to pay a toll or administrative fee under this subsection is a separate offense.

(g) An offense under Subsection (d), (e-1) ~~[(e)]~~, or (f) is a misdemeanor punishable by a fine not to exceed \$250.

(i) In the prosecution of an offense under this section, proof that the vehicle passed through a toll collection facility without payment of the proper toll together with proof that the defendant was the registered owner or the driver of the vehicle when the failure to pay occurred, establishes the nonpayment of the registered owner. The proof may be by testimony of a peace officer or authority employee, video surveillance, or any other reasonable evidence, including:

(1) evidence obtained by automated enforcement technology that the authority determines is necessary, including automated enforcement technology described by Sections 228.058(a) and (b); or

(2) a copy of the rental, lease, or other contract document or the electronic data provided to the authority under Subsection (e) that shows the defendant was the lessee of the vehicle when the underlying event of nonpayment occurred.

SECTION 1.33. Subchapter A, Chapter 621, Transportation Code, is amended by adding Section 621.008 to read as follows:

Sec. 621.008. STUDY REGARDING OVERSIZE AND OVERWEIGHT VEHICLES. (a) The department shall conduct a study to determine improvements to the regulation of oversize and overweight vehicles.

(b) In conducting the study, the department shall consider:

(1) prohibiting overweight vehicles or vehicle combinations from traveling on state highways if the vehicle or combination will cause damage to a road or bridge, based on the weight or load specifications to which the road or bridge was built;

(2) requiring each applicant for a permit under Chapter 623 to pay a graduated highway maintenance fee based on weight and the amount of damage done by the permitted vehicle or vehicle combination to roads and bridges;

(3) requiring each fee collected for an overweight or oversize vehicle permit to be deposited in the state highway fund; and

(4) eliminating all exemptions for overweight vehicles.

(c) Not later than September 1, 2010, the department shall report the results of the study conducted under this section to the governor, the lieutenant governor, the speaker of the house of representatives, and the appropriate oversight committee of each house of the legislature.

(d) This section expires September 1, 2011.

SECTION 1.34. Section 201.0545, Transportation Code, is repealed.

SECTION 1.35. Section 545.353, Transportation Code, is amended by adding Subsection (h-2) to read as follows:

(h-2) Notwithstanding Section 545.352(b), the commission may establish a speed limit of 85 miles per hour on a part of the state highway system if:

(1) as a result of an engineering and traffic investigation the commission determines that 85 miles per hour is a reasonable and safe speed for that part of the highway system; and

(2) that part of the highway system is designed for travel at a speed of 85 miles per hour or more.

SECTION 1.36. (a) The terms of the members of the Texas Transportation Commission serving on January 31, 2010, expire February 1, 2011.

(b) Not later than January 31, 2011, the governor shall appoint the members of the Texas Transportation Commission in accordance with Section 201.051(a), Transportation Code, as amended by this article, to serve terms beginning February 1, 2011.

ARTICLE 2. TRANSPORTATION PLANNING AND PROJECT DEVELOPMENT PROCESS

SECTION 2.01. Section 201.001(a), Transportation Code, is amended by adding Subdivision (4) to read as follows:

(4) "Metropolitan planning organization" has the meaning assigned by Section 472.031, Transportation Code.

SECTION 2.02. Section 201.601, Transportation Code, is amended to read as follows:

Sec. 201.601. STATEWIDE TRANSPORTATION PLAN. (a) The department shall develop a statewide transportation plan covering a period of not less than 25 years that contains all modes of transportation, including:

- (1) highways and turnpikes;
- (2) aviation;
- (3) mass transportation;
- (4) railroads and high-speed railroads; and
- (5) water traffic.

(a-1) The plan must:

(1) contain specific, long-term transportation goals for the state and measurable targets for each goal;

(2) identify priority corridors, projects, or areas of the state that are of particular concern to the department in meeting the goals established under Subdivision (1); and

(3) contain a participation plan for obtaining input on the goals and priorities identified under this subsection from:

- (A) other state agencies;
- (B) political subdivisions;
- (C) planning organizations as defined in Section 201.981(2); and

(D) members of the general public.

~~(b) [In developing the plan, the department shall seek opinions and assistance from other state agencies and political subdivisions that have responsibility for the modes of transportation listed by Subsection (a).] As appropriate, the department and one or more of the entities listed in Subsection (a-1)(3) [such an agency or political subdivision] shall enter into a memorandum of understanding relating to the planning of transportation services.~~

(c) The plan must include a component that is not financially constrained and identifies transportation improvements designed to relieve congestion. In developing this component of the plan, the department shall seek opinions and assistance from officials who have local responsibility for modes of transportation listed in Subsection (a).

(d) If there is a conflict between obligations and requirements imposed in federal law governing the transportation planning, project development, and programming process for the department and planning organizations as defined in Section 201.981(2), and those imposed in this title, federal law controls and the commission may take any action that is necessary in its reasonable judgment to comply with any federal law to enable this state to receive federal aid funds.

(e) The department shall update the plan every five years or more frequently as necessary. [The plan shall include a component, published annually, that describes the evaluation of transportation improvements based on performance measures, such as indices measuring delay reductions or travel time improvements. The department shall consider the performance measures in selecting transportation improvements.]

SECTION 2.03. Subchapter H, Chapter 201, Transportation Code, is amended by adding Sections 201.6012, 201.6015, 201.621, 201.622, and 201.623 to read as follows:

Sec. 201.6012. INTEGRATION OF PLANS AND POLICY EFFORTS. In

developing each of its transportation plans and policy efforts, the department must clearly reference the 25-year plan developed under Section 201.601 and specify how the plan or policy effort supports or otherwise relates to the specific goals contained in that plan.

Sec. 201.6015. DELEGATION OF DUTIES OR POWERS TO METROPOLITAN PLANNING ORGANIZATION. A metropolitan planning organization may agree to accept additional responsibilities delegated by the commission concerning transportation planning and project selection.

Sec. 201.621. METROPOLITAN TRANSPORTATION PLAN. (a) A metropolitan planning organization shall prepare and periodically update a long-range transportation plan for its service area as required by federal law.

(b) The first 10 years of the long-range plan must be identical to the plan developed under Section 201.983.

(c) Before approving a long-range transportation plan, a metropolitan planning organization shall provide to residents in its boundaries, affected public agencies, and other interested parties a reasonable opportunity to comment on the long-range transportation plan.

(d) A metropolitan planning organization shall make each of its long-range transportation plans readily available for public review and shall deliver each plan to the commission at the times and in the manner and format established by the commission. The format of the plan must be in plain English and easily reviewable and understandable. The metropolitan planning organization shall update the plan every year or more frequently as necessary.

Sec. 201.622. COOPERATION WITH METROPOLITAN PLANNING ORGANIZATIONS TO DEVELOP LONG-TERM PLANNING ASSUMPTIONS. The department and metropolitan planning organizations shall cooperate to develop mutually acceptable assumptions for the purposes of long-range federal and state funding forecasts that are consistent with the criteria established by the commission under Section 201.987 and use those criteria to guide long-range planning.

Sec. 201.623. RECOMMENDATIONS FROM RURAL PLANNING ORGANIZATION. A rural planning organization may make recommendations to the commission concerning the selection of transportation projects, systems, or programs to be undertaken in the boundaries of the rural planning organization.

SECTION 2.04. Section 201.617(a), Transportation Code, as transferred by Chapter 281 (H.B. 2702), Acts of the 79th Legislature, Regular Session, 2005, is amended to read as follows:

(a) If authorized by an applicable regulatory authority, to mitigate an adverse environmental impact that is a direct result of the construction, improvement, or maintenance of a state highway or the construction, improvement, or maintenance of a facility used in connection with the construction, maintenance, or operation of a state highway improvement project, the department may:

(1) pay a fee to an appropriate public agency or private entity in lieu of acquiring or agreeing to manage property;

(2) transfer any interest in real property to an appropriate public agency or private entity, as authorized by the regulatory authority that requires the mitigation, with or without monetary consideration if the property is used or is proposed to be used for mitigation purposes; or

(3) contract with any public or private entity for the management of property owned by the department and used for mitigation purposes.

SECTION 2.05. Subchapter I, Chapter 201, Transportation Code, is amended by adding Sections 201.711 and 201.712 to read as follows:

Sec. 201.711. ELIGIBILITY FOR STATE ALLOCATION OF FUNDING; BOARD MEMBERSHIP. (a) To be eligible to receive funds from this state for transportation projects under Section 201.988, not more than 50 percent of the voting members of the policy board of a metropolitan planning organization must be elected officials who are elected in the boundaries of the metropolitan planning organization.

(b) A metropolitan planning organization that is not

eligible under Subsection (a) may redesignate the board in compliance with the redesignation procedures in 23 U.S.C. Section 134 to become eligible to receive an allocation of funds under Section 201.988.

(c) In this section, "elected official" means the presiding officer or a member of the governing body of a municipality, a county judge, a county commissioner, a state representative, or a state senator.

Sec. 201.712. FUNDS FOR RURAL PLANNING ORGANIZATION. The department may use money in the state highway fund to fund the operations of a rural planning organization.

SECTION 2.06. (a) Subchapter J, Chapter 201, Transportation Code, is amended by adding Sections 201.8005, 201.807, 201.808, 201.809, 201.810, and 201.811 to read as follows:

Sec. 201.8005. DEFINITION. In this subchapter, "transportation project" has the meaning assigned by Section 201.981.

Sec. 201.807. PROJECT INFORMATION REPORTING SYSTEM. (a) The department shall establish a project information reporting system that makes available in a central location on the department's Internet website information regarding all of the department's transportation projects contained in the project development program required by Section 201.982 or under construction. The information must be easily accessible, understandable, and searchable. The project information reporting system must contain:

(1) information about each of the department's transportation projects included in the project development program, including:

(A) the status of the project;
(B) each source of funding for the project;
(C) benchmarks for evaluating the progress of the project;

(D) timelines for completing the project;
(E) a list of the department employees responsible for the project, including information as to how each person on that list may be contacted; and

(F) the results of the annual review required by Subsection (d);

(2) a representational color-coded map showing the location of the transportation projects and containing the information described by Subdivision (1);

(3) each construction work zone for a transportation project under construction that has a total construction timeline that exceeds six months or the cost of which exceeds \$5 million, including information about:

(A) the number of lanes that will remain open during the project's construction phase;

(B) the location and duration of each lane closure; and

(C) the expected traffic delay resulting from each lane closure;

(4) road maintenance transportation projects that are planned or under construction, including the condition of each road before the road maintenance transportation project; and

(5) each fund source for the department's funds and all expenditures made by the department, for each of the department's transportation projects, reported by:

(A) department district;

(B) program funding category as required by Section 201.982(b)(2); and

(C) type of revenue, including revenue from a comprehensive development agreement or a toll project.

(b) In developing the project information reporting system, the department shall collaborate with:

(1) the Transportation Legislative Oversight Committee;

(2) local transportation entities as defined by Section 201.981; and

18-1 (3) members of the general public.

18-2 (c) The department shall make the statistical information
18-3 provided under this section available on the department's Internet
18-4 website in more than one downloadable electronic format.

18-5 (d) As a component of the project information reporting
18-6 system required by this section, the department shall conduct an
18-7 annual review of the benchmarks and timelines of each
18-8 transportation project included in the department's project
18-9 development program, to determine the completion rates of the
18-10 projects and whether the projects were completed on time.

18-11 (e) The department shall update the information contained
18-12 in the project information reporting system at least quarterly and
18-13 the representational map at least annually.

18-14 Sec. 201.808. TRANSPORTATION PROJECT AND PERFORMANCE
18-15 REPORTS. (a) The department shall develop a process to identify
18-16 and distinguish between the transportation projects that are
18-17 required to maintain the state infrastructure and the
18-18 transportation projects that would improve the state
18-19 infrastructure in a manner consistent with the statewide
18-20 transportation plan required by Section 201.601.

18-21 (b) The department shall establish a transportation project
18-22 and performance reporting system that makes available in a central
18-23 location on the department's Internet website easily accessible and
18-24 searchable information regarding the priority classifications
18-25 established under Section 201.986 and the assignment of the
18-26 identified transportation projects in the classifications.

18-27 (c) The department shall include in the transportation
18-28 project and performance reporting system:

18-29 (1) a list of the most significant transportation
18-30 problems in each department district as described by the statewide
18-31 transportation plan developed under Section 201.601, including the
18-32 component required by Section 201.601(c);

18-33 (2) reports prepared by the department or an
18-34 institution of higher education that evaluate the effectiveness of
18-35 the department's expenditures on transportation projects to
18-36 achieve the transportation goals;

18-37 (3) information about the condition of the pavement
18-38 for each segment of the state highway system, including:

18-39 (A) the international roughness index issued by
18-40 the United States Department of Transportation Federal Highway
18-41 Administration; and

18-42 (B) the percentage of pavement that the
18-43 department determines to be in good or better condition;

18-44 (4) the condition of bridges, including information
18-45 about:

18-46 (A) the number of on-system and off-system
18-47 bridges that are structurally deficient or functionally obsolete;
18-48 and

18-49 (B) the percentage of bridges that the department
18-50 determines to be in good or better condition;

18-51 (5) information about traffic congestion and traffic
18-52 delays, including:

18-53 (A) the locations of the worst metropolitan
18-54 traffic delays;

18-55 (B) the variable travel time for major freeways
18-56 and highways in the metropolitan areas of this state; and

18-57 (C) the effect of traffic congestion on motor
18-58 vehicle travel and motor carriers; and

18-59 (6) information about the number of traffic accidents,
18-60 injuries, and fatalities, including the geographic locations in
18-61 each department district for the highest number of traffic
18-62 accidents, injuries, or fatalities.

18-63 (d) The department shall provide the information made
18-64 available under Subsection (c) in a format that allows a person to
18-65 conduct electronic searches for information about a specific
18-66 county, a highway under the jurisdiction of the department, or a
18-67 type of road.

18-68 (e) Each department district shall enter information into
18-69 the transportation project and performance reporting system,

including information about:

- (1) each district transportation project; and
- (2) the priority classification to which the project has been assigned according to Section 201.986.

(f) The transportation project and performance reporting system must allow a person to compare information produced by that system to information produced by the project information reporting system under Section 201.807.

(g) The department shall make available in a central location on the department's Internet website information regarding each fund source for the department's funds and all expenditures made by the department, reported by:

- (1) department district;
- (2) program funding category; and
- (3) type of revenue, including revenue from a comprehensive development agreement or a toll project.

Sec. 201.809. STATEWIDE TRANSPORTATION REPORT. (a) The department annually shall evaluate and publish a report about the status of each transportation goal for this state. The report must include:

(1) information about the progress of each long-term transportation goal that is identified by the statewide transportation plan;

(2) the status of each project identified as a major project under Section 201.985;

(3) a summary of the number of statewide project implementation benchmarks that have been completed; and

(4) information about the accuracy of previous department financial forecasts.

(b) The department shall disaggregate the project information in the report by department district.

(c) The department shall make available a copy of the reports for department districts in a legislative district to each member of the legislature, and at the request of a member, a senior management employee shall meet with the member to explain the report.

(d) The department shall provide a copy of each district report to the political subdivisions located in the department district that is the subject of the report, including:

- (1) a municipality;
- (2) a county; and
- (3) a local transportation entity as defined by Section 201.981.

(e) The department shall provide a copy of the complete report to the lieutenant governor, the speaker of the house of representatives, and the chair of the standing committee of each house of the legislature with primary jurisdiction over transportation issues.

Sec. 201.810. SEPARATE SUBACCOUNT REPORTING. (a) The department shall develop an account information reporting system that makes available on the department's Internet website for viewing and downloading by interested persons the tracking of each separate subaccount in the state highway fund required by law, including Chapter 228. The account information must include:

(1) the source and amount of the deposited funds and the date of deposit;

(2) identification by location and highway designation of the projects or systems to which the funds are allocated; and

(3) the amount, general type or purpose, and date of expenditures from the account.

(b) The department shall update the account information reporting system at least quarterly.

Sec. 201.811. DEPARTMENT INFORMATION CONSOLIDATION. (a) To the extent practicable and to avoid duplication of reporting requirements, the department may combine the reports required under this subchapter with reports required under other provisions of this code.

(b) The department shall develop a central location on the

department's Internet website that provides easily accessible and searchable information to the public contained in the reports required under this subchapter and other provisions of this code.

(b) Not later than September 1, 2009, the Texas Department of Transportation shall establish the central location on the department's Internet website required by Sections 201.807 and 201.808, Transportation Code, as added by this section.

SECTION 2.07. Chapter 201, Transportation Code, is amended by adding Subchapter P to read as follows:

SUBCHAPTER P. PROJECT DEVELOPMENT PROGRAM

Sec. 201.981. DEFINITIONS. In this subchapter:

(1) "Local transportation entity" means an entity that participates in the transportation planning process. The term includes:

(A) a metropolitan planning organization;

(B) a rural planning organization;

(C) a regional tollway authority organized under Chapter 366;

(D) a regional transportation authority operating under Chapter 452;

(E) a rural transit district as defined by Section 458.001;

(F) a coordinated county transportation authority operating under Chapter 460; and

(G) a regional mobility authority operating under Chapter 370.

(2) "Planning organization" means:

(A) a metropolitan planning organization;

(B) a rural planning organization; or

(C) for an area that is not in the boundaries of a metropolitan planning organization or a rural planning organization, the department district.

(3) "Transportation project" means the planning, right-of-way acquisition, expansion, improvement, addition, or contract maintenance, other than the routine or contracted routine maintenance, of:

(A) a bridge;

(B) a highway;

(C) a toll road or toll road system;

(D) a railroad;

(E) an enhancement of a roadway that increases the safety of the traveling public;

(F) an air quality improvement initiative; or

(G) a transportation enhancement activity under 23 U.S.C. Section 133.

Sec. 201.982. PROJECT DEVELOPMENT PROGRAM. (a) The department shall develop a project development program that covers a period of 10 years to guide the development of and authorize construction of transportation projects. The program must:

(1) estimate funding levels for each year; and

(2) list all projects and programs that the department intends to develop or begin construction of during the program period.

(b) The commission by rule shall:

(1) specify the criteria for selecting projects to be included in the program as provided in Section 201.987;

(2) define program funding categories, including categories for safety, bridge, maintenance, and mobility; and

(3) define each phase of a major transportation project, including the planning, design, and construction phases.

(c) The department shall publish the entire project development program and summary documents highlighting project benchmarks, priorities, and forecasts in appropriate media and on the department's Internet website.

(d) In developing the rules required by this section, the commission shall cooperate with local transportation entities.

Sec. 201.9825. ANNUAL UPDATE TO PROJECT DEVELOPMENT PROGRAM. (a) The department shall annually update the project development program.

(b) The annual update must include:
 (1) the annual funding forecast required by Section 201.984;
 (2) the list of major transportation projects required by Section 201.985(b); and
 (3) the projects included in each program priority classification established by Section 201.986.
 (c) The department shall collaborate with local transportation entities to develop the annual update to the project development program.
Sec. 201.983. PLANNING ORGANIZATION 10-YEAR PLAN. (a) Each planning organization shall develop a 10-year transportation plan that is consistent with the criteria and definitions adopted by the commission under Section 201.982.
 (b) The first four years of the plan shall be developed so as to comply with the transportation improvement plan requirements of federal law.
 (c) In developing the statewide transportation improvement plan in accordance with federal law, the department shall:
 (1) compile the metropolitan planning organizations' project selections; and
 (2) collaborate with the rural planning organizations.
 (d) The department shall develop the statewide transportation improvement plan in accordance with federal law.
Sec. 201.9835. PROJECT PRIORITIZATION BY PLANNING ORGANIZATIONS. (a) Each metropolitan planning organization shall, for the area in its boundaries, develop a prioritized list of transportation projects that is consistent with the criteria established by the commission under Section 201.987. Projects that are not considered by the department and the planning organization to be of an appropriate scale for individual identification in a given program year may be grouped by function, geographic area, or work type.
 (b) The department shall, with input from a rural planning organization, develop a prioritized list of transportation projects for the area in that rural planning organization's boundaries and submit the projects to the commission for final approval.
 (c) For an area not located in the boundaries of a planning organization, the applicable department district shall:
 (1) develop a prioritized list of transportation projects with input from municipal and county officials and officials of local transportation entities; and
 (2) submit the transportation projects to the commission for final approval.
Sec. 201.984. ANNUAL FUNDING AND CASH FLOW FORECASTS. (a) The department annually shall:
 (1) develop and publish a forecast of all funds the department expects to receive, including funds from this state and the federal government; and
 (2) use that forecast to guide planning for the project development program.
 (b) The department shall collaborate with local transportation entities to develop scenarios for the forecast required by Subsection (a) based on mutually acceptable funding assumptions.
 (c) Not later than August 31 of each odd-numbered year, the department shall prepare and publish a cash flow forecast for the 10-year period that begins on September 1 of that odd-numbered year.
 (d) The department shall update the forecast more frequently as needed if significant changes in the department's funding occur.
Sec. 201.985. DESIGNATION AND INFORMATION ON CONSTRUCTION OF MAJOR TRANSPORTATION PROJECTS. (a) The commission by rule shall:
 (1) establish criteria for designating a project as a major transportation project;

(2) develop benchmarks for evaluating the progress of a major transportation project and timelines for implementation and construction of a major transportation project; and

(3) determine which critical benchmarks must be met before a major transportation project may enter the implementation phase of the project development program.

(b) The department shall annually update the list of projects that are designated as major transportation projects.

(c) In adopting rules required by this section, the commission shall collaborate with local transportation entities.

Sec. 201.986. PROGRAM PRIORITY CLASSIFICATIONS. (a) The commission by rule shall establish classifications in the project development program to designate the priority of each project included in the program and shall assign each project a classification. The classifications must include high, medium, and low priority levels.

(b) The department shall collaborate with local transportation entities when assigning each project included in the project development program to a classification established under Subsection (a).

(c) In the selection of projects for implementation, priority shall be given to projects with the highest classification within each applicable program funding category described by Section 201.982(b)(2).

Sec. 201.987. PROJECT SELECTION. (a) The commission by rule shall establish criteria for selection by the department and each planning organization of projects to be included in the statewide transportation plan. The criteria must be based on the commission's transportation goals for the state and measurable targets for each goal.

(b) The department shall collaborate with planning organizations in the development of the criteria for selection of projects.

(c) The commission shall determine and approve the final selection of projects to be included in the statewide transportation plan.

(d) The commission shall consider the prioritized list of transportation projects developed by metropolitan planning organizations operating in areas that are a transportation management area, as defined by 23 U.S.C. Section 134(k), for projects funded as congestion mitigation and air quality improvement projects, and metropolitan mobility or rehabilitation projects, unless the commission determines that a particular project's inclusion on or omission from the project list conflicts with or is inconsistent with federal law or a rule adopted under Subsection (a).

Sec. 201.988. FUNDING ALLOCATION. (a) The commission by rule shall establish formulas for allocating funds in each category described by Section 201.982(b)(2).

(b) The commission shall update the formulas established under this section every five years or more frequently as necessary.

Sec. 201.9882. LIMITATION ON COMMISSION ALLOCATION OF FUNDS. (a) The commission or the department may not require that a toll project be included in a regional mobility plan as a condition for the allocation of funds for the construction of projects in the region.

(b) The commission or the department may not:

- (1) revise the formula as provided in the department's project development program, or its successor document, in a manner that results in a decrease of a department district's allocation because of:

- (A) the failure of a region to include toll projects in a regional mobility plan; or

- (B) participation by a political subdivision in the funding of a transportation project in the region, including the use of money collected in a transportation reinvestment zone under Sections 222.106 and 222.107; or

- (2) take any other action that would reduce funding

allocated to a department district because of the failure of a region to include toll projects in a regional mobility plan.

Sec. 201.9884. FUND DISTRIBUTION. (a) The department shall allocate funds to the department districts based on the formulas adopted under Section 201.988.

(b) In distributing funds to department districts, the department may not exceed the cash flow forecast prepared and published under Section 201.984(c).

Sec. 201.989. DEPARTMENT FOUR-YEAR BUSINESS WORK PLAN. (a) Each department district shall develop a consistently formatted work plan for the following four years that is based on the project development program and contains all projects and project categories that the district plans to implement during that period.

(b) The work plan must contain for each project and project category:

(1) a project schedule with funding for each phase of development;

(2) a right-of-way acquisition plan;

(3) a letting plan; and

(4) a summary of the progress on the project and project category.

(c) The department shall use the work plan to:

(1) monitor the performance of the district; and

(2) evaluate the performance of district employees.

(d) The department shall consolidate the districts' work plans into a statewide work plan and publish it in appropriate media and on the department's Internet website.

Sec. 201.9892. PERFORMANCE MEASURES FOR WORK PLAN. (a) The department shall develop a set of performance measures for the plan under Section 201.989 intended to measure:

(1) the execution of the work program;

(2) the efficiency and cost-effectiveness of its business practices;

(3) the preservation of the system investment;

(4) the addition of new capacity to the system;

(5) safety initiatives; and

(6) use of minority, disadvantaged, and small businesses.

(b) At a minimum, the performance measures adopted under Subsection (a) must include:

(1) the percentage of projects for which environmental clearance is obtained on or before the planned implementation timelines;

(2) the percentage of projects for which right-of-way acquisition is completed on or before the planned implementation timelines;

(3) the total amount spent for right-of-way as a percentage of the original estimated amount;

(4) the percentage of highway improvement contracts executed on or before the planned implementation timelines for letting;

(5) for all highway improvement contracts completed during the state fiscal year, the percentage completed within 20 percent of the original contract time;

(6) for all highway improvement contracts completed during the state fiscal year, the percentage completed within 10 percent of the original contract price;

(7) for all highway improvement contracts completed during the state fiscal year, the percentage of the total contract adjustments as a percentage of the total original contract price;

(8) of the federal funds subject to forfeiture at the end of the state fiscal year, the percentage that was committed by the department;

(9) the amounts of cash receipts and disbursements in contrast with the forecasted amounts;

(10) the amount obligated to be spent in connection with contracts or participation in contracts with minority, disadvantaged, and small business enterprises as a percentage of the amount spent on all contracts;

(11) the peak hour travel congestion in the eight largest metropolitan areas in contrast with previous state fiscal years; and

(12) the number of vehicle miles traveled in contrast with previous state fiscal years.

(c) The department shall consult with the Transportation Legislative Oversight Committee in developing the performance measures under Subsection (a). This subsection expires August 31, 2013.

Sec. 201.9895. PERFORMANCE REVIEW. Not later than December 1 of each odd-numbered year, the commission shall review the performance of the department's activities described in Section 201.989 and make the review available to the public. The review must include a report on the level of achievement of each performance measure listed in Section 201.9892(a), statewide and by department district, and a status report on each major transportation project under development.

SECTION 2.08. Subchapter A, Chapter 222, Transportation Code, is amended by adding Section 222.004 to read as follows:

Sec. 222.004. AUTHORIZATION TO PROVIDE ASSISTANCE TO EXPEDITE ENVIRONMENTAL REVIEW. (a) The department, a county, a regional tollway authority operating under Chapter 366, or a regional mobility authority operating under Chapter 370 may enter into an agreement to provide funds to a state or federal agency to expedite the agency's performance of its duties related to the environmental review process for transportation projects:

(1) of the department;

(2) listed in a metropolitan planning organization's long-range transportation plan under 23 U.S.C. Section 134; or

(3) of a county, regional tollway authority operating under Chapter 366, or regional mobility authority operating under Chapter 370.

(b) Except as provided by Subsection (c), an agreement entered into under this section:

(1) may specify transportation projects the applicable entity considers to be priorities for review; and

(2) must require the agency receiving money to complete the environmental review in less time than is customary for the completion of an environmental review by that agency.

(c) The department may enter into a separate agreement for a transportation project that the department determines has regional importance.

(d) An agreement entered into under this section does not diminish or modify the rights of the public regarding review and comment on transportation projects.

(e) An entity entering into an agreement under this section shall make the agreement available on the entity's Internet website.

SECTION 2.09. (a) The Texas Transportation Commission shall adopt the rules required by this article as soon as practicable but not later than March 1, 2010.

(b) Each planning organization, as defined by Section 201.981, Transportation Code, as added by this article, shall develop its first 10-year transportation plan in accordance with Section 201.983, Transportation Code, as added by this article, not later than March 1, 2011.

(c) The Texas Department of Transportation shall develop the programs and plans required under Subchapter P, Chapter 201, Transportation Code, as added by this article, as soon as practicable but not later than December 1, 2010.

SECTION 2.10. Subchapter D, Chapter 472, Transportation Code, is amended by adding Sections 472.0331 and 472.0332 to read as follows:

Sec. 472.0331. ORGANIZATION. (a) The governor shall designate, in accordance with 23 U.S.C. Section 134, a metropolitan planning organization for each urbanized area of this state having a population of more than 50,000.

(b) The policy board of a metropolitan planning

organization is the governing body of that organization. Not more than 50 percent of the number of the voting members of the policy board must be elected officials whose jurisdictions are wholly or partially in the boundaries of the metropolitan planning organization.

(c) A metropolitan planning organization is a governmental entity. The policy board is subject to Chapter 551, Government Code.

Sec. 472.0332. DUTIES. In addition to the requirements of federal law, a metropolitan planning organization shall perform the duties required by state law and those delegated by the commission under Subchapter H, Chapter 201.

SECTION 2.11. Subchapter D, Chapter 472, Transportation Code, is amended by adding Section 472.035 to read as follows:

Sec. 472.035. DUTIES. The duties of a metropolitan planning organization are to provide regional transportation forecasting and planning, set regional priorities, and make project selection decisions as provided by federal law and the commission. The organization shall not be involved in project development activities for individual projects, including environmental clearance, procurement, or management of the project design and construction process.

SECTION 2.12. (a) Chapter 472, Transportation Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. RURAL PLANNING ORGANIZATIONS

Sec. 472.151. DEFINITION. "Rural planning organization" means a planning organization created in accordance with Section 472.152 to carry out the rural transportation planning functions under Section 472.154 in areas that lie outside the boundaries of a metropolitan planning organization.

Sec. 472.152. CREATION OF RURAL PLANNING ORGANIZATION; BOUNDARIES. (a) A rural planning organization may be created by resolutions by the commissioners courts of:

(1) at least two counties, other than counties whose entire area is served by a metropolitan planning organization, that make up at least two-thirds of the counties in a regional planning commission under Chapter 391, Local Government Code; or

(2) at least two-thirds of the counties, other than counties whose entire area is served by a metropolitan planning organization, that make up a department district.

(b) As soon as practicable after its creation, a rural planning organization shall send notice of its creation to the commission.

(c) The boundaries of a rural planning organization created by counties described by Subsection (a)(1) are the boundaries of the area served by the regional planning commission. The boundaries of a rural planning organization created by counties described by Subsection (a)(2) are the boundaries of the department district.

Sec. 472.153. COMPOSITION OF BOARD OF DIRECTORS OF RURAL PLANNING ORGANIZATION. (a) A rural planning organization is governed by a board of directors whose membership must include:

(1) not more than 50 percent local elected officials representing political subdivisions located in the boundaries of the rural planning organization; and

(2) the district engineer of the department district or districts in the boundaries of the rural planning organization.

(b) The orders of the commissioners courts creating the organization under Section 472.152 must provide for the appointment of the initial board of directors.

(c) Additional directors may be appointed from residents of the area served by the rural planning organization in a manner determined by the board of directors.

Sec. 472.154. RURAL TRANSPORTATION PLANNING. (a) A rural planning organization shall:

(1) establish regional transportation priorities, and prioritize and recommend to the department projects of regional significance in the boundaries of the area served by the organization; and

(2) provide input to the department on projects involving the connectivity of the state highway system.

(b) A rural planning organization may provide planning assistance as may be necessary to support regional transportation priorities.

Sec. 472.155. DEPARTMENT PARTICIPATION. The department:

(1) shall provide funds and personnel to assist rural planning organizations with rural transportation planning, which may include:

(A) eligible federal planning funds not designated for metropolitan planning organizations;

(B) money appropriated to the department from the state highway funds; and

(C) other funds as may be available to fund the operations of a rural planning organization;

(2) shall work with rural planning organizations to identify available sources of funding for rural transportation planning, which may include federal funds or transportation development credits; and

(3) may contract with rural planning organizations to provide services necessary to support rural transportation planning.

(b) A rural planning organization created by board resolution of a council of governments before the effective date of this Act that otherwise conforms to the requirements of this section is recognized as having been validly created under this Act.

ARTICLE 3. PUBLIC INVOLVEMENT AND COMPLAINTS

SECTION 3.01. Subchapter H, Chapter 201, Transportation Code, is amended by adding Section 201.605 to read as follows:

Sec. 201.605. PUBLIC PARTICIPATION. (a) The commission by rule shall provide for the department to hold, or provide the opportunity for, one or more public hearings for any transportation project owned or operated by the department that requires the acquisition of significant amounts of rights-of-way, substantially changes the layout or functions of connecting roadways or of a facility being improved, has a substantial adverse impact on abutting property, or otherwise has a significant social, economic, environmental, or other effect, or for which the department determines that a public hearing is in the public interest. The rules must provide for the public's submission of oral or written comments and the department's preparation of written responses to the comments. The department shall prepare a transcript of any oral comments submitted.

(b) The commission by rule shall provide for the department to hold, or provide the opportunity for, one or more public meetings for an informal exchange of information between the department and the public for a transportation project owned or operated by the department. The rules must provide for the public meetings to be held at the earliest stages of the project as possible.

(c) Notice of a public hearing or a public meeting under this section must:

(1) be by publication in the locality of the transportation project not less than seven or more than 20 days before the date of the hearing or meeting;

(2) be distributed to the public not less than seven days before the date of the hearing or meeting using methods suitable for the distribution given the nature of the transportation project and the populations that may be affected by it;

(3) be simple, readable, and informative;

(4) include:

(A) the name and description of the project;

(B) a map or graphic illustration of the project;

(C) the reason for the project;

(D) the purpose of the hearing or meeting;

(E) the location, date, and time of the hearing or meeting;

(F) a contact telephone number for information

about the hearing or meeting; and

(G) the Internet website address where project information and the materials used at the hearing or meeting may be viewed; and

(5) if the population that will be affected by the project is significantly non-English-speaking, also be published in the dominant language of a majority of that population.

(d) Any interested person may attend a public hearing or a public meeting held under this section.

(e) The department shall publish on its Internet website any materials used at a public hearing or public meeting not later than the third day after the date of the hearing or meeting.

(f) If the department holds more than one public hearing or one public meeting for a transportation project, the department shall vary the scheduling of the hearings or meetings to accommodate persons living in different geographic areas affected by the project and persons with varied work schedules.

(g) The department's presentation of information at a public hearing or meeting must include:

(1) the design and schematic layout of the project;

(2) the problem or need to be addressed by the project;

(3) a reference to the part of the department's mission, strategic plan, or legislative direction that is furthered by the project, and the project's relation to the local planning process;

(4) an explanation using diagrams, flowcharts, or other devices to illustrate procedural steps of the project, and an estimated timeline leading to the completion of the project; and

(5) a discussion of significant impacts of the project.

(h) The department shall make available an electronic mail address or Internet website that may be used to submit public comments concerning a project.

(i) The commission by rule shall provide owners of adjoining property and affected local governments and public officials with notice and an opportunity for comment on a state highway project that involves:

(1) the addition of one or more vehicular lanes to an existing highway; or

(2) the construction of a highway at a new location.

(j) The commission by rule shall provide procedures for informing adjoining property owners and affected local governments and public officials of impending construction.

SECTION 3.02. (a) Section 201.801, Transportation Code, is amended to read as follows:

Sec. 201.801. ~~[INFORMATION ABOUT DEPARTMENT,]~~ COMPLAINTS.

(a) The department shall maintain a system to promptly and efficiently act on complaints filed with the department. The department shall maintain information about the parties to and the subject matter of a complaint and a summary of the results of the review or investigation of the complaint and the disposition of the complaint.

(b) The department shall make information available describing its procedures for complaint investigation and resolution ~~[prepare information of public interest describing the functions of the department and the department's procedures by which a complaint is filed with the department and resolved by the department. The department shall make the information available to the public and appropriate state agencies].~~

~~[(b) The commission by rule shall establish methods by which consumers and service recipients are notified of the department's name, mailing address, and telephone number for directing complaints to the department. The commission may provide for that notification.~~

~~[(1) on each registration form, application, or written contract for services of an individual or entity regulated by the department,~~

~~[(2) on a sign prominently displayed in the place of business of each individual or entity regulated by the department,~~

28-1 ~~or~~

28-2 ~~[(3) in a bill for service provided by an individual or~~
 28-3 ~~entity regulated by the department.]~~

28-4 (c) ~~[The department shall:~~

28-5 ~~[(1) keep an information file about each written~~
 28-6 ~~complaint filed with the department that the department has the~~
 28-7 ~~authority to resolve; and~~

28-8 ~~[(2) provide the person who filed the complaint, and~~
 28-9 ~~each person or entity that is the subject of the complaint,~~
 28-10 ~~information about the department's policies and procedures~~
 28-11 ~~relating to complaint investigation and resolution.~~

28-12 ~~[(d)] The department[, at least quarterly and until final~~
 28-13 ~~disposition of a written complaint that is filed with the~~
 28-14 ~~department and that the department has the authority to resolve,]~~
 28-15 ~~shall periodically notify the parties to the complaint of its~~
 28-16 ~~status until final disposition unless the notice would jeopardize~~
 28-17 ~~an undercover investigation.~~

28-18 (d) The commission shall adopt rules applicable to each
 28-19 division and district to establish a process to act on complaints
 28-20 filed with the department [(e) With regard to each complaint filed
 28-21 with the department, the department shall keep the following
 28-22 information:

28-23 ~~[(1) the date the complaint is filed,~~
 28-24 ~~[(2) the name of the person filing the complaint,~~
 28-25 ~~[(3) the subject matter of the complaint,~~
 28-26 ~~[(4) a record of each person contacted in relation to~~
 28-27 ~~the complaint,~~

28-28 ~~[(5) a summary of the results of the review or~~
 28-29 ~~investigation of the complaint; and~~

28-30 ~~[(6) if the department takes no action on the~~
 28-31 ~~complaint, an explanation of the reasons that no action was taken].~~

28-32 (e) The department shall develop a standard form for
 28-33 submitting a complaint and make the form available on its Internet
 28-34 website. The department shall establish a method to submit
 28-35 complaints electronically.

28-36 (f) The department shall develop a method for analyzing the
 28-37 sources and types of complaints and violations and establish
 28-38 categories for the complaints and violations. The department shall
 28-39 use the analysis to focus its information and education efforts on
 28-40 specific problem areas identified through the analysis.

28-41 (g) The department shall:

28-42 (1) compile:

28-43 (A) detailed statistics and analyze trends on
 28-44 complaint information, including:

28-45 (i) the nature of the complaints;
 28-46 (ii) their disposition; and
 28-47 (iii) the length of time to resolve
 28-48 complaints; and

28-49 (B) complaint information on a district and a
 28-50 divisional basis; and

28-51 (2) report the information on a monthly basis to the
 28-52 division directors, office directors, and district engineers and on
 28-53 a quarterly basis to the commission.

28-54 (b) The Texas Department of Transportation shall adopt
 28-55 rules under Section 201.801, Transportation Code, as amended by
 28-56 this section, not later than March 1, 2010.

28-57 SECTION 3.03. Subchapter J, Chapter 201, Transportation
 28-58 Code, is amended by adding Section 201.812 to read as follows:

28-59 Sec. 201.812. PUBLIC INVOLVEMENT POLICY. (a) The
 28-60 department shall develop and implement a policy for public
 28-61 involvement that guides and encourages public involvement with the
 28-62 department. The policy must:

28-63 (1) provide for the use of public involvement
 28-64 techniques that target different groups and individuals;

28-65 (2) encourage continuous contact between the
 28-66 department and persons outside the department throughout the
 28-67 transportation decision-making process;

28-68 (3) require the department to make efforts toward:

28-69 (A) clearly tying public involvement to

decisions made by the department; and

(B) providing clear information to the public about specific outcomes of public input; and

(4) apply to all public input with the department, including input:

(A) on statewide transportation policy-making;

(B) in connection with the environmental process relating to specific projects; and

(C) into the department's rulemaking procedures.

(b) The department shall document the ratio of positive public input to negative public input regarding all environmental impact statements as expressed by the public through the department's public involvement process. The department shall:

(1) present this information to the commission in an open meeting; and

(2) report this information on the department's Internet website in a timely manner.

SECTION 3.04. Subchapter B, Chapter 203, Transportation Code, is repealed.

ARTICLE 4. CONTRACTING FUNCTIONS

SECTION 4.01. Section 223.002, Transportation Code, is amended to read as follows:

Sec. 223.002. NOTICE OF BIDS [~~BY PUBLICATION~~]. [~~(a)~~] The department shall give [~~publish~~] notice to interested persons regarding [~~of~~] the time and place at which bids on a contract will be opened and the contract awarded. The department by rule shall determine the most effective method for providing the notice required by this section.

[~~(b)~~] The notice must be published in a newspaper published in the county in which the improvement is to be made once a week for at least two weeks before the time set for awarding the contract and in two other newspapers that the department may designate.

[~~(c)~~] Instead of the notice required by Subsection (b), if the department estimates that the contract involves an amount less than \$300,000, notice may be published in two successive issues of a newspaper published in the county in which the improvement is to be made.

[~~(d)~~] If a newspaper is not published in the county in which the improvement is to be made, notice shall be published in a newspaper published in the county:

[~~(1)~~] nearest the county seat of the county in which the improvement is to be made; and

[~~(2)~~] in which a newspaper is published.]

SECTION 4.02. Section 223.205, Transportation Code, is amended by amending Subsections (a), (b), (d), (f), and (g) and adding Subsections (h) and (i) to read as follows:

(a) The [~~Notwithstanding Section 223.006 and the requirements of Subchapter B, Chapter 2253, Government Code, the~~] department shall require a private entity entering into a comprehensive development agreement under this subchapter to provide a performance and payment bond or an alternative form of security, or a combination of forms of security, in an amount as determined by the department that is sufficient to:

(1) ensure the proper performance of the construction work to be performed under the agreement; and

(2) protect:

(A) the department; and

(B) payment bond beneficiaries who have a direct contractual relationship with the private entity or a subcontractor of the private entity to supply labor or material for the construction work.

(b) A performance and payment bond or alternative form of security shall be in an amount equal to the cost of constructing [~~or maintaining~~] the project.

(d) A [~~payment or performance~~] bond or alternative form of security is not required for the portion of an agreement that is for [~~includes~~] only design or planning services, the performance of preliminary studies, [~~or~~] the acquisition of real property, maintenance, or operations.

(f) ~~The [In addition to or instead of a performance and payment bond, the]~~ department may require one or more of the following alternative forms of security:

(1) a cashier's check drawn on a financial entity specified by the department;

(2) a United States bond or note;

(3) an irrevocable bank letter of credit; ~~[or]~~

(4) debt and equity contributed by the private entity that is not recoverable in the event of termination of the agreement because of the private entity's breach; or

(5) any other form of security determined suitable by the department.

(g) The commission ~~[department]~~ by rule shall prescribe requirements for an alternative form of security provided under this section.

(h) Section 223.006 of this code and Chapter 2253, Government Code, do not apply to a bond or alternative form of security required under this section.

(i) The commission shall prepare and file annually with the governor, the lieutenant governor, and the Legislative Budget Board a report providing information on the operations of highway projects for which a comprehensive development has been entered into with a private entity.

SECTION 4.03. Sections 223.201(a) and (g), Transportation Code, are amended to read as follows:

(a) ~~The [Subject to Section 223.202, the]~~ department may enter into a comprehensive development agreement with a private entity to design, develop, finance, construct, maintain, repair, operate, extend, or expand a:

(1) state highway ~~[toll project]; or~~

(2) facility, as defined by Section 227.001, or a combination of facilities on the Trans-Texas Corridor~~;~~

~~[(3) state highway improvement project that includes both tolled and nontolled lanes and may include nontolled appurtenant facilities;~~

~~[(4) state highway improvement project in which the private entity has an interest in the project; or~~

~~[(5) state highway improvement project financed wholly or partly with the proceeds of private activity bonds, as defined by Section 141(a), Internal Revenue Code of 1986].~~

(g) The department may combine in a comprehensive development agreement under this subchapter a state highway ~~[toll project]~~ and a rail facility as defined by Section 91.001.

SECTION 4.04. Section 223.203(e-2), Transportation Code, is amended to read as follows:

(e-2) In this section, "design-build contract" means a comprehensive development agreement that includes the design and construction of a ~~[turnpike]~~ project, does not include the financing of a ~~[turnpike]~~ project, and may include the acquisition, maintenance, or operation of a ~~[turnpike]~~ project.

SECTION 4.05. Section 223.203(m), Transportation Code, is amended to read as follows:

(m) The department may pay an unsuccessful private entity that submits a responsive proposal in response to a request for detailed proposals under Subsection (f) a stipulated amount in exchange for the work product contained in that proposal. A stipulated amount must be stated in the request for proposals and may not exceed the value of any work product contained in the proposal that can, as determined by the department, be used by the department in the performance of its functions. The use by the department of any design element contained in an unsuccessful proposal is subject to the private entity's acceptance of the stipulated amount, is at the sole risk and discretion of the department, and does not confer liability on the recipient of the stipulated amount under this section. After acceptance and payment of the stipulated amount:

(1) the department owns with the unsuccessful proposer jointly the rights to, and may make use of any work product contained in, the proposal, including the technologies,

techniques, methods, processes, ideas, and information contained in the project design; and

(2) the use by the unsuccessful proposer of any portion of the work product contained in the proposal is at the sole risk of the unsuccessful proposer and does not confer liability on the department.

SECTION 4.06. Section 223.208(e), Transportation Code, is amended to read as follows:

(e) Notwithstanding anything in Section 201.112 or other law to the contrary, and subject to compliance with the dispute resolution procedures set out in the comprehensive development agreement, an obligation of the commission or the department under a comprehensive development agreement entered into under this subchapter or Section 227.023(c) to make or secure payments to a person because of the termination of the agreement, including the purchase of the interest of a private participant or other investor in a project, may be enforced by mandamus against the commission, the department, and the comptroller in a district court of Travis County, and the sovereign immunity of the state is waived for that purpose. The district courts of Travis County shall have exclusive jurisdiction and venue over and to determine and adjudicate all issues necessary to adjudicate any action brought under this subsection. The remedy provided by this subsection is in addition to any legal and equitable remedies that may be available to a party to a comprehensive development agreement. This subsection does not apply to a design-build contract, as defined by Section 223.203(e-2), for a nontolled facility.

SECTION 4.07. Section 223.206(b), Transportation Code, is amended to read as follows:

(b) Notwithstanding Subsection (a), the department may enter into an agreement that provides for the lease of rights-of-way, the granting of easements, the issuance of franchises, licenses, or permits, or any lawful uses to enable a private entity to construct, operate, and maintain a project, including supplemental facilities. At the termination of the agreement, the highway or other facilities are to be in a state of proper maintenance as determined by the department and ~~[shall be]~~ returned to the department in satisfactory condition at no further cost other than any compensation the department agrees to pay on an early termination of the agreement. In lieu of the private entity's performing necessary maintenance, repair, or renewal work before returning the highway or other facilities to the department, the agreement may require payment to the department in the amount the department determines to be appropriate to fund maintenance, repair, or renewal work that is scheduled to occur subsequent to termination of the agreement.

SECTION 4.08. Subchapter C, Chapter 371, Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, is amended by adding Section 371.105 to read as follows:

Sec. 371.105. PROHIBITION AGAINST CONCESSION PAYMENTS; REVENUE SHARING. (a) In this section, "concession payment" means an up-front payment made by a private participant in return for which the private participant is granted a right to operate and receive revenue from a toll project.

(b) A toll project entity is prohibited from accepting a concession payment as part of a comprehensive development agreement.

(c) A toll project entity may enter into a revenue sharing agreement with a private participant as part of a comprehensive development agreement.

(d) This section does not apply to:

(1) the State Highway 161 project from State Highway 183 to Interstate Highway 20 in Dallas County;

(2) the United States Highway 281 project in Bexar County from Loop 1604 to the Comal County line;

(3) the Loop 49 project from Interstate Highway 20 to State Highway 110 in Smith County;

(4) the DFW Connector project in Tarrant and Dallas

Counties (State Highway 114 from State Highway 114L Business to east of International Parkway and State Highway 121 from north of Farm-to-Market Road 2499 to south of State Highway 360);

(5) the North Tarrant Express project in Tarrant and Dallas Counties (Interstate Highway 820 and State Highway 121/State Highway 183 from Interstate Highway 35W to State Highway 161, Interstate Highway 820 east from State Highway 121/State Highway 183 to Randol Mill Road, and Interstate Highway 35W from Interstate Highway 30 to State Highway 170);

(6) the United States Highway 290 project from east of United States Highway 183 to east of Farm-to-Market Road 973 in Travis County;

(7) the State Highway 99 (Grand Parkway) project;

(8) the Interstate Highway 635 managed lanes project in Dallas County (Interstate Highway 635 from east of Luna Road to Greenville Avenue and Interstate Highway 35E from south of the Loop 12/Interstate Highway 35E split to south of Valwood Parkway);

(9) Phase 4 extension of the Dallas North Tollway in Collin and Denton Counties from United States Highway 380 to the Grayson County line to be developed by North Texas Tollway Authority;

(10) the Southwest Parkway (State Highway 121) in Tarrant County from Interstate 30 to Dirks Road/Altamesa Boulevard and the Chisholm Trail project from Dirks Road/Altamesa Boulevard to U.S. Highway 67 in the City of Cleburne; or

(11) a comprehensive development agreement in connection with a project associated with any portion of the Loop 9 project that is located in a nonattainment air quality area as designated by the United States Environmental Protection Agency that includes two adjacent counties that each have a population of one million or more.

SECTION 4.09. Subsection (a), Section 371.151, Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, is amended to read as follows:

(a) Before a toll project entity enters into a contract for the construction of a toll project, the entity shall publish in the manner provided by Section 371.152 information regarding:

(1) project financing, including:

(A) the total amount of debt that has been and will be assumed to acquire, design, construct, operate, and maintain the toll project;

(B) a description of how the debt will be repaid, including a projected timeline for repaying the debt; and

(C) the projected amount of interest that will be paid on the debt;

(2) whether the toll project will continue to be tolled after the debt has been repaid;

(3) a description of the method that will be used to set toll rates;

(4) a description of any terms in the contract relating to competing facilities, including any penalties associated with the construction of a competing facility;

(5) a description of any terms in the contract relating to a termination for convenience provision, including any information regarding how the value of the project will be calculated for the purposes of making termination payments;

(6) the initial toll rates, the methodology for increasing toll rates, and the projected toll rates at the end of the term of the contract; and

(7) the terms of any revenue sharing agreement [~~the projected total amount of concession payments~~].

SECTION 4.10. (a) The changes in law made by Section 371.151, Transportation Code, as amended by this article, and Section 371.105, Transportation Code, as added by this article, apply only to a comprehensive development agreement entered into on or after the effective date of this Act.

(b) A comprehensive development agreement entered into before the effective date of this Act is governed by the law in

effect on the day the agreement was finalized, and the former law is continued in effect for that purpose.

ARTICLE 5. REGULATION OF MOTOR VEHICLE DEALERS, SALVAGE VEHICLE DEALERS, AND HOUSEHOLD GOODS CARRIERS

SECTION 5.01. (a) Section 643.153, Transportation Code, is amended by amending Subsection (b) and adding Subsections (c), (h), and (i) to read as follows:

(b) The department may adopt rules necessary to ensure that a customer of a motor carrier transporting household goods is protected from deceptive or unfair practices and unreasonably hazardous activities. The rules must:

(1) establish a formal process for resolving a dispute over a fee or damage;

(2) require a motor carrier to indicate clearly to a customer whether an estimate is binding or nonbinding and disclose the maximum price a customer could be required to pay;

(3) create a centralized process for making complaints about a motor carrier that also allows a customer to inquire about a carrier's complaint record; ~~and~~

(4) require a motor carrier transporting household goods to list a place of business with a street address in this state and the carrier's registration number issued under this article in any print advertising published in this state; and

(5) require a motor carrier transporting household goods to submit to the department, at the time of the original motor carrier registration and at the renewal of the registration, documentation on whether the motor carrier:

(A) regularly requests and obtains criminal history record information on its employees under Chapter 145, Civil Practice and Remedies Code; and

(B) uses the criminal history record information to exclude from employment persons who have committed a serious criminal offense.

(c) The department shall make available to the public on the department's Internet website the information received under Subsection (b)(5) to allow members of the public to make an informed choice when selecting a motor carrier to transport household goods.

(h) Subject to Subsection (i), the department may order a motor carrier that transports household goods to pay a refund to a customer as provided in an agreement resulting from an informal settlement instead of or in addition to imposing an administrative penalty under this chapter.

(i) The amount of a refund ordered as provided in an agreement resulting from an informal settlement may not exceed the amount the customer paid to the motor carrier for a service or the amount the customer paid for an item damaged by the motor carrier, without requiring an estimation of the actual cost of the damage. The department may not require payment of other damages or estimate harm in a refund order.

(b) The change in law made by Sections 643.153(h) and (i), Transportation Code, as added by this section, applies only to an agreement to transport household goods entered into on or after the effective date of this Act. An agreement to transport household goods entered into before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

SECTION 5.02. (a) Section 643.251(b), Transportation Code, is amended to read as follows:

(b) Except as provided by this section, the amount of an administrative penalty may not exceed \$5,000. If it is found that the motor carrier knowingly committed the violation, the penalty may not exceed \$15,000. ~~[If it is found that the motor carrier knowingly committed multiple violations, the aggregate penalty for the multiple violations may not exceed \$30,000.]~~ Each day a violation continues or occurs is a separate violation for purposes of imposing a penalty.

(b) The change in law made by this section to Section 643.251, Transportation Code, applies only to a violation committed by a motor carrier on or after the effective date of this Act. For

purposes of this subsection, a violation was committed before the effective date of this Act if any element of the violation was committed before that date. A violation committed by a motor carrier before the effective date of this Act is covered by the law in effect on the date the violation was committed, and the former law is continued in effect for that purpose.

SECTION 5.03. Subchapter F, Chapter 643, Transportation Code, is amended by adding Sections 643.256 and 643.257 to read as follows:

Sec. 643.256. SUMMARY SUSPENSION. (a) The department may summarily suspend the registration of a motor carrier registered under this chapter if the motor carrier's failure to comply with this chapter or a rule adopted under this chapter is determined by the department to constitute a continuing and imminent threat to the public safety and welfare.

(b) To initiate a proceeding to take action under Subsection (a), the department must serve notice on the motor carrier. The notice must:

(1) state the grounds for summary suspension;
(2) be personally served on the motor carrier or sent to the motor carrier by certified or registered mail, return receipt requested, to the motor carrier's mailing address as it appears in the department's records; and

(3) inform the motor carrier of the right to a hearing on the suspension.

(c) The suspension is effective on the date notice is personally served or received by mail. The motor carrier is entitled to appeal the suspension in the manner provided by Section 643.2525 for the appeal of an order of the board.

Sec. 643.257. EMERGENCY CEASE AND DESIST ORDER. (a) If it appears to the board that a motor carrier who is not registered to transport household goods for compensation under Section 643.051 is violating this chapter, a rule adopted under this chapter, or another state statute or rule relating to the transportation of household goods and the board determines that the unauthorized activity constitutes a clear, imminent, or continuing threat to the public health and safety, the board may:

(1) issue an emergency cease and desist order prohibiting the motor carrier from engaging in the activity; and

(2) report the activity to a local law enforcement agency or the attorney general for prosecution.

(b) An order issued under Subsection (a) must:

(1) be delivered on issuance to the motor carrier affected by the order by personal delivery or registered or certified mail, return receipt requested, to the motor carrier's last known address;

(2) state the acts or practices alleged to be an unauthorized activity and require the motor carrier immediately to cease and desist from the unauthorized activity; and

(3) contain a notice that a request for hearing may be filed under this section.

(c) A motor carrier against whom an emergency cease and desist order is directed may request a hearing before the 11th day after the date it is served on the motor carrier. If the motor carrier does not request a hearing in that time, the order is final and nonappealable as to that motor carrier. A request for a hearing must:

(1) be in writing and directed to the board; and

(2) state the grounds for the request to set aside or modify the order.

(d) On receiving a request for a hearing, the board shall serve notice of the time and place of the hearing by personal delivery or registered or certified mail, return receipt requested. The hearing must be held not later than the 10th day after the date the board receives the request for a hearing unless the parties agree to a later hearing date. A hearing under this subsection is subject to Chapter 2001, Government Code.

(e) After the hearing, the board shall affirm, modify, or set aside wholly or partly the emergency cease and desist order. An

order affirming or modifying the emergency cease and desist order is immediately final for purposes of enforcement and appeal.

(f) An order under this section continues in effect unless the order is stayed by the board. The board may impose any condition before granting a stay of the order.

(g) The board may release to the public a final cease and desist order issued under this section or information regarding the existence of the order if the board determines that the release would enhance the effective enforcement of the order or will serve the public interest.

(h) A violation of an order issued under this section constitutes additional grounds for imposing an administrative penalty under this chapter.

SECTION 5.04. Section 2301.654, Occupations Code, is amended to read as follows:

Sec. 2301.654. PROBATION. If a suspension of a license is probated, the board may:

(1) require the license holder to report regularly to the board on matters that are the basis of the probation; ~~or~~

(2) limit activities to those prescribed by the board; or

(3) require the license holder to obtain specialized training so that the license holder attains a degree of skill satisfactory to the board in those areas that are the basis of the probation.

SECTION 5.05. Section 2301.801, Occupations Code, is amended by amending Subsections (a) and (c), and adding Subsections (d), (e), (f), and (g) to read as follows:

Sec. 2301.801. ADMINISTRATIVE ~~CIVIL~~ PENALTY. (a) If, after a proceeding under this chapter and board rules, the board determines that a person is violating or has violated this chapter, a rule adopted or order issued under this chapter, or Section 503.038(a), Transportation Code, the board may impose an administrative ~~a civil~~ penalty. The amount of the penalty may not exceed \$10,000 for each violation. Each act of violation and each day a violation continues is a separate violation.

(c) The board by rule shall adopt a schedule of administrative penalties based on the criteria in Subsection (b) to ensure that the amount of a penalty imposed under this section is appropriate to the violation ~~[Notwithstanding any other law to the contrary, a civil penalty recovered under this chapter shall be deposited in the state treasury to the credit of the state highway fund].~~

(d) The enforcement of an administrative penalty ordered under this section may be stayed during the time the order is under judicial review if the person pays the penalty to the clerk of the court or files a supersedeas bond with the court in the amount of the penalty. A person who cannot afford to pay the penalty or file the bond may stay the enforcement by filing an affidavit in the manner required by the Texas Rules of Civil Procedure for a party who cannot afford to file security for costs, subject to the right of the commission to contest the affidavit as provided by those rules.

(e) The attorney general may sue to collect an administrative penalty assessed under this section. The attorney general may recover on behalf of the state the reasonable expenses incurred in obtaining the penalty, including investigation and court costs, reasonable attorney's fees, witness fees, and other expenses.

(f) An administrative penalty collected under this section shall be deposited to the credit of the general revenue fund.

(g) A proceeding to impose an administrative penalty under this section is a contested case hearing under Chapter 2001, Government Code.

SECTION 5.06. (a) Subchapter Q, Chapter 2301, Occupations Code, is amended by adding Section 2301.808 to read as follows:

Sec. 2301.808. REFUND. (a) Subject to Subsection (b), the board may order a motor vehicle dealer to pay a refund to a consumer as provided in an agreement resulting from an informal settlement

instead of or in addition to imposing an administrative penalty under this chapter.

(b) The amount of a refund ordered as provided in an agreement resulting from an informal settlement may not exceed the amount the consumer paid to the motor vehicle dealer. The board may not require payment of other damages or estimate harm in a refund order.

(b) Subchapter H, Chapter 2302, Occupations Code, is amended by adding Section 2302.352 to read as follows:

Sec. 2302.352. ADMINISTRATIVE PENALTY. (a) The board may impose an administrative penalty on a salvage vehicle dealer licensed under this chapter who violates this chapter or a rule or order adopted under this chapter.

(b) The amount of an administrative penalty imposed under this section may not exceed \$5,000. Each day a violation continues or occurs is a separate violation for the purpose of imposing a penalty. The amount of the penalty shall be based on:

(1) the seriousness of the violation, including the nature, circumstances, extent, and gravity of the violation;

(2) the economic harm to property or the environment caused by the violation;

(3) the history of previous violations;

(4) the amount necessary to deter a future violation;

(5) the threat to the public safety and welfare;

(6) efforts to correct the violation; and

(7) any other matter that justice may require.

(c) The board by rule shall adopt a schedule of administrative penalties based on the criteria listed in Subsection (b) for violations subject to an administrative penalty under this section to ensure that the amount of a penalty imposed is appropriate to the violation.

(d) The enforcement of an administrative penalty may be stayed during the time the order is under judicial review if the person pays the penalty to the clerk of the court or files a supersedeas bond with the court in the amount of the penalty. A person who cannot afford to pay the penalty or file the bond may stay the enforcement by filing an affidavit in the manner required by the Texas Rules of Civil Procedure for a party who cannot afford to file security for costs, subject to the right of the board to contest the affidavit as provided by those rules.

(e) The attorney general may sue to collect an administrative penalty imposed under this section. In the suit the attorney general may recover, on behalf of the state, the reasonable expenses incurred in obtaining the penalty, including investigation and court costs, reasonable attorney's fees, witness fees, and other expenses.

(f) An administrative penalty collected under this section shall be deposited in the general revenue fund.

(g) A proceeding to impose an administrative penalty under this section is a contested case under Chapter 2001, Government Code.

(c) The change in law made by Section 2301.808, Occupations Code, as added by this section, applies only to a motor vehicle purchased or leased on or after the effective date of this Act. A motor vehicle purchased or leased before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

ARTICLE 6. REGULATION OF OUTDOOR ADVERTISING

SECTION 6.01. Section 391.004, Transportation Code, is amended to read as follows:

Sec. 391.004. TEXAS HIGHWAY BEAUTIFICATION FUND ACCOUNT. The Texas highway beautification fund account is an account in the general revenue fund. Money the commission receives under this chapter shall be deposited to the credit of the Texas highway beautification fund account. The commission shall use money in the Texas highway beautification fund account to administer this chapter and Chapter 394.

SECTION 6.02. (a) Subchapter A, Chapter 391, Transportation Code, is amended by adding Section 391.006 to read

as follows:

Sec. 391.006. COMPLAINTS; RECORDS. (a) The department by rule shall establish procedures for accepting and resolving written complaints related to outdoor advertising under this chapter. The rules must include:

(1) a process to make information available describing its procedures for complaint investigation and resolution, including making information about the procedures available on the department's Internet website;

(2) a simple form for filing complaints with the department;

(3) a system to prioritize complaints so that the most serious complaints receive attention before less serious complaints; and

(4) a procedure for compiling and reporting detailed annual statistics about complaints.

(b) The department shall provide on the department's Internet website information about the department's policies and procedures relating to complaint investigation and resolution. The department shall also provide that information to any person who requests a written copy of the information.

(c) The department shall keep for at least 10 years an information file about each written complaint filed with the department that the department has authority to resolve. The department shall keep the following information for each complaint for the purpose of enforcing this chapter:

(1) the date the complaint is filed;

(2) the name of the person filing the complaint;

(3) the subject matter of the complaint;

(4) each person contacted in relation to the complaint;

(5) a summary of the results of the review or investigation of the complaint; and

(6) if the department does not take action on the complaint, an explanation of the reasons that action was not taken.

(d) If a written complaint is filed with the department that the department has authority to resolve, the department, at least quarterly and until final disposition of the complaint, shall notify the parties to the complaint of the status of the complaint unless the notice would jeopardize an ongoing department investigation.

(b) The Texas Department of Transportation shall adopt rules under Section 391.006, Transportation Code, as added by this section, not later than September 1, 2010.

SECTION 6.03. Section 391.035(c), Transportation Code, is amended to read as follows:

(c) A penalty collected under this section shall be deposited to the credit of the Texas highway beautification [state highway] fund account if collected by the attorney general and to the credit of the county road and bridge fund of the county in which the violation occurred if collected by a district or county attorney.

SECTION 6.04. Subchapter B, Chapter 391, Transportation Code, is amended by adding Section 391.0355 to read as follows:

Sec. 391.0355. ADMINISTRATIVE PENALTY. (a) In lieu of a suit to collect a civil penalty, the commission, after notice and an opportunity for a hearing before the commission, may impose an administrative penalty against a person who violates this chapter or a rule adopted by the commission under this chapter. Each day a violation continues is a separate violation.

(b) The amount of the administrative penalty may not exceed the maximum amount of a civil penalty under Section 391.035.

(c) A proceeding under this section is a contested case under Chapter 2001, Government Code.

(d) Judicial review of an appeal of an administrative penalty imposed under this section is under the substantial evidence rule.

(e) An administrative penalty collected under this section shall be deposited to the credit of the Texas highway

38-1 beautification fund account.

38-2 SECTION 6.05. Section 391.063, Transportation Code, is
38-3 amended to read as follows:

38-4 Sec. 391.063. LICENSE FEE. The commission may set the
38-5 amount of a license fee according to a scale graduated by the number
38-6 of units of outdoor advertising and number of off-premise signs
38-7 under Chapter 394 owned by a license applicant.

38-8 SECTION 6.06. Section 391.065(b), Transportation Code, is
38-9 amended to read as follows:

38-10 (b) For the efficient management and administration of this
38-11 chapter and to reduce the number of employees required to enforce
38-12 this chapter, the commission shall adopt rules for issuing
38-13 standardized forms that are for submission by license holders and
38-14 applicants and that provide for an accurate showing of the number,
38-15 location, or other information required by the commission for each
38-16 license holder's or applicant's outdoor advertising or off-premise
38-17 signs under Chapter 394.

38-18 SECTION 6.07. Section 391.066, Transportation Code, is
38-19 amended by adding Subsection (d) to read as follows:

38-20 (d) The commission may deny the renewal of a license
38-21 holder's license if the license holder has not complied with the
38-22 permit requirements of this chapter or Chapter 394.

38-23 SECTION 6.08. Subchapter C, Chapter 391, Transportation
38-24 Code, is amended by adding Section 391.0661 to read as follows:

38-25 Sec. 391.0661. APPLICABILITY OF LICENSE. In addition to
38-26 authorizing a person to erect or maintain outdoor advertising, a
38-27 license issued under this chapter authorizes a person to erect or
38-28 maintain an off-premise sign under Chapter 394.

38-29 SECTION 6.09. Section 391.254(c), Transportation Code, is
38-30 amended to read as follows:

38-31 (c) A civil penalty collected by the attorney general under
38-32 this section shall be deposited to the credit of the Texas highway
38-33 beautification [state highway] fund account.

38-34 SECTION 6.10. Section 394.005, Transportation Code, is
38-35 amended to read as follows:

38-36 Sec. 394.005. DISPOSITION OF FEES. Money the commission
38-37 receives [A registration fee collected] under this chapter [Section
38-38 394.048 by the commission] shall be deposited to the credit of the
38-39 Texas highway beautification [state highway] fund account.

38-40 SECTION 6.11. (a) Subchapter A, Chapter 394,
38-41 Transportation Code, is amended by adding Section 394.006 to read
38-42 as follows:

38-43 Sec. 394.006. COMPLAINTS; RECORDS. (a) The department by
38-44 rule shall establish procedures for accepting and resolving written
38-45 complaints related to signs under this chapter. The rules must
38-46 include:

38-47 (1) a process to make information available describing
38-48 its procedures for complaint investigation and resolution,
38-49 including making information about the procedures available on the
38-50 department's Internet website;

38-51 (2) a simple form for filing complaints with the
38-52 department;

38-53 (3) a system to prioritize complaints so that the most
38-54 serious complaints receive attention before less serious
38-55 complaints; and

38-56 (4) a procedure for compiling and reporting detailed
38-57 annual statistics about complaints.

38-58 (b) The department shall provide on the department's
38-59 Internet website information about the department's policies and
38-60 procedures relating to complaint investigation and resolution. The
38-61 department shall also provide that information to any person who
38-62 requests a written copy.

38-63 (c) The department shall keep for at least 10 years an
38-64 information file about each written complaint filed with the
38-65 department that the department has authority to resolve. The
38-66 department shall keep the following information for each complaint
38-67 for the purpose of enforcing this chapter:

38-68 (1) the date the complaint is filed;

38-69 (2) the name of the person filing the complaint;

(3) the subject matter of the complaint;
 (4) each person contacted in relation to the complaint;

(5) a summary of the results of the review or investigation of the complaint; and

(6) if the department does not take action on the complaint, an explanation of the reasons that action was not taken.

(d) If a written complaint is filed with the department that the department has authority to resolve, the department, at least quarterly and until final disposition of the complaint, shall notify the parties to the complaint of the status of the complaint unless the notice would jeopardize an ongoing department investigation.

(b) The Texas Department of Transportation shall adopt rules under Section 394.006, Transportation Code, as added by this section, not later than September 1, 2010.

SECTION 6.12. The heading to Subchapter B, Chapter 394, Transportation Code, is amended to read as follows:

SUBCHAPTER B. LICENSE AND PERMIT FOR OFF-PREMISE SIGN

SECTION 6.13. (a) Subchapter B, Chapter 394, Transportation Code, is amended by adding Sections 394.0201, 394.0202, 394.0203, 394.0204, 394.0205, 394.0206, 394.0207, 394.027, 394.028, and 394.029 to read as follows:

Sec. 394.0201. ERECTING OFF-PREMISE SIGN WITHOUT LICENSE; OFFENSE. (a) A person commits an offense if the person wilfully erects or maintains an off-premise sign on a rural road without a license under this subchapter.

(b) An offense under this section is a misdemeanor punishable by a fine of not less than \$500 or more than \$1,000. Each day of the proscribed conduct is a separate offense.

(c) A person is not required to obtain a license to erect or maintain an on-premise sign.

Sec. 394.0202. ISSUANCE AND PERIOD OF LICENSE. (a) The commission shall issue a license to a person who:

(1) files with the commission a completed application form within the time specified by the commission;

(2) pays the appropriate license fee; and

(3) files with the commission a surety bond.

(b) A license may be issued for one year or longer.

(c) At least 30 days before the date on which a person's license expires, the commission shall notify the person of the impending expiration. The notice must be in writing and sent to the person's last known address according to the records of the commission.

Sec. 394.0203. LICENSE FEE. The commission may set the amount of a license fee according to a scale graduated by the number of off-premise signs and units of outdoor advertising under Chapter 391 owned by a license applicant.

Sec. 394.0204. SURETY BOND. (a) The surety bond required of an applicant for a license under Section 394.0202 must be:

(1) in the amount of \$2,500 for each county in the state in which the person erects or maintains an off-premise sign; and

(2) payable to the commission for reimbursement for removal costs of an off-premise sign that the license holder unlawfully erects or maintains.

(b) A person may not be required to provide more than \$10,000 in surety bonds.

Sec. 394.0205. RULES; FORMS. (a) The commission may adopt rules to implement Sections 394.0201(a), 394.0202, 394.0203, 394.0204, and 394.0206.

(b) For the efficient management and administration of this chapter and to reduce the number of employees required to enforce this chapter, the commission shall adopt rules for issuing standardized forms that are for submission by license holders and applicants and that provide for an accurate showing of the number, location, or other information required by the commission for each license holder's or applicant's off-premise signs or outdoor advertising under Chapter 391.

40-1 Sec. 394.0206. REVOCATION OR SUSPENSION OF LICENSE; APPEAL.
 40-2 (a) The commission may revoke or suspend a license issued under
 40-3 this subchapter or place on probation a license holder whose
 40-4 license is suspended if the license holder violates this chapter or
 40-5 a rule adopted under this chapter. If the suspension of the license
 40-6 is probated, the department may require the license holder to
 40-7 report regularly to the commission on any matter that is the basis
 40-8 of the probation.

40-9 (b) The judicial appeal of the revocation or suspension of a
 40-10 license must be initiated not later than the 15th day after the date
 40-11 of the commission's action.

40-12 (c) The commission may adopt rules for the reissuance of a
 40-13 revoked or suspended license and may set fees for the reissuance.

40-14 (d) The commission may deny the renewal of a license
 40-15 holder's existing license if the license holder has not complied
 40-16 with the permit requirements of this chapter or Chapter 391.

40-17 Sec. 394.0207. APPLICABILITY OF LICENSE. In addition to
 40-18 authorizing a person to erect or maintain an off-premise sign, a
 40-19 license issued under this chapter authorizes a person to erect or
 40-20 maintain outdoor advertising under Chapter 391.

40-21 Sec. 394.027. FEE AMOUNTS. The license and permit fees
 40-22 required by this subchapter may not exceed an amount reasonably
 40-23 necessary to cover the administrative costs incurred to enforce
 40-24 this chapter.

40-25 Sec. 394.028. EXCEPTIONS FOR CERTAIN NONPROFIT
 40-26 ORGANIZATIONS. (a) The combined license and permit fees under this
 40-27 subchapter may not exceed \$10 for an off-premise sign erected and
 40-28 maintained by a nonprofit organization in a municipality or a
 40-29 municipality's extraterritorial jurisdiction if the sign relates
 40-30 to or promotes only the municipality or a political subdivision
 40-31 whose jurisdiction is wholly or partly concurrent with the
 40-32 municipality.

40-33 (b) The nonprofit organization is not required to file a
 40-34 bond as provided by Section 394.0202(a)(3).

40-35 Sec. 394.029. DENIAL OF PERMIT; APPEAL. The commission may
 40-36 create a process by which an applicant may appeal a denial of a
 40-37 permit under this subchapter.

40-38 (b) The change in law made by Section 394.0201,
 40-39 Transportation Code, as added by this section, applies only to an
 40-40 off-premise sign erected or for which the permit expires on or after
 40-41 the effective date of this Act. An off-premise sign for which a
 40-42 permit is issued before the effective date of this Act is covered by
 40-43 the law in effect when the permit was issued, and the former law is
 40-44 continued in effect for that purpose.

40-45 SECTION 6.14. Section 394.050, Transportation Code, is
 40-46 amended to read as follows:

40-47 Sec. 394.050. ~~[BOARD OF]~~ VARIANCE. The executive director
 40-48 or a person designated by the executive director ~~[commission shall~~
 40-49 ~~provide for a board of variance that]~~, in an appropriate case and
 40-50 subject to an appropriate condition or safeguard, may make a
 40-51 special exception to this chapter regarding a permit for an
 40-52 off-premise outdoor sign on a rural road.

40-53 SECTION 6.15. Section 394.081(c), Transportation Code, is
 40-54 amended to read as follows:

40-55 (c) A civil penalty collected under this section shall be
 40-56 deposited to the credit of the Texas highway beautification ~~[state~~
 40-57 ~~highway]~~ fund account if collected by the attorney general and to
 40-58 the credit of the county road and bridge fund if collected by a
 40-59 district or county attorney.

40-60 SECTION 6.16. Sections 394.082(a), (d), and (e),
 40-61 Transportation Code, are amended to read as follows:

40-62 (a) In lieu of a suit to collect a civil penalty, the
 40-63 commission, after notice and an opportunity for a hearing before
 40-64 the commission, may impose an administrative penalty against a
 40-65 person who ~~[intentionally]~~ violates this chapter or a rule adopted
 40-66 by the commission under this chapter. Each day a violation
 40-67 continues is a separate violation.

40-68 (d) Judicial review of an appeal of an administrative
 40-69 penalty imposed under this section is under the substantial

evidence rule ~~[by trial de novo]~~.

(e) An administrative penalty collected under this section shall be deposited to the credit of the Texas highway beautification ~~[state highway]~~ fund account.

SECTION 6.17. Section 391.065(c), Transportation Code, is repealed.

ARTICLE 7. PUBLIC TRANSPORTATION

SECTION 7.01. Section 301.063(f), Labor Code, is repealed.

ARTICLE 8. TEXAS DEPARTMENT OF MOTOR VEHICLES

PART 1. GENERAL PROVISIONS

SECTION 8.1.01. Title 7, Transportation Code, is amended by adding Subtitle M to read as follows:

SUBTITLE M. TEXAS DEPARTMENT OF MOTOR VEHICLES

CHAPTER 1001. ORGANIZATION OF DEPARTMENT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1001.001. DEFINITIONS. In this subtitle:

(1) "Board" means the board of the department.

(2) "Department" means the Texas Department of Motor Vehicles.

Sec. 1001.002. CREATION OF DEPARTMENT; DUTIES. (a) The department is created as an agency of this state.

(b) In addition to the other duties required of the Texas Department of Motor Vehicles, the department shall administer and enforce:

(1) Subtitle A;

(2) Chapters 642, 643, 645, 646, and 648; and

(3) Chapters 2301 and 2302, Occupations Code.

Sec. 1001.003. COMPOSITION OF DEPARTMENT. The department is composed of an executive director appointed by the board and other employees required to efficiently implement:

(1) this subtitle;

(2) other applicable vehicle laws of this state; and

(3) other laws that grant jurisdiction to or are applicable to the department.

Sec. 1001.004. DIVISIONS. The board shall organize the department into divisions to accomplish the department's functions and the duties assigned to it, including divisions for:

(1) administration;

(2) motor carriers;

(3) motor vehicle distribution; and

(4) vehicle titles and registration.

Sec. 1001.005. SUNSET PROVISION. The department is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the department is abolished September 1, 2015.

Sec. 1001.006. DEFENSE BY ATTORNEY GENERAL. The attorney general shall defend an action brought against the board or the department or an action brought against an employee of the department as a result of the employee's official act or omission, regardless of whether at the time of the institution of the action that person has terminated service with the department.

[Sections 1001.007-1001.020 reserved for expansion]

SUBCHAPTER B. BOARD OF DEPARTMENT OF MOTOR VEHICLES

Sec. 1001.021. BOARD. (a) The board consists of nine members appointed by the governor with the advice and consent of the senate.

(b) Three members must be persons who hold a dealer's license issued under Chapter 2301, Occupations Code, of whom two must be franchised dealers of different classes and one must be an independent dealer; one member must be a representative of a manufacturer or distributor that holds a license issued under Chapter 2301, Occupations Code; one member must be a tax assessor-collector; one member must be a representative of a law enforcement agency of a county or municipality; and one member must be a representative of the motor carrier industry. The remaining members must be public members.

(c) Except as necessary to comply with Subsection (b), a person is not eligible for appointment as a member of the board if the person or the person's spouse:

(1) is employed by or participates in the management of a business entity or other organization that is regulated by or receives funds from the department;

(2) directly or indirectly owns or controls more than 10 percent interest in a business entity or other organization that is regulated by or receives funds from the department;

(3) uses or receives a substantial amount of tangible goods, services, or funds from the department, other than compensation or reimbursement authorized by law for board membership, attendance, or expenses; or

(4) is registered, certified, or licensed by the department.

(d) A person required to register as a lobbyist under Chapter 305, Government Code, because of the person's activities for compensation on behalf of a profession related to the operation of the department may not serve as a member of the board.

(e) Appointments to the board shall be made without regard to race, color, disability, sex, religion, age, or national origin of the appointees and shall reflect the diversity of the population of the state as a whole.

Sec. 1001.022. TERMS. Members of the board serve staggered six-year terms, with the terms of either one or two members expiring February 1 of each odd-numbered year.

Sec. 1001.023. CHAIR AND VICE CHAIR; DUTIES. (a) The governor shall appoint one of the board's members chair of the board. The board shall elect one of its members vice chair of the board. A chair or vice chair serves at the pleasure of the board.

(b) The chair shall:

(1) preside over board meetings, make rulings on motions and points of order, and determine the order of business;

(2) represent the department in dealing with the governor;

(3) report to the governor on the state of affairs of the department at least quarterly;

(4) report to the board the governor's suggestions for department operations;

(5) report to the governor on efforts, including legislative requirements, to maximize the efficiency of department operations through the use of private enterprise;

(6) periodically review the department's organizational structure and submit recommendations for structural changes to the governor, the board, and the Legislative Budget Board;

(7) designate one or more employees of the department as a civil rights division of the department and receive regular reports from the division on the department's efforts to comply with civil rights legislation and administrative rules;

(8) create subcommittees, appoint board members to subcommittees, and receive the reports of subcommittees to the board as a whole;

(9) appoint a member of the board to act in the chair's absence; and

(10) serve as the departmental liaison with the governor and the Office of State-Federal Relations to maximize federal funding for transportation.

Sec. 1001.024. BOARD MEETINGS. The board shall hold regular meetings at least quarterly and special meetings at the call of the chair. Board members shall attend the meetings of the board. The chair shall oversee the preparation of an agenda for each meeting and ensure that a copy is provided to each board member at least seven days before the meeting.

Sec. 1001.025. RECOMMENDATIONS TO LEGISLATURE. (a) The board shall consider ways in which the department's operations may be improved and may periodically report to the legislature concerning potential statutory changes that would improve the operation of the department.

(b) On behalf of the board, the chair shall report to the governor, the lieutenant governor, the speaker of the house of representatives, and the presiding officers of relevant

legislative committees on legislative recommendations adopted by the board and relating to the operation of the department.

Sec. 1001.026. COMPENSATION. A member of the board is entitled to compensation as provided by the General Appropriations Act. If compensation for board members is not provided by that Act, each member is entitled to reimbursement for actual and necessary expenses incurred in performing functions as a member of the board.

Sec. 1001.027. GROUNDS FOR REMOVAL. (a) It is a ground for removal from the board if a board member:

(1) does not have at the time of appointment or maintain during service on the board the qualifications required by Section 1001.021;

(2) violates a prohibition provided by Section 1001.021;

(3) cannot discharge the member's duties for a substantial part of the term for which the member is appointed because of illness or disability; or

(4) is absent from more than half of the regularly scheduled board meetings that the board member is eligible to attend during a calendar year, unless the absence is excused by majority vote of the board.

(b) The validity of an action of the board is not affected by the fact that it is taken when a ground for removal of a board member exists.

(c) If the executive director of the department knows that a potential ground for removal exists, the director shall notify the chair of the board of the ground, and the chair shall notify the governor and the attorney general that a potential ground for removal exists. If the potential ground for removal relates to the chair, the director shall notify another board member, who shall notify the governor and the attorney general that a potential ground for removal exists.

Sec. 1001.028. CONFLICT OF INTEREST. (a) A member of the board shall disclose in writing to the executive director if the member has an interest in a matter before the board or has a substantial financial interest in an entity that has a direct interest in the matter.

(b) The member shall recuse himself or herself from the board's deliberations and actions on the matter in Subsection (a) and may not participate in the board's decision on the matter.

(c) A person has a substantial financial interest in an entity if the person:

(1) is an employee, member, director, or officer of the entity; or

(2) owns or controls, directly or indirectly, more than a five percent interest in the entity.

Sec. 1001.029. INFORMATION ON QUALIFICATIONS AND CONDUCT. The department shall provide to the members of the board, as often as necessary, information concerning the members' qualifications for office and their responsibilities under applicable laws relating to standards of conduct for state officers.

Sec. 1001.030. TRAINING ON DEPARTMENT AND CERTAIN LAWS RELATING TO DEPARTMENT. (a) To be eligible to take office as a member of the board, a person appointed to the board must complete at least one course of a training program that complies with this section.

(b) The training program must provide information to the person regarding:

(1) this subchapter;

(2) the programs operated by the department;

(3) the role and functions of the department;

(4) the rules of the department with an emphasis on the rules that relate to disciplinary and investigatory authority;

(5) the current budget for the department;

(6) the results of the most recent formal audit of the department;

(7) the requirements of the:

(A) open meetings law, Chapter 551, Government Code;

(B) open records law, Chapter 552, Government Code; and

(C) administrative procedure law, Chapter 2001, Government Code;

(8) the requirements of the conflict of interest laws and other laws relating to public officials; and

(9) any applicable ethics policies adopted by the board or the Texas Ethics Commission.

(c) A person appointed to the board is entitled to reimbursement for travel expenses incurred in attending the training program, as provided by the General Appropriations Act and as if the person were a member of the board.

Sec. 1001.031. ADVISORY COMMITTEES. (a) The board shall establish separate advisory committees for the motor carrier, motor vehicles, and vehicle titles and registration divisions to make recommendations to the board or the executive director on the operation of the applicable division. A committee has the purposes, powers, and duties, including the manner of reporting its work, prescribed by the board. A committee and each committee member serves at the will of the board.

(b) The board shall appoint persons to each advisory committee who:

(1) are selected from a list provided by the executive director; and

(2) have knowledge about and interests in, and represent a broad range of viewpoints about, the work of the committee or applicable division.

(c) The advisory committee for the motor vehicles division must include a member to represent motor vehicle manufacturers and a member to represent the recreational vehicle industry.

(d) The advisory committee for the motor carrier division must include a member to represent the motor transportation industry.

(e) A member of an advisory committee may not be compensated by the board or the department for committee service.

[Sections 1001.032-1001.040 reserved for expansion]

SUBCHAPTER C. PERSONNEL

Sec. 1001.041. DEPARTMENT PERSONNEL. (a) Subject to the General Appropriations Act or other law, the executive director shall appoint deputies, assistants, and other personnel as necessary to carry out the powers and duties of the department under this code, other applicable vehicle laws of this state, and other laws granting jurisdiction or applicable to the department.

(b) A person appointed under this section must have the professional and administrative experience necessary to qualify the person for the position to which the person is appointed.

Sec. 1001.042. DIVISION OF RESPONSIBILITIES. The board shall develop and implement policies that clearly define the respective responsibilities of the director and the staff of the department.

Sec. 1001.043. EQUAL EMPLOYMENT OPPORTUNITY POLICY; REPORT. (a) The executive director or the director's designee shall prepare and maintain a written policy statement to ensure implementation of a program of equal employment opportunity under which all personnel transactions are made without regard to race, color, disability, sex, religion, age, or national origin. The policy statement must include:

(1) personnel policies, including policies relating to recruitment, evaluation, selection, appointment, training, and promotion of personnel that are in compliance with Chapter 21, Labor Code;

(2) a comprehensive analysis of the department workforce that meets federal and state guidelines;

(3) procedures by which a determination can be made of significant underuse in the department workforce of all persons for whom federal or state guidelines encourage a more equitable balance; and

(4) reasonable methods to appropriately address those areas of significant underuse.

(b) A policy statement prepared under this section must:
(1) cover an annual period;
(2) be updated annually;
(3) be reviewed by the civil rights division of the
Texas Workforce Commission for compliance with Subsection (a); and
(4) be filed with the governor.

(c) The governor shall deliver a biennial report to the
legislature based on the information received under Subsection (b).
The report may be made separately or as a part of other biennial
reports made to the legislature.

Sec. 1001.044. QUALIFICATIONS AND STANDARDS OF CONDUCT.
The executive director shall provide to department employees, as
often as necessary, information regarding their:

(1) qualification for office or employment under this
subtitle; and
(2) responsibilities under applicable laws relating
to standards of conduct for state employees.

Sec. 1001.045. CAREER LADDER PROGRAM; PERFORMANCE
EVALUATIONS. (a) The executive director or the director's
designee shall develop an intra-agency career ladder program. The
program must require intra-agency posting of all nonentry level
positions concurrently with any public posting.

(b) The executive director or the director's designee shall
develop a system of annual performance evaluations. All merit pay
for department employees must be based on the system established
under this subsection.

CHAPTER 1002. RULES

Sec. 1002.001. GENERAL RULEMAKING AUTHORITY. The board may
adopt any rules necessary and appropriate to implement the powers
and duties of the department under this code and other laws of this
state.

Sec. 1002.002. RULES RESTRICTING ADVERTISING OR
COMPETITIVE BIDDING. The board may not adopt rules restricting
advertising or competitive bidding by a person regulated by the
department except to prohibit false, misleading, or deceptive
practices by the person.

CHAPTER 1003. DEPARTMENT PROCEDURES

Sec. 1003.001. APPLICABILITY OF CERTAIN LAWS. Except as
specifically provided by law, the department is subject to Chapters
2001 and 2002, Government Code.

Sec. 1003.002. SUMMARY PROCEDURES FOR ROUTINE MATTERS.
(a) The board or the department by rule may:

(1) create a summary procedure for routine matters;
and

(2) designate department activities that otherwise
would be subject to Chapter 2001, Government Code, as routine
matters to be handled under the summary procedure.

(b) An activity may be designated as a routine matter only
if the activity is:

(1) voluminous;
(2) repetitive;
(3) believed to be noncontroversial; and
(4) of limited interest to anyone other than persons
immediately involved in or affected by the proposed department
action.

(c) The rules may establish procedures different from those
contained in Chapter 2001, Government Code. The procedures must
require, for each party directly involved, notice of a proposed
negative action not later than the fifth day before the date the
action is proposed to be taken.

(d) A rule adopted by the board under this section may
provide for the delegation of authority to take action on a routine
matter to a salaried employee of the department designated by the
board.

Sec. 1003.003. REVIEW OF ACTION ON ROUTINE MATTER. (a) A
person directly or indirectly affected by an action of the board or
the department on a routine matter taken under the summary
procedure adopted under Section 1003.002 is entitled to a review of
the action under Chapter 2001, Government Code.

(b) The person must apply to the board not later than the 60th day after the date of the action to be entitled to the review.

(c) The timely filing of the application for review immediately stays the action pending a hearing on the merits.

(d) The board may adopt rules relating to an application for review under this section and consideration of the application.

Sec. 1003.004. INFORMAL DISPOSITION OF CERTAIN CONTESTED CASES. The board or the department, as applicable, may, on written agreement or stipulation of each party and any intervenor, informally dispose of a contested case in accordance with Section 2001.056, Government Code, notwithstanding any provision of this code or other law that requires a hearing before the board or the department, as applicable.

CHAPTER 1004. PUBLIC ACCESS

Sec. 1004.001. ACCESS TO PROGRAMS AND FACILITIES. (a) The department shall prepare and maintain a written plan that describes how a person who does not speak English may be provided reasonable access to the department's programs.

(b) The department shall comply with federal and state laws for program and facility accessibility.

Sec. 1004.002. PUBLIC COMMENT. The board and the department shall develop and implement policies that provide the public with a reasonable opportunity to appear before the board or the department and to speak on any issue under the jurisdiction of the board or the department.

Sec. 1004.003. PUBLIC REPRESENTATION ON ADVISORY BODY. (a) At least one-half of the membership of each advisory body appointed by the board, other than an advisory body whose membership is determined by this code or by other law, must represent the general public.

(b) A public representative may not be:

- (1) an officer, director, or employee of a business entity regulated by the department;
- (2) a person required to register with the Texas Ethics Commission under Chapter 305, Government Code; or
- (3) a person related within the second degree by affinity or consanguinity to a person described by Subdivision (1) or (2).

CHAPTER 1005. STANDARDS OF CONDUCT

Sec. 1005.001. APPLICATION OF LAW RELATING TO ETHICAL CONDUCT. The board, the executive director, and each employee or agent of the department is subject to the code of ethics and the standard of conduct imposed by Chapter 572, Government Code, and any other law regulating the ethical conduct of state officers and employees.

PART 2. TRANSFER OF DUTIES AND FUNCTIONS OF THE TEXAS DEPARTMENT OF TRANSPORTATION

SUBPART A. GENERAL PROVISIONS AND ADMINISTRATION

SECTION 8.2A.01. Section 201.202(a), Transportation Code, is amended to read as follows:

(a) The commission shall organize the department into divisions to accomplish the department's functions and the duties assigned to it, including divisions for:

- (1) aviation;
- (2) highways and roads; and
- (3) public transportation~~[, and~~
- ~~[(4) motor vehicle titles and registration].~~

SECTION 8.2A.02. Section 201.931(2), Transportation Code, is amended to read as follows:

- (2) "License" includes:
 - (A) a permit issued by the department that authorizes the operation of a vehicle and its load or a combination of vehicles and load exceeding size or weight limitations; and
 - (B) ~~[a motor carrier registration issued under Chapter 643,~~
 - ~~[(C) a vehicle storage facility license issued under Chapter 2303, Occupations Code,~~
 - ~~[(D)]~~ a license or permit for outdoor advertising issued under Chapter 391 or 394~~+~~

47-1 ~~[(E) a salvage vehicle dealer or agent license~~
 47-2 ~~issued under Chapter 2302, Occupations Code,~~
 47-3 ~~[(F) specially designated or specialized license~~
 47-4 ~~plates issued under Subchapters E and F, Chapter 502, and~~
 47-5 ~~[(G) an apportioned registration issued~~
 47-6 ~~according to the International Registration Plan under Section~~
 47-7 ~~502.054].~~

SUBPART B. STATE HIGHWAY TOLL PROJECTS

47-9 SECTION 8.2B.01. Sections 228.055(b) and (h),
 47-10 Transportation Code, are amended to read as follows:

47-11 (b) The department may impose and collect the
 47-12 administrative fee, so as to recover the cost of collecting the
 47-13 unpaid toll, not to exceed \$100. The department shall send a
 47-14 written notice of nonpayment to the registered owner of the vehicle
 47-15 at that owner's address as shown in the vehicle registration
 47-16 records of the Texas Department of Motor Vehicles ~~[department]~~ by
 47-17 first class mail and may require payment not sooner than the 30th
 47-18 day after the date the notice was mailed. The registered owner
 47-19 shall pay a separate toll and administrative fee for each event of
 47-20 nonpayment under Section 228.054.

47-21 (h) In this section, "registered owner" means the owner of a
 47-22 vehicle as shown on the vehicle registration records of the Texas
 47-23 Department of Motor Vehicles ~~[department]~~ or the analogous
 47-24 department or agency of another state or country.

47-25 SECTION 8.2B.02. Section 228.056(b), Transportation Code,
 47-26 is amended to read as follows:

47-27 (b) In the prosecution of an offense under Section
 47-28 228.055(c), (d), or (e):

47-29 (1) it is presumed that the notice of nonpayment was
 47-30 received on the fifth day after the date of mailing;

47-31 (2) a computer record of the Texas Department of Motor
 47-32 Vehicles ~~[department]~~ of the registered owner of the vehicle is
 47-33 prima facie evidence of its contents and that the defendant was the
 47-34 registered owner of the vehicle when the underlying event of
 47-35 nonpayment under Section 228.054 occurred; and

47-36 (3) a copy of the rental, lease, or other contract
 47-37 document covering the vehicle on the date of the underlying event of
 47-38 nonpayment under Section 228.054 is prima facie evidence of its
 47-39 contents and that the defendant was the lessee of the vehicle when
 47-40 the underlying event of nonpayment under Section 228.054 occurred.

SUBPART C. CAUSEWAYS, BRIDGES, TUNNELS, TURNPIKES, FERRIES, AND
HIGHWAYS IN CERTAIN COUNTIES

47-43 SECTION 8.2C.01. Sections 284.0701(b), (e), and (h),
 47-44 Transportation Code, are amended to read as follows:

47-45 (b) The county may impose and collect the administrative
 47-46 cost so as to recover the expense of collecting the unpaid toll, not
 47-47 to exceed \$100. The county shall send a written notice of
 47-48 nonpayment to the registered owner of the vehicle at that owner's
 47-49 address as shown in the vehicle registration records of the Texas
 47-50 Department of Motor Vehicles ~~[department]~~ by first-class mail not
 47-51 later than the 30th day after the date of the alleged failure to pay
 47-52 and may require payment not sooner than the 30th day after the date
 47-53 the notice was mailed. The registered owner shall pay a separate
 47-54 toll and administrative cost for each event of nonpayment under
 47-55 Section 284.070.

47-56 (e) It is an exception to the application of Subsection (a)
 47-57 or (c) if the registered owner of the vehicle transferred ownership
 47-58 of the vehicle to another person before the event of nonpayment
 47-59 under Section 284.070 occurred, submitted written notice of the
 47-60 transfer to the Texas Department of Motor Vehicles ~~[department]~~ in
 47-61 accordance with Section 520.023, and before the 30th day after the
 47-62 date the notice of nonpayment is mailed, provides to the county the
 47-63 name and address of the person to whom the vehicle was transferred.
 47-64 If the former owner of the vehicle provides the required
 47-65 information within the period prescribed, the county may send a
 47-66 notice of nonpayment to the person to whom ownership of the vehicle
 47-67 was transferred at the address provided by the former owner by
 47-68 first-class mail before the 30th day after the date of receipt of
 47-69 the required information from the former owner. The subsequent

owner of the vehicle for which the proper toll was not paid who is mailed a written notice of nonpayment under this subsection and fails to pay the proper toll and administrative cost within the time specified by the notice of nonpayment commits an offense. The subsequent owner shall pay a separate toll and administrative cost for each event of nonpayment under Section 284.070. Each failure to pay a toll or administrative cost under this subsection is a separate offense.

(h) In this section, "registered owner" means the owner of a vehicle as shown on the vehicle registration records of the Texas Department of Motor Vehicles [~~department~~] or the analogous department or agency of another state or country.

SUBPART D. CERTIFICATE OF TITLE ACT

SECTION 8.2D.01. Section 501.002(3), Transportation Code, is amended to read as follows:

(3) "Department" means the Texas Department of Motor Vehicles [~~Transportation~~].

SUBPART E. REGISTRATION OF VEHICLES

SECTION 8.2E.01. Section 502.001, Transportation Code, is amended by adding Subdivision (1-a) and amending Subdivision (3) to read as follows:

(1-a) "Board" means the board of the Texas Department of Motor Vehicles.

(3) "Department" means the Texas Department of Motor Vehicles [~~Transportation~~].

SECTION 8.2E.02. Section 502.051, Transportation Code, is amended to read as follows:

Sec. 502.051. DEPOSIT OF REGISTRATION FEES IN STATE HIGHWAY FUND. Except as otherwise provided by this chapter, the board [~~Texas Transportation Commission~~] and the department shall deposit all money received from registration fees in the state treasury to the credit of the state highway fund.

SECTION 8.2E.03. Section 502.052(a), Transportation Code, is amended to read as follows:

(a) The department shall prepare the designs and specifications of license plates and devices selected by the board [~~Texas Transportation Commission~~] to be used as the registration insignia.

SECTION 8.2E.04. Sections 502.053(a) and (b), Transportation Code, are amended to read as follows:

(a) The department [~~Texas Department of Transportation~~] shall reimburse the Texas Department of Criminal Justice for the cost of manufacturing license plates or registration insignia as the license plates or insignia and the invoice for the license plates or insignia are delivered to the department [~~Texas Department of Transportation~~].

(b) When manufacturing is started, the Texas Department of Criminal Justice, the department [~~Texas Department of Transportation~~], and the comptroller, after negotiation, shall set the price to be paid for each license plate or insignia. The price must be determined from:

(1) the cost of metal, paint, and other materials purchased;

(2) the inmate maintenance cost per day;

(3) overhead expenses;

(4) miscellaneous charges; and

(5) a previously approved amount of profit for the work.

SECTION 8.2E.05. Section 502.1515, Transportation Code, is amended to read as follows:

Sec. 502.1515. OUTSOURCING PRODUCTION OF RENEWAL NOTICES; PAID ADVERTISING. The board [~~commission~~] may authorize the department to enter into a contract with a private vendor to produce and distribute motor vehicle registration renewal notices. The contract may provide for the inclusion of paid advertising in the registration renewal notice packet.

SECTION 8.2E.06. Section 502.352(c), Transportation Code, is amended to read as follows:

(c) A person may obtain a permit under this section by:

(1) applying to the county assessor-collector, the department, or the department's wire service agent, if the department has a wire service agent;

(2) paying a fee of \$25 for a 72-hour permit or \$50 for a 144-hour permit:

(A) in cash;

(B) by postal money order;

(C) by certified check;

(D) by wire transfer through the department's wire service agent, if any;

(E) by an escrow account; or

(F) where the service is provided, by a credit card issued by:

(i) a financial institution chartered by a state or the United States; or

(ii) a nationally recognized credit organization approved by the board [~~Texas Transportation Commission~~];

(3) paying a discount or service charge for a credit card payment or escrow account, in addition to the fee; and

(4) furnishing to the county assessor-collector, the department, or the department's wire service agent, evidence of financial responsibility for the vehicle that complies with Sections 502.153(c) and 601.168(a) and is written by an insurance company or surety company authorized to write motor vehicle liability insurance in this state.

SECTION 8.2E.07. Section 502.355(h), Transportation Code, is amended to read as follows:

(h) A person operating a vehicle under a permit issued under this section commits an offense if the person:

(1) transports farm products to a place of market, storage, or processing or a railhead or seaport that is farther from the place of production or point of entry, as appropriate, than the distance provided for in the permit; or

(2) follows a route other than that prescribed by the board [~~Texas Transportation Commission~~].

SUBPART F. DEALER'S AND MANUFACTURER'S VEHICLE LICENSE PLATES

SECTION 8.2F.01. Sections 503.001(2) and (5), Transportation Code, are amended to read as follows:

(2) "Commission" means the board of the Texas Department of Motor Vehicles [~~Texas Transportation Commission~~].

(5) "Department" means the Texas Department of Motor Vehicles [~~Transportation~~].

SUBPART G. SPECIALTY LICENSE PLATES

SECTION 8.2G.01. Section 504.001(a), Transportation Code, is amended to read as follows:

(a) In this chapter:

(1) "Board" means the board of the Texas Department of Motor Vehicles [~~, "commission" and "director" have the meanings assigned by Section 201.001~~].

(2) "Department" means the Texas Department of Motor Vehicles.

SECTION 8.2G.02. Section 504.004, Transportation Code, is amended to read as follows:

Sec. 504.004. RULES AND FORMS. The board [~~commission~~] may adopt rules and the department may issue forms to implement and administer this chapter.

SECTION 8.2G.03. Sections 504.851(b), (c), and (d), Transportation Code, are amended to read as follows:

(b) Instead of the fees established by Section 504.101(c), the board [~~commission~~] by rule shall establish fees for the issuance or renewal of personalized license plates that are marketed and sold by the private vendor. Fees must be reasonable and not less than the greater of:

(1) the amounts necessary to allow the department to recover all reasonable costs to the department associated with the evaluation of the competitive sealed proposals received by the department and with the implementation and enforcement of the contract, including direct, indirect, and administrative costs; or

50-1 (2) the amount established by Section 504.101(c).

50-2 (c) The board [~~commission~~] by rule shall establish the fees
50-3 for the issuance or renewal of souvenir license plates, specialty
50-4 license plates, or souvenir or specialty license plates that are
50-5 personalized that are marketed and sold by the private
50-6 vendor. Fees must be reasonable and not less than the amounts
50-7 necessary to allow the department to recover all reasonable costs
50-8 to the department associated with the evaluation of the competitive
50-9 sealed proposals received by the department and with the
50-10 implementation and enforcement of the contract, including direct,
50-11 indirect, and administrative costs. A fee established under this
50-12 subsection is in addition to:

50-13 (1) the registration fee and any optional registration
50-14 fee prescribed by this chapter for the vehicle for which specialty
50-15 license plates are issued;

50-16 (2) any additional fee prescribed by this subchapter
50-17 for the issuance of specialty license plates for that vehicle; and

50-18 (3) any additional fee prescribed by this subchapter
50-19 for the issuance of personalized license plates for that vehicle.

50-20 (d) At any time as necessary to comply with Subsection (b)
50-21 or (c), the board [~~commission~~] may increase or decrease the amount
50-22 of a fee established under the applicable subsection.

50-23 SUBPART H. MISCELLANEOUS PROVISIONS

50-24 SECTION 8.2H.01. Section 520.001, Transportation Code, is
50-25 amended to read as follows:

50-26 Sec. 520.001. DEFINITION. In this chapter, "department"
50-27 means the Texas Department of Motor Vehicles [~~Transportation~~].

50-28 SUBPART I. OPERATION OF BICYCLES, MOPEDS, AND PLAY VEHICLES

50-29 SECTION 8.2I.01. Section 551.302, Transportation Code, is
50-30 amended to read as follows:

50-31 Sec. 551.302. REGISTRATION. The Texas Department of Motor
50-32 Vehicles [~~Transportation~~] may adopt rules relating to the
50-33 registration and issuance of license plates to neighborhood
50-34 electric vehicles.

50-35 SUBPART J. MOTOR VEHICLE SAFETY RESPONSIBILITY ACT

50-36 SECTION 8.2J.01. Section 601.023, Transportation Code, is
50-37 amended to read as follows:

50-38 Sec. 601.023. PAYMENT OF STATUTORY FEES. The department
50-39 may pay:

50-40 (1) a statutory fee required by the Texas Department
50-41 of Motor Vehicles [~~Transportation~~] for a certified abstract or in
50-42 connection with suspension of a vehicle registration; or

50-43 (2) a statutory fee payable to the comptroller for
50-44 issuance of a certificate of deposit required by Section 601.122.

50-45 SECTION 8.2J.02. Section 601.451, Transportation Code, as
50-46 added by Chapter 892 (S.B. 1670), Acts of the 79th Legislature,
50-47 Regular Session, 2005, is amended to read as follows:

50-48 Sec. 601.451. DEFINITION. In this subchapter,
50-49 "implementing agencies" means:

50-50 (1) the department;

50-51 (2) the Texas Department of Motor Vehicles
50-52 [~~Transportation~~];

50-53 (3) the Texas Department of Insurance; and

50-54 (4) the Department of Information Resources.

50-55 SECTION 8.2J.03. Subchapter N, Chapter 601, Transportation
50-56 Code, as added by Chapter 1325 (H.B. 3588), Acts of the 78th
50-57 Legislature, Regular Session, 2003, is repealed.

50-58 SUBPART K. IDENTIFYING MARKINGS ON CERTAIN COMMERCIAL MOTOR 50-59 VEHICLES

50-60 SECTION 8.2K.01. Section 642.002(d), Transportation Code,
50-61 is amended to read as follows:

50-62 (d) The Texas Department of Motor Vehicles [~~Transportation~~]
50-63 by rule may prescribe additional requirements regarding the form of
50-64 the markings required by Subsection (a)(2) that are not
50-65 inconsistent with that subsection.

50-66 SUBPART L. MOTOR CARRIER REGISTRATION

50-67 SECTION 8.2L.01. Section 643.001(1), Transportation Code,
50-68 is amended to read as follows:

50-69 (1) "Department" means the Texas Department of Motor

51-1 Vehicles [Transportation].

51-2 SUBPART M. SINGLE STATE REGISTRATION

51-3 SECTION 8.2M.01. Section 645.001, Transportation Code, is
51-4 amended to read as follows:

51-5 Sec. 645.001. FEDERAL MOTOR CARRIER REGISTRATION. The
51-6 Texas Department of Motor Vehicles [Transportation] may, to the
51-7 fullest extent practicable, participate in a federal motor carrier
51-8 registration program under the unified carrier registration system
51-9 as defined by Section 643.001 or a ~~[the]~~ single state registration
51-10 system established under federal law [49 U.S.C. Section 14504].

51-11 SUBPART N. MOTOR TRANSPORTATION BROKERS

51-12 SECTION 8.2N.01. Section 646.003(a), Transportation Code,
51-13 is amended to read as follows:

51-14 (a) A person may not act as a motor transportation broker
51-15 unless the person provides a bond to the Texas Department of Motor
51-16 Vehicles [Transportation].

51-17 SUBPART O. FOREIGN COMMERCIAL MOTOR TRANSPORTATION

51-18 SECTION 8.2O.01. Section 648.002, Transportation Code, is
51-19 amended to read as follows:

51-20 Sec. 648.002. RULES. In addition to rules required by this
51-21 chapter, the Texas Department of Motor Vehicles [Transportation],
51-22 the Department of Public Safety, and the Texas Department of
51-23 Insurance may adopt other rules to carry out this chapter.

51-24 SUBPART P. PRIVILEGED PARKING

51-25 SECTION 8.2P.01. Section 681.001(1), Transportation Code,
51-26 is amended to read as follows:

51-27 (1) "Department" means the Texas Department of Motor
51-28 Vehicles [Transportation].

51-29 SUBPART Q. ADMINISTRATIVE ADJUDICATION OF VEHICLE PARKING

51-30 AND STOPPING OFFENSES

51-31 SECTION 8.2Q.01. Section 682.008, Transportation Code, is
51-32 amended to read as follows:

51-33 Sec. 682.008. PRESUMPTIONS. In an administrative
51-34 adjudication hearing under this chapter:

51-35 (1) it is presumed that the registered owner of the
51-36 motor vehicle is the person who parked or stopped the vehicle at the
51-37 time and place of the offense charged; and

51-38 (2) the Texas Department of Motor Vehicles'
51-39 ~~[Transportation's]~~ computer-generated record of the registered
51-40 vehicle owner is prima facie evidence of the contents of the record.

51-41 SUBPART R. ABANDONED MOTOR VEHICLES

51-42 SECTION 8.2R.01. Section 683.001(1), Transportation Code,
51-43 is amended to read as follows:

51-44 (1) "Department" means the Texas Department of Motor
51-45 Vehicles [Transportation].

51-46 SUBPART S. CONTRACTS FOR ENFORCEMENT OF CERTAIN ARREST WARRANTS

51-47 SECTION 8.2S.01. Section 702.001(1), Transportation Code,
51-48 is amended to read as follows:

51-49 (1) "Department" means the Texas Department of Motor
51-50 Vehicles [Transportation].

51-51 SUBPART T. PHOTOGRAPHIC TRAFFIC SIGNAL ENFORCEMENT SYSTEM

51-52 SECTION 8.2T.01. Section 707.001(2), Transportation Code,
51-53 is amended to read as follows:

51-54 (2) "Owner of a motor vehicle" means the owner of a
51-55 motor vehicle as shown on the motor vehicle registration records of
51-56 the Texas Department of Motor Vehicles [Transportation] or the
51-57 analogous department or agency of another state or country.

51-58 SECTION 8.2T.02. Section 707.011(b), Transportation Code,
51-59 is amended to read as follows:

51-60 (b) Not later than the 30th day after the date the violation
51-61 is alleged to have occurred, the designated department, agency, or
51-62 office of the local authority or the entity with which the local
51-63 authority contracts under Section 707.003(a)(1) shall mail the
51-64 notice of violation to the owner at:

51-65 (1) the owner's address as shown on the registration
51-66 records of the Texas Department of Motor Vehicles [Transportation];
51-67 or

51-68 (2) if the vehicle is registered in another state or
51-69 country, the owner's address as shown on the motor vehicle

registration records of the department or agency of the other state or country analogous to the Texas Department of Motor Vehicles [Transportation].

SECTION 8.2T.03. Section 707.017, Transportation Code, is amended to read as follows:

Sec. 707.017. ENFORCEMENT. If the owner of a motor vehicle is delinquent in the payment of a civil penalty imposed under this chapter, the county assessor-collector or the Texas Department of Motor Vehicles [Transportation] may refuse to register a motor vehicle alleged to have been involved in the violation.

SUBPART U. SALE OR LEASE OF MOTOR VEHICLES

SECTION 8.2U.01. Section 2301.002(9), Occupations Code, is amended to read as follows:

(9) "Department" means the Texas Department of Motor Vehicles [Transportation].

SECTION 8.2U.02. Section 2301.002(33), Occupations Code, is repealed.

SUBPART V. AUTOMOBILE BURGLARY AND THEFT PREVENTION AUTHORITY

SECTION 8.2V.01. Section 1(3), Article 4413(37), Revised Statutes, is amended to read as follows:

(3) "Department" means the Texas Department of Motor Vehicles [Transportation].

SECTION 8.2V.02. Section 2, Article 4413(37), Revised Statutes, is amended to read as follows:

Sec. 2. The Automobile Burglary and Theft Prevention Authority is established in the Texas Department of Motor Vehicles [Transportation]. The authority is not an advisory body to the Texas Department of Motor Vehicles [Transportation].

PART 3. CONFORMING AMENDMENTS PERTAINING TO TEXAS DEPARTMENT OF TRANSPORTATION IN OTHER CODES

SUBPART A. BUSINESS & COMMERCE CODE

SECTION 8.3A.01. Section 51.003(b), Business & Commerce Code, as effective April 1, 2009, is amended to read as follows:

(b) In this chapter, "business opportunity" does not include:

(1) the sale or lease of an established and ongoing business or enterprise that has actively conducted business before the sale or lease, whether composed of one or more than one component business or enterprise, if the sale or lease represents an isolated transaction or series of transactions involving a bona fide change of ownership or control of the business or enterprise or liquidation of the business or enterprise;

(2) a sale by a retailer of goods or services under a contract or other agreement to sell the inventory of one or more ongoing leased departments to a purchaser who is granted the right to sell the goods or services within or adjoining a retail business establishment as a department or division of the retail business establishment;

(3) a transaction that is:

(A) regulated by the Texas Department of Licensing and Regulation, the Texas Department of Insurance, the Texas Real Estate Commission, or the director of the Motor Vehicle Division of the Texas Department of Motor Vehicles [Transportation]; and

(B) engaged in by a person licensed by one of those agencies;

(4) a real estate syndication;

(5) a sale or lease to a business enterprise that also sells or leases products, equipment, or supplies or performs services:

(A) that are not supplied by the seller; and

(B) that the purchaser does not use with the seller's products, equipment, supplies, or services;

(6) the offer or sale of a franchise as described by the Petroleum Marketing Practices Act (15 U.S.C. Section 2801 et seq.) and its subsequent amendments;

(7) the offer or sale of a business opportunity if the seller:

(A) has a net worth of \$25 million or more

53-1 according to the seller's audited balance sheet as of a date not
 53-2 earlier than the 13th month before the date of the transaction; or
 53-3 (B) is at least 80 percent owned by another
 53-4 person who:

53-5 (i) in writing unconditionally guarantees
 53-6 performance by the person offering the business opportunity plan;
 53-7 and

53-8 (ii) has a net worth of more than \$25
 53-9 million according to the person's most recent audited balance sheet
 53-10 as of a date not earlier than the 13th month before the date of the
 53-11 transaction; or

53-12 (8) an arrangement defined as a franchise by 16 C.F.R.
 53-13 Section 436.2(a) and its subsequent amendments if:

53-14 (A) the franchisor complies in all material
 53-15 respects in this state with 16 C.F.R. Part 436 and each order or
 53-16 other action of the Federal Trade Commission; and

53-17 (B) before offering for sale or selling a
 53-18 franchise in this state, a person files with the secretary of state
 53-19 a notice containing:

53-20 (i) the name of the franchisor;
 53-21 (ii) the name under which the franchisor
 53-22 intends to transact business; and
 53-23 (iii) the franchisor's principal business
 53-24 address.

53-25 SECTION 8.3A.02. Section 105.004(b), Business & Commerce
 53-26 Code, as effective April 1, 2009, is amended to read as follows:

53-27 (b) The Texas Department of Motor Vehicles [~~Transportation~~]
 53-28 shall provide a notice that states the provisions of this chapter to
 53-29 each person with a disability who is issued:

53-30 (1) license plates under Section 504.201,
 53-31 Transportation Code; or

53-32 (2) a disabled parking placard under Section 681.004,
 53-33 Transportation Code.

53-34 SUBPART B. CODE OF CRIMINAL PROCEDURE

53-35 SECTION 8.3B.01. Section 1(1), Article 42.22, Code of
 53-36 Criminal Procedure, is amended to read as follows:

53-37 (1) "Department" means the Texas Department of Motor
 53-38 Vehicles [~~Transportation~~].

53-39 SECTION 8.3B.02. Article 59.04(c), Code of Criminal
 53-40 Procedure, is amended to read as follows:

53-41 (c) If the property is a motor vehicle, and if there is
 53-42 reasonable cause to believe that the vehicle has been registered
 53-43 under the laws of this state, the attorney representing the state
 53-44 shall ask the Texas Department of Motor Vehicles [~~Transportation~~]
 53-45 to identify from its records the record owner of the vehicle and any
 53-46 interest holder. If the addresses of the owner and interest holder
 53-47 are not otherwise known, the attorney representing the state shall
 53-48 request citation be served on such persons at the address listed
 53-49 with the Texas Department of Motor Vehicles [~~Transportation~~]. If
 53-50 the citation issued to such address is returned unserved, the
 53-51 attorney representing the state shall cause a copy of the notice of
 53-52 the seizure and intended forfeiture to be posted at the courthouse
 53-53 door, to remain there for a period of not less than 30 days. If the
 53-54 owner or interest holder does not answer or appear after the notice
 53-55 has been so posted, the court shall enter a judgment by default as
 53-56 to the owner or interest holder, provided that the attorney
 53-57 representing the state files a written motion supported by
 53-58 affidavit setting forth the attempted service. An owner or
 53-59 interest holder whose interest is forfeited in this manner shall
 53-60 not be liable for court costs. If the person in possession of the
 53-61 vehicle at the time of the seizure is not the owner or the interest
 53-62 holder of the vehicle, notification shall be provided to the
 53-63 possessor in the same manner specified for notification to an owner
 53-64 or interest holder.

53-65 SUBPART C. FAMILY CODE

53-66 SECTION 8.3C.01. Section 157.316(b), Family Code, is
 53-67 amended to read as follows:

53-68 (b) If a lien established under this subchapter attaches to
 53-69 a motor vehicle, the lien must be perfected in the manner provided

by Chapter 501, Transportation Code, and the court or Title IV-D agency that rendered the order of child support shall include in the order a requirement that the obligor surrender to the court or Title IV-D agency evidence of the legal ownership of the motor vehicle against which the lien may attach. A lien against a motor vehicle under this subchapter is not perfected until the obligor's title to the vehicle has been surrendered to the court or Title IV-D agency and the Texas Department of Motor Vehicles [~~Transportation~~] has issued a subsequent title that discloses on its face the fact that the vehicle is subject to a child support lien under this subchapter.

SECTION 8.3C.02. Section 232.0022(a), Family Code, is amended to read as follows:

(a) The Texas Department of Motor Vehicles [~~Transportation~~] is the appropriate licensing authority for suspension or nonrenewal of a motor vehicle registration under this chapter.

SUBPART D. FINANCE CODE

SECTION 8.3D.01. Section 306.001(9), Finance Code, is amended to read as follows:

(9) "Qualified commercial loan":

(A) means:

(i) a commercial loan in which one or more persons as part of the same transaction lends, advances, borrows, or receives, or is obligated to lend or advance or entitled to borrow or receive, money or credit with an aggregate value of:

(a) \$3 million or more if the commercial loan is secured by real property; or

(b) \$250,000 or more if the commercial loan is not secured by real property and, if the aggregate value of the commercial loan is less than \$500,000, the loan documents contain a written certification from the borrower that:

(1) the borrower has been advised by the lender to seek the advice of an attorney and an accountant in connection with the commercial loan; and

(2) the borrower has had the opportunity to seek the advice of an attorney and accountant of the borrower's choice in connection with the commercial loan; and

(ii) a renewal or extension of a commercial loan described by Paragraph (A), regardless of the principal amount of the loan at the time of the renewal or extension; and

(B) does not include a commercial loan made for the purpose of financing a business licensed by the Motor Vehicle Board of the Texas Department of Motor Vehicles [~~Transportation~~] under Section 2301.251(a), Occupations Code.

SECTION 8.3D.02. Section 348.001(10-a), Finance Code, is amended to read as follows:

(10-a) "Towable recreation vehicle" means a nonmotorized vehicle that:

(A) was originally designed and manufactured primarily to provide temporary human habitation in conjunction with recreational, camping, or seasonal use;

(B) is titled and registered with the Texas Department of Motor Vehicles [~~Transportation~~] as a travel trailer through a county tax assessor-collector;

(C) is permanently built on a single chassis;

(D) contains at least one life support system; and

(E) is designed to be towable by a motor vehicle.

SECTION 8.3D.03. Section 348.518, Finance Code, is amended to read as follows:

Sec. 348.518. SHARING OF INFORMATION. To ensure consistent enforcement of law and minimization of regulatory burdens, the commissioner and the Texas Department of Motor Vehicles [~~Transportation~~] may share information, including criminal history information, relating to a person licensed under this chapter. Information otherwise confidential remains confidential after it is shared under this section.

SUBPART E. GOVERNMENT CODE

SECTION 8.3E.01. Section 411.122(d), Government Code, is

55-1 amended to read as follows:

55-2 (d) The following state agencies are subject to this
55-3 section:

55-4 (1) Texas Appraiser Licensing and Certification
55-5 Board;

55-6 (2) Texas Board of Architectural Examiners;

55-7 (3) Texas Board of Chiropractic Examiners;

55-8 (4) State Board of Dental Examiners;

55-9 (5) Texas Board of Professional Engineers;

55-10 (6) Texas Funeral Service Commission;

55-11 (7) Texas Board of Professional Geoscientists;

55-12 (8) Department of State Health Services, except as
55-13 provided by Section 411.110, and agencies attached to the
55-14 department, including:

55-15 (A) Texas State Board of Examiners of Dietitians;

55-16 (B) Texas State Board of Examiners of Marriage
55-17 and Family Therapists;

55-18 (C) Midwifery Board;

55-19 (D) Texas State Perfusionist Advisory Committee
55-20 [~~Board of Examiners of Perfusionists~~];

55-21 (E) Texas State Board of Examiners of
55-22 Professional Counselors;

55-23 (F) Texas State Board of Social Worker Examiners;

55-24 (G) State Board of Examiners for Speech-Language
55-25 Pathology and Audiology;

55-26 (H) Advisory Board of Athletic Trainers;

55-27 (I) State Committee of Examiners in the Fitting
55-28 and Dispensing of Hearing Instruments;

55-29 (J) Texas Board of Licensure for Professional
55-30 Medical Physicists; and

55-31 (K) Texas Board of Orthotics and Prosthetics;

55-32 (9) Texas Board of Professional Land Surveying;

55-33 (10) Texas Department of Licensing and Regulation,
55-34 except as provided by Section 411.093;

55-35 (11) Texas Commission on Environmental Quality;

55-36 (12) Texas Board of Occupational Therapy Examiners;

55-37 (13) Texas Optometry Board;

55-38 (14) Texas State Board of Pharmacy;

55-39 (15) Texas Board of Physical Therapy Examiners;

55-40 (16) Texas State Board of Plumbing Examiners;

55-41 (17) Texas State Board of Podiatric Medical Examiners;

55-42 (18) Polygraph Examiners Board;

55-43 (19) Texas State Board of Examiners of Psychologists;

55-44 (20) Texas Real Estate Commission;

55-45 (21) Board of Tax Professional Examiners;

55-46 (22) Texas Department of Transportation;

55-47 (23) State Board of Veterinary Medical Examiners;

55-48 (24) Texas Department of Housing and Community
55-49 Affairs;

55-50 (25) secretary of state;

55-51 (26) state fire marshal;

55-52 (27) Texas Education Agency; ~~and~~

55-53 (28) Department of Agriculture; and

55-54 (29) Texas Department of Motor Vehicles.

55-55 SUBPART F. HEALTH AND SAFETY CODE

55-56 SECTION 8.3F.01. Section 382.209(e), Health and Safety
55-57 Code, is amended to read as follows:

55-58 (e) A vehicle is not eligible to participate in a low-income
55-59 vehicle repair assistance, retrofit, and accelerated vehicle
55-60 retirement program established under this section unless:

55-61 (1) the vehicle is capable of being operated;

55-62 (2) the registration of the vehicle:

55-63 (A) is current; and

55-64 (B) reflects that the vehicle has been registered
55-65 in the county implementing the program for the 12 months preceding
55-66 the application for participation in the program;

55-67 (3) the commissioners court of the county
55-68 administering the program determines that the vehicle meets the
55-69 eligibility criteria adopted by the commission, the Texas

Department of Motor Vehicles [~~Transportation~~], and the Public Safety Commission;

(4) if the vehicle is to be repaired, the repair is done by a repair facility recognized by the Department of Public Safety, which may be an independent or private entity licensed by the state; and

(5) if the vehicle is to be retired under this subsection and Section 382.213, the replacement vehicle is a qualifying motor vehicle.

SECTION 8.3F.02. Section 382.210(f), Health and Safety Code, is amended to read as follows:

(f) In this section, "total cost" means the total amount of money paid or to be paid for the purchase of a motor vehicle as set forth as "sales price" in the form entitled "Application for Texas Certificate of Title" promulgated by the Texas Department of Motor Vehicles [~~Transportation~~]. In a transaction that does not involve the use of that form, the term means an amount of money that is equivalent, or substantially equivalent, to the amount that would appear as "sales price" on the Application for Texas Certificate of Title if that form were involved.

SUBPART G. HUMAN RESOURCES CODE

SECTION 8.3G.01. Section 22.041, Human Resources Code, is amended to read as follows:

Sec. 22.041. THIRD-PARTY INFORMATION. Notwithstanding any other provision of this code, the department may use information obtained from a third party to verify the assets and resources of a person for purposes of determining the person's eligibility and need for medical assistance, financial assistance, or nutritional assistance. Third-party information includes information obtained from:

(1) a consumer reporting agency, as defined by Section 20.01, Business & Commerce Code;

(2) an appraisal district; or

(3) the Texas Department of Motor Vehicles [~~Transportation's~~] vehicle registration record database.

SECTION 8.3G.02. Section 32.026(g), Human Resources Code, is amended to read as follows:

(g) Notwithstanding any other provision of this code, the department may use information obtained from a third party to verify the assets and resources of a person for purposes of determining the person's eligibility and need for medical assistance. Third-party information includes information obtained from:

(1) a consumer reporting agency, as defined by Section 20.01, Business & Commerce Code;

(2) an appraisal district; or

(3) the Texas Department of Motor Vehicles [~~Transportation's~~] vehicle registration record database.

SUBPART H. LOCAL GOVERNMENT CODE

SECTION 8.3H.01. Section 130.006, Local Government Code, is amended to read as follows:

Sec. 130.006. PROCEDURES FOR COLLECTION OF DISHONORED CHECKS AND INVOICES. A county tax assessor-collector may establish procedures for the collection of dishonored checks and credit card invoices. The procedures may include:

(1) official notification to the maker that the check or invoice has not been honored and that the receipt, registration, certificate, or other instrument issued on the receipt of the check or invoice is not valid until payment of the fee or tax is made;

(2) notification of the sheriff or other law enforcement officers that a check or credit card invoice has not been honored and that the receipt, registration, certificate, or other instrument held by the maker is not valid; and

(3) notification to the Texas Department of Motor Vehicles [~~Transportation~~], the comptroller of public accounts, or the Department of Public Safety that the receipt, registration, certificate, or other instrument held by the maker is not valid.

SECTION 8.3H.02. Section 130.007, Local Government Code, is amended to read as follows:

57-1 Sec. 130.007. REMISSION TO STATE NOT REQUIRED; STATE
 57-2 ASSISTANCE IN COLLECTION. (a) If a fee or tax is required to be
 57-3 remitted to the comptroller or the Texas Department of Motor
 57-4 Vehicles [~~Transportation~~] and if payment was made to the county tax
 57-5 assessor-collector by a check that was not honored by the drawee
 57-6 bank or by a credit card invoice that was not honored by the credit
 57-7 card issuer, the amount of the fee or tax is not required to be
 57-8 remitted, but the assessor-collector shall notify the appropriate
 57-9 department of:

- 57-10 (1) the amount of the fee or tax;
- 57-11 (2) the type of fee or tax involved; and
- 57-12 (3) the name and address of the maker.

57-13 (b) The Texas Department of Motor Vehicles [~~Transportation~~]
 57-14 and the comptroller shall assist the county tax assessor-collector
 57-15 in collecting the fee or tax and may cancel or revoke any receipt,
 57-16 registration, certificate, or other instrument issued in the name
 57-17 of the state conditioned on the payment of the fee or tax.

57-18 SECTION 8.3H.03. Section 130.008, Local Government Code, is
 57-19 amended to read as follows:

57-20 Sec. 130.008. LIABILITY OF TAX COLLECTOR FOR VIOLATIONS OF
 57-21 SUBCHAPTER. If the comptroller or the Texas Department of Motor
 57-22 Vehicles [~~Transportation~~] determines that the county tax
 57-23 assessor-collector has accepted payment for fees and taxes to be
 57-24 remitted to that department in violation of Section 130.004 or that
 57-25 more than two percent of the fees and taxes to be received from the
 57-26 assessor-collector are not remitted because of the acceptance of
 57-27 checks that are not honored by the drawee bank or of credit card
 57-28 invoices that are not honored by the credit card issuer, the
 57-29 department may notify the assessor-collector that the
 57-30 assessor-collector may not accept a check or credit card invoice
 57-31 for the payment of any fee or tax to be remitted to that department.
 57-32 A county tax assessor-collector who accepts a check or credit card
 57-33 invoice for the payment of a fee or tax, after notice that the
 57-34 assessor-collector may not receive a check or credit card invoice
 57-35 for the payment of fees or taxes to be remitted to a department, is
 57-36 liable to the state for the amount of the check or credit card
 57-37 invoice accepted.

57-38 SECTION 8.3H.04. Section 130.009, Local Government Code, is
 57-39 amended to read as follows:

57-40 Sec. 130.009. STATE RULES. The comptroller and the Texas
 57-41 Department of Motor Vehicles [~~Transportation~~] may make rules
 57-42 concerning the acceptance of checks or credit card invoices by a
 57-43 county tax assessor-collector and for the collection of dishonored
 57-44 checks or credit card invoices.

57-45 SUBPART I. OCCUPATIONS CODE

57-46 SECTION 8.3I.01. Section 554.009(c), Occupations Code, is
 57-47 amended to read as follows:

57-48 (c) The board may register a vehicle with the Texas
 57-49 Department of Motor Vehicles [~~Transportation~~] in an alias name only
 57-50 for investigative personnel.

57-51 SECTION 8.3I.03. Sections 2301.005(a) and (b), Occupations
 57-52 Code, are amended to read as follows:

57-53 (a) A reference in law, including a rule, to the Texas Motor
 57-54 Vehicle Commission or to the board means [~~the director, except that~~
 57-55 ~~a reference to]~~ the board of the Texas Department of Motor Vehicles
 57-56 [~~means the commission if it is related to the adoption of rules~~].

57-57 (b) A reference in law, including a rule, to the executive
 57-58 director of the Texas Motor Vehicle Commission means the executive
 57-59 director of the Texas Department of Motor Vehicles.

57-60 SECTION 8.3I.04. Sections 2302.001(2) and (3), Occupations
 57-61 Code, are amended to read as follows:

57-62 (2) "Board" [~~"Commission"~~] means the board of the
 57-63 Texas Department of Motor Vehicles [~~Transportation Commission~~].

57-64 (3) "Department" means the Texas Department of Motor
 57-65 Vehicles [~~Transportation~~].

57-66 SECTION 8.3I.05. Section 2302.0015(b), Occupations Code,
 57-67 is amended to read as follows:

57-68 (b) For the purpose of enforcing or administering this
 57-69 chapter or Chapter 501 or 502, Transportation Code, a member of the

board ~~[commission]~~, an employee or agent of the board ~~[commission]~~ or department, a member of the Public Safety Commission, an officer of the Department of Public Safety, or a peace officer may at a reasonable time:

(1) enter the premises of a business regulated under one of those chapters; and

(2) inspect or copy any document, record, vehicle, part, or other item regulated under one of those chapters.

SECTION 8.3I.06. The heading to Subchapter B, Chapter 2302, Occupations Code, is amended to read as follows:

SUBCHAPTER B. BOARD ~~[COMMISSION]~~ POWERS AND DUTIES

SECTION 8.3I.07. Sections 2302.051, 2302.052, and 2302.053, Occupations Code, are amended to read as follows:

Sec. 2302.051. RULES AND ENFORCEMENT POWERS. The board ~~[commission]~~ shall adopt rules as necessary to administer this chapter and may take other action as necessary to enforce this chapter.

Sec. 2302.052. DUTY TO SET FEES. The board ~~[commission]~~ shall set application fees, license fees, renewal fees, and other fees as required to implement this chapter. The board ~~[commission]~~ shall set the fees in amounts reasonable and necessary to implement and enforce this chapter.

Sec. 2302.053. RULES RESTRICTING ADVERTISING OR COMPETITIVE BIDDING. (a) The board ~~[commission]~~ may not adopt a rule under Section 2302.051 restricting advertising or competitive bidding by a person who holds a license issued under this chapter except to prohibit false, misleading, or deceptive practices by the person.

(b) The board ~~[commission]~~ may not include in its rules to prohibit false, misleading, or deceptive practices a rule that:

- (1) restricts the use of any advertising medium;
- (2) restricts the person's personal appearance or use of the person's voice in an advertisement;
- (3) relates to the size or duration of an advertisement by the person; or
- (4) restricts the use of a trade name in advertising by the person.

SECTION 8.3I.08. Section 2302.108(b), Occupations Code, is amended to read as follows:

(b) The board ~~[commission]~~ by rule shall establish the grounds for denial, suspension, revocation, or reinstatement of a license issued under this chapter and the procedures for disciplinary action. A rule adopted under this subsection may not conflict with a rule adopted by the State Office of Administrative Hearings.

SECTION 8.3I.09. Section 2302.204, Occupations Code, is amended to read as follows:

Sec. 2302.204. CASUAL SALES. This chapter does not apply to a person who purchases fewer than three nonrepairable motor vehicles or salvage motor vehicles from a salvage vehicle dealer, an insurance company or salvage pool operator in a casual sale at auction, except that:

(1) the board ~~[commission]~~ shall adopt rules as necessary to regulate casual sales by salvage vehicle dealers, insurance companies, or salvage pool operators and to enforce this section; and

(2) a salvage vehicle dealer, insurance company, or salvage pool operator who sells a motor vehicle in a casual sale shall comply with those rules and Subchapter E, Chapter 501, Transportation Code.

SUBPART J. PENAL CODE

SECTION 8.3J.01. Section 31.03(c), Penal Code, is amended to read as follows:

(c) For purposes of Subsection (b):

(1) evidence that the actor has previously participated in recent transactions other than, but similar to, that which the prosecution is based is admissible for the purpose of showing knowledge or intent and the issues of knowledge or intent are raised by the actor's plea of not guilty;

(2) the testimony of an accomplice shall be corroborated by proof that tends to connect the actor to the crime, but the actor's knowledge or intent may be established by the uncorroborated testimony of the accomplice;

(3) an actor engaged in the business of buying and selling used or secondhand personal property, or lending money on the security of personal property deposited with the actor, is presumed to know upon receipt by the actor of stolen property (other than a motor vehicle subject to Chapter 501, Transportation Code) that the property has been previously stolen from another if the actor pays for or loans against the property \$25 or more (or consideration of equivalent value) and the actor knowingly or recklessly:

(A) fails to record the name, address, and physical description or identification number of the seller or pledgor;

(B) fails to record a complete description of the property, including the serial number, if reasonably available, or other identifying characteristics; or

(C) fails to obtain a signed warranty from the seller or pledgor that the seller or pledgor has the right to possess the property. It is the express intent of this provision that the presumption arises unless the actor complies with each of the numbered requirements;

(4) for the purposes of Subdivision (3)(A), "identification number" means driver's license number, military identification number, identification certificate, or other official number capable of identifying an individual;

(5) stolen property does not lose its character as stolen when recovered by any law enforcement agency;

(6) an actor engaged in the business of obtaining abandoned or wrecked motor vehicles or parts of an abandoned or wrecked motor vehicle for resale, disposal, scrap, repair, rebuilding, demolition, or other form of salvage is presumed to know on receipt by the actor of stolen property that the property has been previously stolen from another if the actor knowingly or recklessly:

(A) fails to maintain an accurate and legible inventory of each motor vehicle component part purchased by or delivered to the actor, including the date of purchase or delivery, the name, age, address, sex, and driver's license number of the seller or person making the delivery, the license plate number of the motor vehicle in which the part was delivered, a complete description of the part, and the vehicle identification number of the motor vehicle from which the part was removed, or in lieu of maintaining an inventory, fails to record the name and certificate of inventory number of the person who dismantled the motor vehicle from which the part was obtained;

(B) fails on receipt of a motor vehicle to obtain a certificate of authority, sales receipt, or transfer document as required by Chapter 683, Transportation Code, or a certificate of title showing that the motor vehicle is not subject to a lien or that all recorded liens on the motor vehicle have been released; or

(C) fails on receipt of a motor vehicle to immediately remove an unexpired license plate from the motor vehicle, to keep the plate in a secure and locked place, or to maintain an inventory, on forms provided by the Texas Department of Motor Vehicles [~~Transportation~~], of license plates kept under this paragraph, including for each plate or set of plates the license plate number and the make, motor number, and vehicle identification number of the motor vehicle from which the plate was removed;

(7) an actor who purchases or receives a used or secondhand motor vehicle is presumed to know on receipt by the actor of the motor vehicle that the motor vehicle has been previously stolen from another if the actor knowingly or recklessly:

(A) fails to report to the Texas Department of Motor Vehicles [~~Transportation~~] the failure of the person who sold or delivered the motor vehicle to the actor to deliver to the actor a properly executed certificate of title to the motor vehicle at the

time the motor vehicle was delivered; or

(B) fails to file with the county tax assessor-collector of the county in which the actor received the motor vehicle, not later than the 20th day after the date the actor received the motor vehicle, the registration license receipt and certificate of title or evidence of title delivered to the actor in accordance with Subchapter D, Chapter 520, Transportation Code, at the time the motor vehicle was delivered;

(8) an actor who purchases or receives from any source other than a licensed retailer or distributor of pesticides a restricted-use pesticide or a state-limited-use pesticide or a compound, mixture, or preparation containing a restricted-use or state-limited-use pesticide is presumed to know on receipt by the actor of the pesticide or compound, mixture, or preparation that the pesticide or compound, mixture, or preparation has been previously stolen from another if the actor:

(A) fails to record the name, address, and physical description of the seller or pledgor;

(B) fails to record a complete description of the amount and type of pesticide or compound, mixture, or preparation purchased or received; and

(C) fails to obtain a signed warranty from the seller or pledgor that the seller or pledgor has the right to possess the property; and

(9) an actor who is subject to Section 409, Packers and Stockyards Act (7 U.S.C. Section 228b), that obtains livestock from a commission merchant by representing that the actor will make prompt payment is presumed to have induced the commission merchant's consent by deception if the actor fails to make full payment in accordance with Section 409, Packers and Stockyards Act (7 U.S.C. Section 228b).

SECTION 8.3J.02. Section 31.11(b), Penal Code, is amended to read as follows:

(b) It is an affirmative defense to prosecution under this section that the person was:

(1) the owner or acting with the effective consent of the owner of the property involved;

(2) a peace officer acting in the actual discharge of official duties; or

(3) acting with respect to a number assigned to a vehicle by the Texas Department of Transportation or the Texas Department of Motor Vehicles, as applicable, and the person was:

(A) in the actual discharge of official duties as an employee or agent of the department; or

(B) in full compliance with the rules of the department as an applicant for an assigned number approved by the department.

SUBPART K. TAX CODE

SECTION 8.3K.01. Section 21.02(d), Tax Code, is amended to read as follows:

(d) A motor vehicle does not have taxable situs in a taxing unit under Subsection (a)(1) if, on January 1, the vehicle:

(1) has been located for less than 60 days at a place of business of a person who holds a wholesale motor vehicle auction general distinguishing number issued by the Texas Department of Motor Vehicles [Transportation] under Chapter 503, Transportation Code, for that place of business; and

(2) is offered for resale.

SECTION 8.3K.02. Section 22.04(d), Tax Code, is amended to read as follows:

(d) This section does not apply to a motor vehicle that on January 1 is located at a place of business of a person who holds a wholesale motor vehicle auction general distinguishing number issued by the Texas Department of Motor Vehicles [Transportation] under Chapter 503, Transportation Code, for that place of business, and that:

(1) has not acquired taxable situs under Section 21.02(a)(1) in a taxing unit that participates in the appraisal district because the vehicle is described by Section 21.02(d);

(2) is offered for sale by a dealer who holds a dealer's general distinguishing number issued by the Texas Department of Motor Vehicles [~~Transportation~~] under Chapter 503, Transportation Code, and whose inventory of motor vehicles is subject to taxation in the manner provided by Sections 23.121 and 23.122; or

(3) is collateral possessed by a lienholder and offered for sale in foreclosure of a security interest.

SECTION 8.3K.03. Sections 23.121(a)(3), (11), and (14), Tax Code, are amended to read as follows:

(3) "Dealer" means a person who holds a dealer's general distinguishing number issued by the Texas Department of Motor Vehicles [~~Transportation~~] under the authority of Chapter 503, Transportation Code, or who is legally recognized as a motor vehicle dealer pursuant to the law of another state and who complies with the terms of Section 152.063(f). The term does not include:

(A) a person who holds a manufacturer's license issued under Chapter 2301, Occupations Code [~~by the Motor Vehicle Board of the Texas Department of Transportation~~];

(B) an entity that is owned or controlled by a person who holds a manufacturer's license issued under Chapter 2301, Occupations Code [~~by the Motor Vehicle Board of the Texas Department of Transportation~~]; or

(C) a dealer whose general distinguishing number issued by the Texas Department of Motor Vehicles [~~Transportation~~] under the authority of Chapter 503, Transportation Code, prohibits the dealer from selling a vehicle to any person except a dealer.

(11) "Sales price" means the total amount of money paid or to be paid for the purchase of a motor vehicle as set forth as "sales price" in the form entitled "Application for Texas Certificate of Title" promulgated by the Texas Department of Motor Vehicles [~~Transportation~~]. In a transaction that does not involve the use of that form, the term means an amount of money that is equivalent, or substantially equivalent, to the amount that would appear as "sales price" on the Application for Texas Certificate of Title if that form were involved.

(14) "Towable recreational vehicle" means a nonmotorized vehicle that is designed for temporary human habitation for recreational, camping, or seasonal use and:

(A) is titled and registered with the Texas Department of Motor Vehicles [~~Transportation~~] through the office of the collector;

(B) is permanently built on a single chassis;

(C) contains one or more life support systems; and

(D) is designed to be towable by a motor vehicle.

SECTION 8.3K.04. Sections 23.121(f), (g), and (h), Tax Code, are amended to read as follows:

(f) The comptroller shall promulgate a form entitled Dealer's Motor Vehicle Inventory Declaration. Except as provided by Section 23.122(1) [~~of this code~~], not later than February 1 of each year, or, in the case of a dealer who was not in business on January 1, not later than 30 days after commencement of business, each dealer shall file a declaration with the chief appraiser and file a copy with the collector. For purposes of this subsection, a dealer is presumed to have commenced business on the date of issuance to the dealer of a dealer's general distinguishing number as provided by Chapter 503, Transportation Code. Notwithstanding the presumption created by this subsection, a chief appraiser may, at his or her sole discretion, designate as the date on which a dealer commenced business a date other than the date of issuance to the dealer of a dealer's general distinguishing number. The declaration is sufficient to comply with this subsection if it sets forth the following information:

(1) the name and business address of each location at which the dealer owner conducts business;

(2) each of the dealer's general distinguishing numbers issued by the Texas Department of Motor Vehicles [~~Transportation~~];

(3) a statement that the dealer owner is the owner of a dealer's motor vehicle inventory; and

(4) the market value of the dealer's motor vehicle inventory for the current tax year as computed under Section 23.121(b) ~~[of this code]~~.

(g) Under the terms provided by this subsection, the chief appraiser may examine the books and records of the holder of a general distinguishing number issued by the Texas Department of Motor Vehicles ~~[Transportation]~~. A request made under this subsection must be made in writing, delivered personally to the custodian of the records, at the location for which the general distinguishing number has been issued, must provide a period not less than 15 days for the person to respond to the request, and must state that the person to whom it is addressed has the right to seek judicial relief from compliance with the request. In a request made under this section the chief appraiser may examine:

(1) the document issued by the Texas Department of Motor Vehicles ~~[Transportation]~~ showing the person's general distinguishing number;

(2) documentation appropriate to allow the chief appraiser to ascertain the applicability of this section and Section 23.122 ~~[of this code]~~ to the person;

(3) sales records to substantiate information set forth in the dealer's declaration filed by the person.

(h) If a dealer fails to file a declaration as required by this section, or if, on the declaration required by this section, a dealer reports the sale of fewer than five motor vehicles in the prior year, the chief appraiser shall report that fact to the Texas Department of Motor Vehicles ~~[Transportation]~~ and the department shall initiate termination proceedings. The chief appraiser shall include with the report a copy of a declaration, if any, indicating the sale by a dealer of fewer than five motor vehicles in the prior year. A report by a chief appraiser to the Texas Department of Motor Vehicles ~~[Transportation]~~ as provided by this subsection is prima facie grounds for the cancellation of the dealer's general distinguishing number under Section 503.038(a)(9), Transportation Code, or for refusal by the Texas Department of Motor Vehicles ~~[Transportation]~~ to renew the dealer's general distinguishing number.

SECTION 8.3K.05. Section 23.123(c), Tax Code, is amended to read as follows:

(c) Information made confidential by this section may be disclosed:

(1) in a judicial or administrative proceeding pursuant to a lawful subpoena;

(2) to the person who filed the declaration or statement or to that person's representative authorized by the person in writing to receive the information;

(3) to the comptroller or an employee of the comptroller authorized by the comptroller to receive the information;

(4) to a collector or chief appraiser;

(5) to a district attorney, criminal district attorney or county attorney involved in the enforcement of a penalty imposed pursuant to Section 23.121 or Section 23.122 ~~[of this code]~~;

(6) for statistical purposes if in a form that does not identify specific property or a specific property owner;

(7) if and to the extent that the information is required for inclusion in a public document or record that the appraisal or collection office is required by law to prepare or maintain; or

(8) to the Texas Department of Motor Vehicles ~~[Transportation]~~ for use by that department in auditing compliance of its licensees with appropriate provisions of applicable law.

SECTION 8.3K.06. Section 23.124(a)(11), Tax Code, is amended to read as follows:

(11) "Sales price" means the total amount of money paid or to be paid for the purchase of:

(A) a vessel, other than a trailer that is

63-1 treated as a vessel, as set forth as "sales price" in the form
 63-2 entitled "Application for Texas Certificate of Number/Title for
 63-3 Boat/Seller, Donor or Trader's Affidavit" promulgated by the Parks
 63-4 and Wildlife Department;

63-5 (B) an outboard motor as set forth as "sales
 63-6 price" in the form entitled "Application for Texas Certificate of
 63-7 Title for an Outboard Motor/Seller, Donor or Trader's Affidavit"
 63-8 promulgated by the Parks and Wildlife Department; or

63-9 (C) a trailer that is treated as a vessel as set
 63-10 forth as "sales price" in the form entitled "Application for Texas
 63-11 Certificate of Title" promulgated by the Texas Department of Motor
 63-12 Vehicles [Transportation].

63-13 In a transaction involving a vessel, an outboard motor,
 63-14 or a trailer that is treated as a vessel that does not involve the
 63-15 use of one of these forms, the term means an amount of money that is
 63-16 equivalent, or substantially equivalent, to the amount that would
 63-17 appear as "sales price" on the Application for Texas Certificate of
 63-18 Number/Title for Boat/Seller, Donor or Trader's Affidavit, the
 63-19 Application for Texas Certificate of Title for an Outboard
 63-20 Motor/Seller, Donor or Trader's Affidavit, or the Application for
 63-21 Texas Certificate of Title if one of these forms were involved.

63-22 SECTION 8.3K.07. Section 113.011, Tax Code, is amended to
 63-23 read as follows:

63-24 Sec. 113.011. LIENS FILED WITH TEXAS DEPARTMENT OF MOTOR
 63-25 VEHICLES [TRANSPORTATION]. The comptroller shall furnish to the
 63-26 Texas Department of Motor Vehicles [Transportation] each release of
 63-27 a tax lien filed by the comptroller with that department.

63-28 SECTION 8.3K.08. Sections 152.0412(a) and (f), Tax Code,
 63-29 are amended to read as follows:

63-30 (a) In this section, "standard presumptive value" means the
 63-31 private-party transaction value of a motor vehicle, as determined
 63-32 by the Texas Department of Motor Vehicles [Transportation] based on
 63-33 an appropriate regional guidebook of a nationally recognized motor
 63-34 vehicle value guide service, or based on another motor vehicle
 63-35 guide publication that the department determines is appropriate if
 63-36 a private-party transaction value for the motor vehicle is not
 63-37 available from a regional guidebook described by this subsection.

63-38 (f) The Texas Department of Motor Vehicles [Transportation]
 63-39 shall maintain information on the standard presumptive values of
 63-40 motor vehicles as part of the department's registration and title
 63-41 system. The department shall update the information at least
 63-42 quarterly each calendar year and publish, electronically or
 63-43 otherwise, the updated information.

63-44 SECTION 8.3K.09. Section 152.042, Tax Code, is amended to
 63-45 read as follows:

63-46 Sec. 152.042. COLLECTION OF TAX ON METAL DEALER PLATES. A
 63-47 person required to pay the tax imposed by Section 152.027 shall pay
 63-48 the tax to the Texas Department of Motor Vehicles [Transportation],
 63-49 and the department may not issue the metal dealer's plates until the
 63-50 tax is paid.

63-51 SECTION 8.3K.10. Section 152.121(b), Tax Code, is amended
 63-52 to read as follows:

63-53 (b) Taxes on metal dealer plates collected by the Texas
 63-54 Department of Motor Vehicles [Transportation] shall be deposited by
 63-55 the department in the state treasury in the same manner as are other
 63-56 taxes collected under this chapter.

63-57 SECTION 8.3K.11. Section 162.001(52), Tax Code, is amended
 63-58 to read as follows:

63-59 (52) "Registered gross weight" means the total weight
 63-60 of the vehicle and carrying capacity shown on the registration
 63-61 certificate issued by the Texas Department of Motor Vehicles
 63-62 [Transportation].

63-63 ARTICLE 9. RAIL DIVISION

63-64 SECTION 9.01. Section 91.001, Transportation Code, is
 63-65 amended by adding Subdivision (3-a) to read as follows:

63-66 (3-a) "Division" means the rail division of the
 63-67 department.

63-68 SECTION 9.02. Subchapter A, Chapter 91, Transportation
 63-69 Code, is amended by adding Section 91.0041 to read as follows:

64-1 Sec. 91.0041. DUTIES OF RAIL DIVISION. In addition to any
 64-2 other duty imposed on the division, the division shall:

64-3 (1) assure that rail is an integral part of the
 64-4 department's transportation planning process;

64-5 (2) coordinate and oversee rail projects that are
 64-6 financed with money distributed by the department, including money
 64-7 from the Texas rail relocation and improvement fund;

64-8 (3) develop and plan for improved passenger and
 64-9 freight rail facilities and services in this state; and

64-10 (4) coordinate the efforts of the department, the
 64-11 federal government, political subdivisions, and private entities
 64-12 to continue the development of rail facilities and services in this
 64-13 state.

64-14 SECTION 9.03. Subchapter H, Chapter 201, Transportation
 64-15 Code, is amended by adding Sections 201.6013 and 201.6014 to read as
 64-16 follows:

64-17 Sec. 201.6013. COORDINATION OF STATEWIDE PASSENGER RAIL
 64-18 SYSTEM. To facilitate the development and interconnectivity of
 64-19 rail systems in this state, the department shall coordinate
 64-20 activities regarding the planning, construction, operation, and
 64-21 maintenance of a statewide passenger rail system. The department
 64-22 shall coordinate with other entities involved with passenger rail
 64-23 systems, including governmental entities, private entities, and
 64-24 nonprofit corporations.

64-25 Sec. 201.6014. LONG-TERM PLAN FOR STATEWIDE PASSENGER RAIL
 64-26 SYSTEM. The department shall prepare and update annually a
 64-27 long-term plan for a statewide passenger rail system. Information
 64-28 contained in the plan must include:

64-29 (1) a description of existing and proposed passenger
 64-30 rail systems;

64-31 (2) information regarding the status of passenger rail
 64-32 systems under construction;

64-33 (3) an analysis of potential interconnectivity
 64-34 difficulties;

64-35 (4) ridership projections for proposed passenger rail
 64-36 projects; and

64-37 (5) ridership statistics for existing passenger rail
 64-38 systems.

64-39 SECTION 9.04. (a) Section 1(1), Chapter 350 (S.B. 1101),
 64-40 Acts of the 71st Legislature, Regular Session, 1989 (Article 6419c,
 64-41 Vernon's Texas Civil Statutes), is amended to read as follows:

64-42 (1) "Department" [~~"Commission"~~] means the Texas
 64-43 Department of Transportation [~~Railroad Commission of Texas~~].

64-44 (b) Sections 2(a) and (b), Chapter 350 (S.B. 1101), Acts of
 64-45 the 71st Legislature, Regular Session, 1989 (Article 6419c,
 64-46 Vernon's Texas Civil Statutes), are amended to read as follows:

64-47 (a) A railroad company that transports hazardous materials
 64-48 in or through the state shall file with the department [~~commission~~]
 64-49 a copy of each hazardous materials incident report that the company
 64-50 files with the federal Department of Transportation in accordance
 64-51 with 49 C.F.R. 171.16, not later than the 15th day after the date
 64-52 that the incident that forms the basis of the report is discovered.

64-53 (b) Not later than April 1 of each year, a railroad company
 64-54 that transports hazardous materials in or through the state shall
 64-55 provide to the department [~~commission~~]:

64-56 (1) a map depicting the location of each railroad main
 64-57 line and branch line that the company owns, leases, or operates in
 64-58 the state;

64-59 (2) a map delineating the geographical limits of the
 64-60 railroad company operating divisions or districts and the principal
 64-61 operating officer for the railroad company in each operating
 64-62 division or district;

64-63 (3) a primary and secondary telephone number for the
 64-64 railroad company dispatcher responsible for train operations in
 64-65 each operating division or district;

64-66 (4) a list of each type of hazardous material by hazard
 64-67 class and the quantity of the material transported over each
 64-68 railroad line owned, leased, or operated by the railroad company
 64-69 during the preceding year; and

(5) the name and address of the railroad company employee in charge of training persons to handle an incident related to hazardous materials.

(c) Section 3, Chapter 350 (S.B. 1101), Acts of the 71st Legislature, Regular Session, 1989 (Article 6419c, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 3. DISTRIBUTION. (a) The department ~~[commission]~~ shall compile information submitted to the department ~~[commission]~~ under this Act for distribution to:

(1) local emergency management agencies located in jurisdictions containing reported railroad operations; and

(2) the metropolitan planning organizations for those jurisdictions.

(b) At least once each year the division of emergency management shall distribute the information compiled by the department ~~[commission]~~ to the appropriate officials for inclusion in local emergency management plans.

ARTICLE 10. ELECTRONIC SIGNS

SECTION 10.01. Chapter 544, Transportation Code, is amended by adding Section 544.013 to read as follows:

Sec. 544.013. CHANGEABLE MESSAGE SIGN SYSTEM. (a) In this section, "changeable message sign" means a sign that conforms to the manual and specifications adopted under Section 544.001. The term includes a dynamic message sign.

(b) The Texas Department of Transportation shall actively manage a system of changeable message signs located on highways under the jurisdiction of that department to mitigate traffic congestion by providing current information to the traveling public, including information about traffic incidents, weather conditions, road construction, and alternative routes.

ARTICLE 11. COUNTY TRAFFIC OFFICERS

SECTION 11.01. Section 701.006, Transportation Code, is amended to read as follows:

~~Sec. 701.006. [COMPLAINT, HEARING,] DISMISSAL. [(a) If a county traffic officer fails to perform the officer's duty to enforce the law, the district engineer of the Texas Department of Transportation district in which the officer operates may send a written, signed complaint to the commissioners court.~~

~~[(b) On receipt of the complaint, the commissioners court shall hold a hearing and summon the officer to appear before it.~~

~~[(c) If the commissioners court determines at the hearing that the officer has not performed the officer's duty, the commissioners court shall immediately discharge the officer and promptly employ another officer.~~

~~[(d)] The commissioners court on its own initiative, or on recommendation of the sheriff, may dismiss a county traffic officer if the officer is no longer needed or if the officer's service is unsatisfactory.~~

SECTION 11.02. Section 701.002(b), Transportation Code, is repealed.

ARTICLE 12. ISSUANCE OF GENERAL OBLIGATION BONDS FOR HIGHWAY IMPROVEMENT PROJECTS

SECTION 12.01. Subchapter A, Chapter 222, Transportation Code, is amended by adding Section 222.005 to read as follows:

Sec. 222.005. ISSUANCE OF GENERAL OBLIGATION BONDS FOR HIGHWAY IMPROVEMENT PROJECTS. (a) In this section:

(1) "Bonds" means bonds, notes, and other public securities.

(2) "Credit agreement" has the meaning assigned by Section 1371.001, Government Code.

(3) "Improvement" includes acquisition of the highway, construction, reconstruction, and major maintenance, including any necessary design, and the acquisition of rights-of-way.

(b) The commission by order or resolution may issue general obligation bonds for the purposes provided in this section. The aggregate principal amount of the bonds that are issued may not exceed the amount specified by Section 49-p(a), Article III, Texas Constitution.

(c) The commission may enter into credit agreements relating to the bonds. A credit agreement entered into under this section may be secured by and payable from the same sources as the bonds.

(d) The bonds shall be executed in the form, on the terms, and in the denominations, bear interest, and be issued in installments as prescribed by the commission, and must mature not later than 30 years after their dates of issuance, subject to any refundings or renewals. The bonds may be issued in multiple series and issues from time to time and may have the provisions the commission determines appropriate and in the interest of the state.

(e) The commission has all powers necessary or appropriate to carry out this section and to implement Section 49-p, Article III, Texas Constitution, including the powers granted to other bond-issuing governmental agencies and units and to nonprofit corporations by Chapters 1201, 1207, and 1371, Government Code.

(f) The bonds and the record of proceedings authorizing the bonds and any related credit agreements shall be submitted to the attorney general for approval as to their legality. If the attorney general finds that they will be issued in accordance with this section and other applicable law, the attorney general shall approve them, and, after payment by the purchasers of the obligations in accordance with the terms of sale and after execution and delivery of the related credit agreements, the obligations and related credit agreements are incontestable for any cause.

(g) Bonds may be issued for one or more of the following purposes:

(1) to pay all or part of the costs of highway improvement projects;

(2) to pay:

(A) the costs of administering projects authorized under this section;

(B) the cost or expense of the issuance of the bonds; or

(C) all or part of a payment owed or to be owed under a credit agreement; and

(3) to provide money for deposit in the Texas Transportation Revolving Fund or similar revolving fund authorized by law, to be used for the purpose of making loans for highway improvement projects as provided by law.

(h) The proceeds from the issuance and sale of the bonds may not be expended or used for the purposes authorized under this section unless those proceeds have been appropriated by the legislature.

(i) The comptroller shall pay the principal of the bonds as they mature and the interest as it becomes payable and shall pay any cost related to the bonds that becomes due, including payments under credit agreements.

SECTION 12.02. This article does not make an appropriation. This article takes effect only if a specific appropriation for the implementation of the article is provided in a general appropriations act of the 81st Legislature.

SECTION 12.03. Except as provided by Section 12.02 of this article, this article takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this article takes effect September 1, 2009, except as provided by Section 12.02 of this article.

ARTICLE 13. METROPOLITAN PLANNING ORGANIZATIONS

SECTION 13.01. Section 472.034, Transportation Code, is amended to read as follows:

Sec. 472.034. STANDARDS OF CONDUCT; ETHICS POLICY. (a) A policy board member or employee of a metropolitan planning organization may not:

(1) accept or solicit any gift, favor, or service that might reasonably tend to influence the member or employee in the discharge of official duties or that the member or employee knows or

should know is being offered with the intent to influence the member's or employee's official conduct;

(2) accept other employment or engage in a business or professional activity that the member or employee might reasonably expect would require or induce the member or employee to disclose confidential information acquired by reason of the official position;

(3) accept other employment or compensation that could reasonably be expected to impair the member's or employee's independence of judgment in the performance of the member's or employee's official duties;

(4) make personal investments that could reasonably be expected to create a substantial conflict between the member's or employee's private interest and the public interest; or

(5) intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised the member's or employee's official powers or performed the member's or employee's official duties in favor of another.

(b) An employee of a metropolitan planning organization who violates Subsection (a) or an ethics policy adopted under Subsection (c) is subject to termination of the employee's employment or another employment-related sanction. Notwithstanding this subsection, a policy board member or employee of a metropolitan planning organization who violates Subsection (a) is subject to any applicable civil or criminal penalty if the violation also constitutes a violation of another statute or rule.

(c) Each policy board shall:

(1) adopt bylaws establishing an ethics policy for employees of a metropolitan planning organization and policy board members consistent with the standards prescribed by Subsection (a), including provisions to prevent a policy board member from having a conflict of interest in business before the metropolitan planning organization; and

(2) distribute a copy of the ethics policy to:

(A) each new employee not later than the third business day after the date the person begins employment with the agency; and

(B) each new policy board member not later than the third business day after the date the person qualifies for office.

(d) If a person with knowledge of a violation of an ethics policy established under Subsection (c) that also constitutes a criminal offense under another law of this state reports the violation to an appropriate prosecuting attorney who concludes that there is reasonable basis to initiate an investigation, then, not later than the 60th day after the date a person notifies the prosecuting attorney under this subsection, the prosecuting attorney shall notify the Texas Ethics Commission of the status of the prosecuting attorney's investigation of the alleged violation. The Texas Ethics Commission shall, on the request of the prosecuting attorney, assist the prosecuting attorney in investigating the alleged violation.

(e) To the extent an employee of a metropolitan planning organization is subject to the ethics policy of another governmental entity and to the extent that policy conflicts with this section, the stricter policy prevails.

SECTION 13.02. Not later than January 1, 2010, each policy board of a metropolitan planning organization shall adopt bylaws establishing an ethics policy as required by Section 472.034(c), Transportation Code, as added by this article, and distribute a copy of the ethics policy to each policy board member and employee.

ARTICLE 14. MOTOR VEHICLE ACCIDENT REPORTS

SECTION 14.01. Section 550.065, Transportation Code, is amended by amending Subsections (a), (b), and (d) and adding Subsections (e), (f), and (g) to read as follows:

(a) This section applies only to information that is held by the department or another governmental entity and relates to a motor vehicle accident reported under this chapter or Section 601.004, including accident report information compiled under

Section 201.805, as added by Chapter 1407 (S.B. 766), Acts of the 80th Legislature, Regular Session, 2007.

(b) Except as provided by Subsection (c) or (e), the information is privileged and for the confidential use of:

- (1) the department; and
- (2) an agency of the United States, this state, or a local government of this state that has use for the information for accident prevention purposes.

(d) The fee for a copy of the accident report [~~or accident information~~] is \$6 [~~or the actual cost of the preparation of the copy, whichever is less~~]. The copy may be certified by the department or the governmental entity for an additional fee of \$2. The department or the governmental entity may issue a certification that no report or information is on file for a fee of \$6.

(e) In addition to the information required to be released under Subsection (c), the department may release:

(1) information relating to motor vehicle accidents that the department compiles under Section 201.805, as added by Chapter 1407 (S.B. 766), Acts of the 80th Legislature, Regular Session, 2007; or

(2) a vehicle identification number and specific accident information relating to that vehicle.

(f) The department:

(1) may not release under Subsection (e) information that:

(A) is personal information, as defined by Section 730.003; or

(B) would allow a person to satisfy the requirements of Subsection (c)(4) for the release of information for a specific motor vehicle accident; and

(2) shall withhold or redact the following items of information:

(A) the first, middle, and last name of any person listed in an accident report, including a vehicle driver, occupant, owner, or lessee, a bicyclist, a pedestrian, or a property owner;

(B) the number of any driver's license, commercial driver's license, or personal identification certificate issued to any person listed in an accident report;

(C) the date of birth, other than the year, of any person listed in an accident report;

(D) the address, other than zip code, and telephone number of any person listed in an accident report;

(E) the license plate number of any vehicle listed in an accident report;

(F) the date of any accident, other than the year;

(G) the name of any insurance company listed as a provider of financial responsibility for a vehicle listed in an accident report;

(H) the number of any insurance policy issued by an insurance company listed as a provider of financial responsibility;

(I) the date the peace officer who investigated the accident was notified of the accident;

(J) the date the investigating peace officer arrived at the accident site;

(K) the date the investigating officer's report was prepared;

(L) the badge number or identification number of the investigating officer;

(M) the date on which any person who died as a result of the accident died;

(N) the date of any commercial motor vehicle report; and

(O) the place where any person injured or killed in an accident was taken and the person or entity that provided the transportation.

(g) The amount that may be charged for information provided

under Subsection (e) shall be calculated in the manner specified by Chapter 552, Government Code, for public information provided by a governmental body under that chapter.

ARTICLE 16. TEXAS TRANSPORTATION REVOLVING FUND

SECTION 16.01. Chapter 222, Transportation Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. TEXAS TRANSPORTATION REVOLVING FUND

Sec. 222.131. DEFINITIONS. In this subchapter:

(1) "Bonds" means bonds, notes, and other public securities.

(2) "Credit agreement" has the meaning assigned by Section 1371.001, Government Code.

(3) "Fund" means the Texas Transportation Revolving Fund.

(4) "Fund revenue bonds" means bonds issued under Section 222.135.

(5) "Highway improvement project" includes acquisition of the highway, construction, reconstruction, and major maintenance, including any necessary design, and the acquisition of rights-of-way.

(6) "Transit provider" has the meaning assigned by Section 370.003.

(7) "Transportation project" means a tolled or nontolled highway improvement project.

Sec. 222.132. CREATION OF FUND. The Texas Transportation Revolving Fund is created as a fund held in the Texas Treasury Safekeeping Trust Company.

Sec. 222.133. ADMINISTRATION OF FUND. (a) The commission, through the department, shall manage, invest, use, administer, and provide financial assistance from the fund as provided by this subchapter.

(b) The commission may create within the fund one or more accounts or subaccounts as determined appropriate and necessary by the commission.

(c) The commission shall prepare and file annually with the governor, the lieutenant governor, and the Legislative Budget Board a report providing information on the operation of the fund, including:

(1) the amounts and sources of money deposited in the fund during the year;

(2) investments and returns on investments of money in the fund;

(3) loans made from the fund;

(4) other financial assistance provided from the fund;

(5) the status of any defaults on repayment of loans or other financial assistance provided from the fund; and

(6) the details of any transportation project for which financial assistance is received from the fund, including the identity of any highway directly affected by the project, and the degree to which the project is designed to reduce congestion, improve traffic safety, and enhance connectivity.

Sec. 222.134. SOURCES OF MONEY DEPOSITED IN FUND. The commission may deposit in the fund money derived from any source available to the commission, including:

(1) if appropriated by the legislature for that purpose:

(A) the proceeds of bonds issued under Section 222.003;

(B) the proceeds of bonds authorized by Section 49-p, Article III, Texas Constitution, if the law providing for the issuance of the bonds does not prohibit the deposit of the proceeds in the fund;

(C) money provided by the commission from the state highway fund;

(D) money provided by the commission from the Texas Mobility Fund that is in excess of the money required to be on deposit in the Texas Mobility Fund by the proceedings authorizing Texas Mobility Fund bonds and credit agreements; and

(E) other direct appropriations;

(2) repayments of principal and interest on loans made under Section 222.137;

(3) the proceeds from the sale of loans under Section 222.140;

(4) the proceeds from the sale of fund revenue bonds; and

(5) gifts and grants.

Sec. 222.135. FUND REVENUE BONDS. (a) The commission may issue, sell, and deliver fund revenue bonds for the purpose of providing money for the fund.

(b) Fund revenue bonds are special obligations of the commission payable from the repayment of loans from the fund and other money on deposit in the fund as the commission may designate.

(c) Fund revenue bonds do not constitute a debt of the state or a pledge of the faith and credit of the state.

(d) The commission by order or resolution may issue fund revenue bonds in the name and on behalf of the state and the department and may enter into credit agreements related to the bonds. The bonds may be issued in multiple series and issues from time to time and may be issued on the terms and with the provisions the commission determines appropriate and in the interests of the state.

(e) The commission has all powers necessary or appropriate to carry out this section, including the powers granted to other bond-issuing governmental agencies and units and to nonprofit corporations by Chapters 1201, 1207, and 1371, Government Code.

(f) Before the issuance of fund revenue bonds or credit agreements, the commission shall submit the record of proceedings of the commission authorizing the issuance, execution, and delivery of the bonds or credit agreement and any contract providing revenue or security to pay the bonds or credit agreement to the attorney general for review. If the attorney general finds that the proceedings authorizing a bond or credit agreement and any bonds authorized in the proceedings conform to the requirements of the Texas Constitution and this subchapter, the attorney general shall approve the proceedings and the bonds and deliver to the comptroller for registration a copy of the attorney general's legal opinion stating that approval and the record of proceedings. After approval, the bonds or credit agreement may be executed and delivered, exchanged, or refinanced from time to time in accordance with those authorizing proceedings.

(g) If the proceedings and any bonds authorized in the proceedings are approved by the attorney general and registered by the comptroller as provided above, the bonds or credit agreement, as applicable, or a contract providing revenue or security included in or executed and delivered according to the authorizing proceedings are incontestable in a court or other forum and are valid, binding, and enforceable according to their terms.

(h) The proceeds from the sale of fund revenue bonds may be used to finance other funds or accounts relating to the bonds or credit agreement, including a debt service reserve fund, and to pay the costs of issuance. All remaining proceeds received from the sale of the bonds shall be deposited in the fund and invested and used as provided by this subchapter.

Sec. 222.136. INVESTMENT OF MONEY IN THE FUND. (a) Money in the fund may be invested as provided by Chapter 2256, Government Code, except that the proceeds of bonds deposited in the fund under Section 222.134 shall be subject to any limitations contained in the documents authorizing the issuance of the bonds.

(b) Income received from the investment of money in the fund shall be deposited in the fund, subject to requirements that may be imposed by the proceedings authorizing bonds issued to provide money for deposit in the fund that are necessary to protect the tax-exempt status of interest payable on the bonds in accordance with applicable law of the United States concerning federal income taxation of interest on the bonds. Investment income shall be deposited in an account or subaccount in the fund as determined by the department.

Sec. 222.137. USES OF MONEY IN THE FUND. (a) Except as

otherwise provided by this section, the commission may use money held in the fund to provide financial assistance to a public entity, including the department, for the costs of a transportation project by:

(1) making loans, including through the purchase of obligations of the public entity;

(2) providing liquidity or credit enhancement, including through the agreement to loan to or purchase bonds, notes, or other obligations from a public entity;

(3) serving as a reserve fund established in connection with debt financing by the public entity;

(4) providing capitalized interest for debt financing by the public entity; or

(5) providing a guarantee of the payment of the costs of operations and maintenance of a transportation project.

(b) The proceeds of bonds authorized by Section 49-p, Article III, Texas Constitution, or issued under Section 222.003 may only be used to provide financial assistance for highway improvement projects, subject to any limitations provided by law.

(c) Money from the state highway fund may only be used for the purposes for which revenues are dedicated under Section 7-a, Article VIII, Texas Constitution.

(d) Money from the Texas Mobility Fund may only be used to provide financial assistance for state highway improvement projects, publicly owned toll roads, and public transportation projects, whether on or off of the state highway system, subject to any limitations provided by law.

(e) Money in the fund may be used to pay debt service on fund revenue bonds.

(f) The commission may require the payment of reasonable fees and other amounts by a public entity for all forms of financial assistance provided under this section.

(g) The department shall monitor the use of financial assistance provided to a public entity to ensure the financial assistance is used for purposes authorized by law and may audit the books and records of a public entity for this purpose.

Sec. 222.138. BORROWING FROM THE FUND BY PUBLIC ENTITY.

(a) A public entity, including a municipality, county, district, authority, agency, department, board, or commission, that is authorized by law to construct, maintain, or finance a transportation project may borrow money from the fund, including by direct loan or other financial assistance from the fund, and may enter into any agreement relating to receiving financial assistance from the fund.

(b) Money received by a public entity under this subchapter must be segregated from other funds under the control of the public entity and may only be used for purposes authorized by this subchapter.

(c) To provide for the repayment of a loan or other financial assistance, a public entity may:

(1) pledge revenues or income from any available source;

(2) pledge, levy, and collect any taxes, subject to any constitutional limitation; or

(3) pledge any combination of revenues, income, and taxes.

(d) This section is wholly sufficient authority for a public entity to borrow or otherwise obtain financial assistance from the fund as authorized by this subchapter and to pledge revenues, income, or taxes, or any combination of revenues, income, and taxes, to the repayment of a loan or other financial assistance.

Sec. 222.139. REPAYMENT TERMS; DEPOSIT OF REPAYMENTS.

(a) For financial assistance that must be repaid, the commission shall determine the terms and conditions of the repayment, including the interest rates to be charged.

(b) The commission may require the entity receiving financial assistance that must be repaid to make charges, levy and collect taxes, pledge revenues, or otherwise take such action as may be necessary to provide for money in an amount sufficient for

72-1 repayment according to the terms agreed on at the time the financial
72-2 assistance is provided.

72-3 (c) For a tolled highway improvement project, the
72-4 commission, in lieu of requiring the repayment of financial
72-5 assistance and any interest thereon, may require that revenues from
72-6 the project be shared between the entity and the department, and the
72-7 entity and the department may enter into an agreement specifying
72-8 the terms and conditions of the revenue sharing.

72-9 (d) The department shall deposit in the fund all amounts
72-10 received from repayment of the financial assistance or as a share of
72-11 revenues from a tolled highway improvement project.

72-12 Sec. 222.140. SALE OF LOANS. (a) As used in this section,
72-13 "loan" includes any financial assistance that must be repaid or any
72-14 portion of such assistance.

72-15 (b) The commission may sell any loans made from money in the
72-16 fund and shall deposit the proceeds of the sale in the fund.

72-17 (c) For any loans to be sold under this section, the
72-18 commission may submit to the attorney general for review and
72-19 approval the related financial assistance agreement, which shall,
72-20 for the purposes of Chapter 1202, Government Code, be considered to
72-21 be a public security, along with the record of proceedings of the
72-22 borrowing entity relating to the agreement. If the attorney
72-23 general approves the agreement, it shall be incontestable in a
72-24 court or other forum and is valid, binding, and enforceable
72-25 according to its terms as provided by Chapter 1202, Government
72-26 Code.

72-27 (d) The commission must sell the loans using a competitive
72-28 bidding process and at the price and under the terms and conditions
72-29 that it determines to be reasonable.

72-30 (e) As part of the sales agreement with the purchaser of a
72-31 loan, the commission may agree to perform the functions required to
72-32 enforce the conditions and requirements stated in the loans,
72-33 including the payment of debt service by the borrowing entity.

72-34 (f) The commission may exercise any powers necessary to
72-35 carry out the authority granted by this section, including the
72-36 authority to contract with any person to accomplish the purposes of
72-37 this section.

72-38 (g) The commission shall not be liable for the repayment of,
72-39 and may not repay, any loan sold under this section.

72-40 Sec. 222.141. WAIVER OF SOVEREIGN IMMUNITY. A public
72-41 entity receiving financial assistance under this subchapter and the
72-42 department may agree to waive sovereign immunity to suit for the
72-43 purpose of adjudicating a claim to enforce any of their obligations
72-44 brought by a party for breach of the terms of the financial
72-45 assistance agreement.

72-46 Sec. 222.142. IMPLEMENTATION BY RULE. (a) The commission
72-47 shall adopt rules to implement this subchapter, including rules:

72-48 (1) establishing eligibility and prioritization
72-49 criteria for entities applying for financial assistance from the
72-50 fund and for transportation projects that may receive financial
72-51 assistance from the fund;

72-52 (2) specifying the method for setting the terms and
72-53 conditions for providing financial assistance from the fund and for
72-54 the repayment of financial assistance from the fund; and

72-55 (3) establishing procedures for the sale of loans
72-56 originated from amounts on deposit in the fund.

72-57 (b) The eligibility and prioritization criteria described
72-58 in Subsection (a)(1) shall provide that financial assistance made
72-59 available for the delivery of a transportation project by the
72-60 department may not be in a larger amount or on more favorable terms
72-61 than the financial assistance requested and previously offered for
72-62 the delivery of that transportation project by a public entity, if
72-63 any.

72-64 (c) The commission shall appoint a rules advisory committee
72-65 to advise the department and the commission on the development of
72-66 the commission's initial rules required by this section. The
72-67 committee must include one or more members representing a local
72-68 toll project entity, as defined in Section 228.0111. Chapter 2110,
72-69 Government Code, does not apply to the committee. This subsection

73-1 expires on the date the commission adopts initial rules under this
 73-2 section.

73-3 SECTION 16.02. This article takes effect immediately if
 73-4 this Act receives a vote of two-thirds of all the members elected to
 73-5 each house, as provided by Section 39, Article III, Texas
 73-6 Constitution. If this Act does not receive the vote necessary for
 73-7 immediate effect, this article takes effect September 1, 2009.

73-8 ARTICLE 17. USE OF STATE HIGHWAY FUND IN CONNECTION WITH CERTAIN
 73-9 TOLL FACILITIES

73-10 SECTION 17.01. Section 222.001, Transportation Code, is
 73-11 amended to read as follows:

73-12 Sec. 222.001. USE OF STATE HIGHWAY FUND. (a) Money that is
 73-13 required to be used for public roadways by the Texas Constitution or
 73-14 federal law and that is deposited in the state treasury to the
 73-15 credit of the state highway fund, including money deposited to the
 73-16 credit of the state highway fund under Title 23, United States Code,
 73-17 may be used only:

73-18 (1) to improve the state highway system;
 73-19 (2) to mitigate adverse environmental effects that
 73-20 result directly from construction or maintenance of a state highway
 73-21 by the department; or

73-22 (3) by the Department of Public Safety to police the
 73-23 state highway system and to administer state laws relating to
 73-24 traffic and safety on public roads.

73-25 (b) Notwithstanding Section 222.103, the department may not
 73-26 pledge or otherwise encumber money deposited in the state highway
 73-27 fund to:

73-28 (1) guarantee a loan obtained by a public or private
 73-29 entity for costs associated with a toll facility of the public or
 73-30 private entity; or

73-31 (2) insure bonds issued by a public or private entity
 73-32 for costs associated with a toll facility of the public or private
 73-33 entity.

73-34 SECTION 17.02. Section 222.001(b), Transportation Code, as
 73-35 added by this article, applies only to an agreement to pledge or
 73-36 otherwise encumber money in the state highway fund that is entered
 73-37 into on or after the effective date of this Act, except that that
 73-38 section does not apply to an agreement to pledge or otherwise
 73-39 encumber money in the state highway fund that is associated with the
 73-40 following projects, regardless of whether the agreement is
 73-41 finalized on or after the effective date of this Act:

73-42 (1) the State Highway 161 project in Dallas County;
 73-43 (2) the Southwest Parkway (State Highway 121) in
 73-44 Tarrant County from Interstate Highway 30 to Dirks Road/Altamesa
 73-45 Boulevard and the Chisholm Trail project from Dirks Road/Altamesa
 73-46 Boulevard to U.S. Highway 67 in the city of Cleburne;

73-47 (3) a project associated with the highway designated
 73-48 as the Trinity Parkway in the city of Dallas;

73-49 (4) the Grand Parkway project (State Highway 99);

73-50 (5) the Hidalgo Loop project in Hidalgo County from
 73-51 U.S. Highway 83 near the Pharr-Reynosa International Bridge to the
 73-52 U.S. Highway 83 Expressway in Penitas to U.S. Highway 281 north of
 73-53 Edinburg to U.S. Highway 83 west of Farm-to-Market Road 1423 to U.S.
 73-54 Highway 83 near the Pharr-Reynosa International Bridge;

73-55 (6) the U.S. Highway 290 project from east of U.S.
 73-56 Highway 183 to east of Farm-to-Market Road 734 in Travis County;

73-57 (7) the State Highway 71 East project from Riverside
 73-58 Drive east to east of State Highway 130 and including the
 73-59 interchange at State Highway 71 East/U.S. Highway 183 South in
 73-60 Travis County;

73-61 (8) the U.S. Highway 183 South project from Springdale
 73-62 Road south to State Highway 71 East in Travis County;

73-63 (9) the Loop 1 added capacity project, comprised of
 73-64 the addition of a managed lane on Loop 1 from Parmer Lane to State
 73-65 Highway 45 South in Travis County;

73-66 (10) any transaction related to the acquisition by a
 73-67 regional mobility authority, a regional tollway authority, or a
 73-68 county acting under Chapter 284 of a toll project of the department
 73-69 all or a portion of which was existing and in operation prior to

September 1, 2009;

(11) any transaction related to the assumption by a regional mobility authority, a regional tollway authority, or a county acting under Chapter 284 of the operations of a toll project of the department all or a portion of which was existing and in operation prior to September 1, 2009;

(12) the Loop 49 project from U.S. Highway 69 north of Lindale to State Highway 110 in Smith County; or

(13) the U.S. Highway 281 project in Bexar County from Loop 1604 to the Comal County line and including five direct connectors at the Loop 1604/U.S. Highway 281 interchange.

SECTION 17.03. This article takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this article takes effect September 1, 2009.

ARTICLE 18. USED AUTOMOTIVE PARTS RECYCLERS

SECTION 18.01. Section 2302.001(6), Occupations Code, is amended to read as follows:

(6) "Salvage vehicle agent" means a person who acquires, sells, or otherwise deals in nonrepairable or salvage motor vehicles ~~[or used parts]~~ in this state as directed by the salvage vehicle dealer under whose license the person operates. The term does not include a person who:

(A) is a licensed salvage vehicle dealer or a licensed used automotive parts recycler;

(B) is a partner, owner, or officer of a business entity that holds a salvage vehicle dealer license or a used automotive parts recycler license;

(C) is an employee of a licensed salvage vehicle dealer or a licensed used automotive parts recycler; or

(D) only transports salvage motor vehicles for a licensed salvage vehicle dealer or a licensed used automotive parts recycler.

SECTION 18.02. Section 2302.006(b), Occupations Code, is amended to read as follows:

(b) This chapter applies to a transaction in which a motor vehicle:

(1) is sold, transferred, released, or delivered to a metal recycler for the purpose of reuse or resale as a motor vehicle ~~[or as a source of used parts];~~ and

(2) is used for that purpose.

SECTION 18.03. Subchapter A, Chapter 2302, Occupations Code, is amended by adding Section 2302.008 to read as follows:

Sec. 2302.008. APPLICABILITY OF CHAPTER TO USED AUTOMOTIVE PARTS RECYCLERS. This chapter does not apply to a used automotive parts recycler licensed under Chapter 2309.

SECTION 18.04. Section 2302.103(b), Occupations Code, is amended to read as follows:

(b) An applicant may apply for a salvage vehicle dealer license with an endorsement in one or more of the following classifications:

(1) new automobile dealer;

(2) used automobile dealer;

(3) ~~[used vehicle parts dealer;~~

~~[(4)]~~ salvage pool operator;

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

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

SECTION 18.05. Section 2302.107(d), Occupations Code, is amended to read as follows:

(d) A salvage vehicle agent may acquire, sell, or otherwise deal in, nonrepairable or salvage motor vehicles ~~[or used parts]~~ as directed by the authorizing dealer.

SECTION 18.06. Section 2302.202, Occupations Code, is amended to read as follows:

Sec. 2302.202. RECORDS OF PURCHASES. A salvage vehicle dealer shall maintain a record of each salvage motor vehicle ~~[and each used part]~~ purchased or sold by the dealer.

SECTION 18.07. Subtitle A, Title 14, Occupations Code, is

amended by adding Chapter 2309 to read as follows:

CHAPTER 2309. USED AUTOMOTIVE PARTS RECYCLERS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2309.001. SHORT TITLE. This chapter may be cited as the Texas Used Automotive Parts Recycling Act.

Sec. 2309.002. DEFINITIONS. In this chapter:

(1) "Insurance company," "metal recycler," "motor vehicle," "nonrepairable motor vehicle," "nonrepairable vehicle title," "salvage motor vehicle," "salvage vehicle title," and "salvage vehicle dealer" have the meanings assigned by Section 501.091, Transportation Code.

(2) "Commission" means the Texas Commission of Licensing and Regulation.

(3) "Department" means the Texas Department of Licensing and Regulation.

(4) "Executive director" means the executive director of the department.

(5) "Used automotive part" has the meaning assigned to "used part" by Section 501.091, Transportation Code.

(6) "Used automotive parts recycler" means a person licensed under this chapter to operate a used automotive parts recycling business.

(7) "Used automotive parts recycling" means the dismantling and reuse or resale of used automotive parts and the safe disposal of salvage motor vehicles or nonrepairable motor vehicles, including the resale of those vehicles.

Sec. 2309.003. APPLICABILITY OF CHAPTER TO METAL RECYCLERS.

(a) Except as provided by Subsection (b), this chapter does not apply to a transaction to which a metal recycler is a party.

(b) This chapter applies to a transaction in which a motor vehicle:

(1) is sold, transferred, released, or delivered to a metal recycler as a source of used automotive parts; and

(2) is used as a source of used automotive parts.

Sec. 2309.004. APPLICABILITY OF CHAPTER TO SALVAGE VEHICLE DEALERS. (a) Except as provided by Subsection (b), this chapter does not apply to a transaction in which a salvage vehicle dealer is a party.

(b) This chapter applies to a salvage vehicle dealer who deals in used automotive parts as more than an incidental part of the salvage vehicle dealer's primary business.

Sec. 2309.005. APPLICABILITY OF CHAPTER TO INSURANCE COMPANIES. This chapter does not apply to an insurance company.

[Sections 2309.006-2309.050 reserved for expansion]

SUBCHAPTER B. ADVISORY BOARD

Sec. 2309.051. USED AUTOMOTIVE PARTS RECYCLING ADVISORY BOARD. (a) The advisory board consists of five members representing the used automotive parts industry in this state appointed by the presiding officer of the commission with the approval of the commission.

(b) The advisory board shall include members who represent used automotive parts businesses owned by domestic entities, as defined by Section 1.002, Business Organizations Code.

(c) The advisory board shall include one member who represents a used automotive parts business owned by a foreign entity, as defined by Section 1.002, Business Organizations Code.

(d) Appointments to the advisory board shall be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointee.

Sec. 2309.052. TERMS; VACANCIES. (a) Advisory board members serve terms of six years, with the terms of one or two members expiring on February 1 of each odd-numbered year.

(b) A member may not serve more than two full consecutive terms.

(c) If a vacancy occurs during a term, the presiding officer of the commission shall appoint a replacement who meets the qualifications of the vacated position to serve for the remainder of the term.

Sec. 2309.053. PRESIDING OFFICER. The presiding officer of

the commission shall appoint one of the advisory board members to serve as presiding officer of the advisory board for a term of one year. The presiding officer of the advisory board may vote on any matter before the advisory board.

Sec. 2309.054. POWERS AND DUTIES OF ADVISORY BOARD. The advisory board shall provide advice and recommendations to the department on technical matters relevant to the administration and enforcement of this chapter, including licensing standards, continuing education requirements, and examination content, if applicable.

Sec. 2309.055. COMPENSATION; REIMBURSEMENT OF EXPENSES. Advisory board members may not receive compensation but are entitled to reimbursement for actual and necessary expenses incurred in performing the functions of the advisory board, subject to the General Appropriations Act.

Sec. 2309.056. MEETINGS. The advisory board shall meet twice annually and may meet at other times at the call of the presiding officer of the commission or the executive director.

[Sections 2309.057-2309.100 reserved for expansion]

SUBCHAPTER C. POWERS AND DUTIES OF COMMISSION AND DEPARTMENT

Sec. 2309.101. GENERAL POWERS AND DUTIES. The executive director or commission, as appropriate, may take action as necessary to administer and enforce this chapter.

Sec. 2309.102. RULES. (a) The commission shall adopt rules for licensing used automotive parts recyclers and used automotive parts employees.

(b) The commission by rule shall adopt standards of conduct for license holders under this chapter.

Sec. 2309.103. EXAMINATION OF CRIMINAL CONVICTION. The department may conduct an examination of any criminal conviction or deferred adjudication of an applicant, including by obtaining any criminal history record information permitted by law.

Sec. 2309.104. FEES. The commission shall establish and collect reasonable and necessary fees in amounts sufficient to cover the costs of administering this chapter.

Sec. 2309.105. RULES RESTRICTING ADVERTISING OR COMPETITIVE BIDDING. (a) The commission may not adopt a rule restricting advertising or competitive bidding by a person who holds a license issued under this chapter except to prohibit false, misleading, or deceptive practices by the person.

(b) The commission may not include in its rules to prohibit false, misleading, or deceptive practices a rule that:

- (1) restricts the use of any advertising medium;
- (2) restricts the person's personal appearance or use of the person's voice in an advertisement;
- (3) relates to the size or duration of an advertisement by the person; or
- (4) restricts the use of a trade name in advertising by the person.

Sec. 2309.106. PERIODIC AND RISK-BASED INSPECTIONS. (a) The department shall inspect each used automotive parts recycling facility at least once every two years.

(b) The department may enter and inspect at any time during business hours:

- (1) the place of business of any person regulated under this chapter; or
- (2) any place in which the department has reasonable cause to believe that a license holder is in violation of this chapter or in violation of a rule or order of the commission or executive director.

(c) The department shall conduct additional inspections based on a schedule of risk-based inspections using the following criteria:

- (1) the type and nature of the used automotive parts recycler;
- (2) the inspection history;
- (3) any history of complaints involving a used automotive parts recycler; and
- (4) any other factor determined by the commission by

rule.

(d) A used automotive parts recycler shall pay a fee for each risk-based inspection performed under this section. The commission by rule shall set the amount of the fee.

(e) In conducting an inspection under this section, the department may inspect a facility, a used automotive part, a business record, or any other place or thing reasonably required to enforce this chapter or a rule or order adopted under this chapter.

Sec. 2309.107. PERSONNEL. The department may employ personnel necessary to administer and enforce this chapter.

[Sections 2309.108-2309.150 reserved for expansion]

SUBCHAPTER D. LICENSE REQUIREMENTS

Sec. 2309.151. USED AUTOMOTIVE PARTS RECYCLER LICENSE REQUIRED. (a) Unless the person holds a used automotive parts recycler license issued under this chapter, a person may not own or operate a used automotive parts recycling business or sell used automotive parts.

(b) A used automotive parts recycler license:

(1) is valid only with respect to the person who applied for the license; and

(2) authorizes the license holder to operate a used automotive parts recycling business only at the one facility listed on the license.

Sec. 2309.152. GENERAL LICENSE APPLICATION REQUIREMENTS. An applicant for a used automotive parts recycler license under this chapter must submit to the department:

(1) a completed application on a form prescribed by the executive director;

(2) the required fees; and

(3) any other information required by commission rule.

Sec. 2309.153. LICENSE REQUIREMENTS. An applicant for a used automotive parts recycler license under this chapter must provide in a manner prescribed by the executive director:

(1) a federal tax identification number;

(2) proof of insurance in the amount prescribed by the executive director;

(3) proof of ownership or lease of the property where the applicant will operate a used automotive parts recycling facility; and

(4) proof of a storm water permit if the applicant is required by the Texas Commission on Environmental Quality to obtain a permit.

Sec. 2309.154. USED AUTOMOTIVE PARTS EMPLOYEE LICENSE REQUIRED. (a) A person employed by a used automotive parts recycler may not in the scope of the person's employment acquire a vehicle or used automotive parts and may not sell used automotive parts unless the person holds a used automotive parts employee license issued under this chapter.

(b) The commission by rule shall adopt requirements for the application for and issuance of a used automotive parts employee license under this chapter.

Sec. 2309.155. NONTRANSFERABILITY OF LICENSE. A license issued by the executive director is valid throughout this state and is not transferable.

Sec. 2309.156. LICENSE RENEWAL. (a) A license issued under this chapter is valid for one year. The department may adopt a system under which licenses expire at different times during the year.

(b) The department shall notify the license holder at least 30 days before the date a license expires. The notice must be in writing and sent to the license holder's last known address according to the records of the department.

(c) The commission by rule shall adopt requirements to renew a license issued under this chapter.

[Sections 2309.157-2309.200 reserved for expansion]

SUBCHAPTER E. LOCAL REGULATION

Sec. 2309.201. APPLICABILITY OF CERTAIN MUNICIPAL ORDINANCES, LICENSES, AND PERMITS. (a) The requirements of this chapter apply in addition to the requirements of any applicable

municipal ordinance relating to the regulation of a person who deals in nonrepairable or salvage motor vehicles or used automotive parts.

(b) This chapter does not prohibit the enforcement of an applicable municipal license or permit requirement that is related to an activity regulated under this chapter.

[Sections 2309.202-2309.250 reserved for expansion]

SUBCHAPTER F. ENFORCEMENT

Sec. 2309.251. ADMINISTRATIVE PENALTY. (a) The commission may impose an administrative penalty on a person under Subchapter F, Chapter 51, regardless of whether the person holds a license under this chapter, if the person violates:

(1) this chapter or a rule adopted under this chapter; or

(2) a rule or order of the executive director or commission.

(b) An administrative penalty may not be imposed unless the person charged with a violation is provided the opportunity for a hearing.

Sec. 2309.252. CEASE AND DESIST ORDER; INJUNCTION; CIVIL PENALTY. (a) The executive director may issue a cease and desist order as necessary to enforce this chapter if the executive director determines that the action is necessary to prevent a violation of this chapter and to protect public health and safety.

(b) The attorney general or executive director may institute an action for an injunction or a civil penalty under this chapter as provided by Section 51.352.

Sec. 2309.253. SANCTIONS. The department may impose sanctions as provided by Section 51.353.

Sec. 2309.254. CRIMINAL PENALTY; LICENSING. (a) A person commits an offense if the person:

(1) violates the licensing requirements of this chapter;

(2) deals in used parts without a license required by this chapter; or

(3) employs an individual who does not hold the appropriate license required by this chapter.

(b) An offense under this section is a Class C misdemeanor.

[Sections 2309.255-2309.300 reserved for expansion]

SUBCHAPTER G. CONDUCTING BUSINESS

Sec. 2309.301. DUTIES ON ACQUISITION OF SALVAGE MOTOR VEHICLE. (a) A used automotive parts recycler who acquires ownership of a salvage motor vehicle shall obtain a properly assigned title from the previous owner of the vehicle.

(b) A used automotive parts recycler who acquires ownership of a motor vehicle, nonrepairable motor vehicle, or salvage motor vehicle for the purpose of dismantling, scrapping, or destroying the motor vehicle, shall, before the 61st day after the date of acquiring the motor vehicle, submit to the Texas Department of Motor Vehicles a report stating that the motor vehicle will be dismantled, scrapped, or destroyed. The recycler shall:

(1) submit the report on a form prescribed by the Texas Department of Motor Vehicles; and

(2) submit with the report a properly assigned manufacturer's certificate of origin, regular certificate of title, nonrepairable vehicle title, salvage vehicle title, other ownership document, or comparable out-of-state ownership document for the motor vehicle.

(c) After receiving the report and title or document, the Texas Department of Motor Vehicles shall issue the used automotive parts recycler a receipt for the manufacturer's certificate of origin, regular certificate of title, nonrepairable vehicle title, salvage vehicle title, other ownership document, or comparable out-of-state ownership document.

(d) The recycler shall comply with Subchapter E, Chapter 501, Transportation Code.

Sec. 2309.302. RECORDS OF PURCHASES. A used automotive parts recycler shall maintain a record of each motor vehicle, salvage motor vehicle, nonrepairable motor vehicle, and used

79-1 automotive part purchased.

79-2 Sec. 2309.303. REGISTRATION OF NEW BUSINESS LOCATION.
 79-3 Before moving a place of business, a used automotive parts recycler
 79-4 must notify the department of the new location. The used automotive
 79-5 parts recycler shall provide a storm water permit for the location
 79-6 if a permit is required by the Texas Commission on Environmental
 79-7 Quality.

79-8 [Sections 2309.304-2309.350 reserved for expansion]

79-9 SUBCHAPTER H. ADDITIONAL DUTIES OF USED AUTOMOTIVE PARTS RECYCLER
 79-10 IN CONNECTION WITH MOTOR VEHICLE COMPONENT PARTS

79-11 Sec. 2309.351. DEFINITIONS. In this subchapter:

79-12 (1) "Component part" means a major component part as
 79-13 defined by Section 501.091, Transportation Code, or a minor
 79-14 component part.

79-15 (2) "Interior component part" means a motor vehicle's
 79-16 seat or radio.

79-17 (3) "Minor component part" means an interior component
 79-18 part, a special accessory part, or a motor vehicle part that
 79-19 displays or should display at least one of the following:

79-20 (A) a federal safety certificate;
 79-21 (B) a motor number;
 79-22 (C) a serial number or a derivative; or
 79-23 (D) a manufacturer's permanent vehicle
 79-24 identification number or a derivative.

79-25 (4) "Special accessory part" means a motor vehicle's
 79-26 tire, wheel, tailgate, or removable glass top.

79-27 Sec. 2309.352. REMOVAL OF LICENSE PLATES. Immediately on
 79-28 receipt of a motor vehicle, a used automotive parts recycler shall:

79-29 (1) remove any unexpired license plates from the
 79-30 vehicle; and

79-31 (2) place the license plates in a secure place until
 79-32 destroyed by the used automotive parts recycler.

79-33 Sec. 2309.353. RECEIPT OF MOTOR VEHICLE. A used automotive
 79-34 parts recycler may not take delivery of a motor vehicle unless the
 79-35 recycler first obtains:

79-36 (1) a certificate of authority to dispose of the
 79-37 vehicle, a sales receipt, or a transfer document for the vehicle
 79-38 issued under Chapter 683, Transportation Code; or

79-39 (2) a certificate of title showing that there are no
 79-40 liens on the vehicle or that all recorded liens have been released.

79-41 Sec. 2309.354. RECORD OF PURCHASE; INVENTORY OF PARTS.
 79-42 (a) A used automotive parts recycler shall keep an accurate and
 79-43 legible inventory of each used component part purchased by or
 79-44 delivered to the recycler. The inventory must contain a record of
 79-45 each part that includes:

79-46 (1) the date of purchase or delivery;
 79-47 (2) the driver's license number of the seller and a
 79-48 legible photocopy of the seller's driver's license;

79-49 (3) the license plate number of the motor vehicle in
 79-50 which the part was delivered;

79-51 (4) a complete description of the part and, if
 79-52 applicable, the make, model, color, and size of the part; and

79-53 (5) the vehicle identification number of the motor
 79-54 vehicle from which the part was removed.

79-55 (b) As an alternative to the information required by
 79-56 Subsection (a), a used automotive parts recycler may record:

79-57 (1) the name of the person who sold the part or the
 79-58 motor vehicle from which the part was obtained; and

79-59 (2) the Texas certificate of inventory number or the
 79-60 federal taxpayer identification number of the person.

79-61 (c) The department shall prescribe the form of the record
 79-62 required by Subsection (a) and shall make the form available to used
 79-63 automotive parts recyclers.

79-64 (d) This section does not apply to:

79-65 (1) an interior component part or special accessory
 79-66 part from a motor vehicle more than 10 years old; or

79-67 (2) a part delivered to a used automotive parts
 79-68 recycler by a commercial freight line, commercial carrier, or
 79-69 licensed used automotive parts recycler.

80-1 Sec. 2309.355. ASSIGNMENT OF INVENTORY NUMBER. (a) A used
 80-2 automotive parts recycler shall:

80-3 (1) assign a unique inventory number to each
 80-4 transaction in which the recycler purchases or takes delivery of a
 80-5 component part;

80-6 (2) attach that inventory number to each component
 80-7 part the recycler obtains in the transaction; and

80-8 (3) retain each component part in its original
 80-9 condition on the business premises of the recycler for at least
 80-10 three calendar days, excluding Sundays, after the date the recycler
 80-11 obtains the part.

80-12 (b) An inventory number attached to a component part under
 80-13 Subsection (a) may not be removed while the part remains in the
 80-14 inventory of the used automotive parts recycler.

80-15 (c) This section does not apply to the purchase by a used
 80-16 automotive parts recycler of a nonoperational engine,
 80-17 transmission, or rear axle assembly from another used automotive
 80-18 parts recycler or an automotive-related business.

80-19 Sec. 2309.356. MAINTENANCE OF RECORDS. A used automotive
 80-20 parts recycler shall keep a record required under this subchapter
 80-21 on a form prescribed by the department or the Texas Department of
 80-22 Motor Vehicles. The recycler shall maintain copies of each record
 80-23 required under this subchapter until the first anniversary of the
 80-24 purchase date of the item for which the record is maintained.

80-25 Sec. 2309.357. SURRENDER OF CERTAIN DOCUMENTS OR LICENSE
 80-26 PLATES. (a) On demand, a used automotive parts recycler shall
 80-27 surrender to the Texas Department of Motor Vehicles for
 80-28 cancellation a certificate of title or authority, sales receipt or
 80-29 transfer document, license plate, or inventory list that the
 80-30 recycler is required to possess or maintain.

80-31 (b) The Texas Department of Motor Vehicles shall provide a
 80-32 signed receipt for a surrendered certificate of title.

80-33 Sec. 2309.358. RESALE OF SALVAGE MOTOR VEHICLES OR
 80-34 NONREPAIRABLE MOTOR VEHICLES. (a) A used automotive parts
 80-35 recycler may sell salvage or nonrepairable vehicles only at:

80-36 (1) a used automotive parts recycling facility;

80-37 (2) a salvage pool operator's facility; or

80-38 (3) a metal recycling facility.

80-39 (b) Before reselling a salvage motor vehicle or
 80-40 nonrepairable motor vehicle at a used automotive recycling
 80-41 facility, a used automotive parts recycler must post notice on the
 80-42 vehicle of the type of title appropriate to the vehicle.

80-43 Sec. 2309.359. INSPECTION OF RECORDS. (a) A peace officer
 80-44 at any reasonable time may inspect a record required to be
 80-45 maintained under this subchapter, including an inventory record.

80-46 (b) On demand by a peace officer, a used automotive parts
 80-47 recycler shall provide to the officer a copy of a record required to
 80-48 be maintained under this subchapter.

80-49 (c) A peace officer may inspect the inventory on the
 80-50 premises of a used automotive parts recycler at any reasonable time
 80-51 to verify, check, or audit the records required to be maintained
 80-52 under this subchapter.

80-53 (d) A used automotive parts recycler or an employee of the
 80-54 recycler shall allow and may not interfere with a peace officer's
 80-55 inspection of the recycler's inventory, premises, or required
 80-56 inventory records.

80-57 [Sections 2309.360-2309.400 reserved for expansion]

80-58 SUBCHAPTER I. MOTOR VEHICLE SALVAGE YARDS IN CERTAIN COUNTIES

80-59 Sec. 2309.401. APPLICABILITY OF SUBCHAPTER. This
 80-60 subchapter applies only to a used automotive parts facility located
 80-61 in a county with a population of 2.8 million or more.

80-62 Sec. 2309.402. LIMITS ON OPERATION OF HEAVY MACHINERY.

80-63 (a) A used automotive parts recycler may not operate heavy
 80-64 machinery in a used automotive parts recycling facility between the
 80-65 hours of 7 p.m. of one day and 7 a.m. of the following day.

80-66 (b) This section does not apply to conduct necessary to a
 80-67 sale or purchase by the recycler.

80-68 SECTION 18.08. Section 501.091, Transportation Code, is
 80-69 amended by amending Subdivision (17) and adding Subdivision (20) to

81-1 read as follows:

81-2 (17) "Salvage vehicle dealer" means a person engaged
 81-3 in this state in the business of acquiring, selling, ~~[dismantling]~~
 81-4 repairing, rebuilding, reconstructing, or otherwise dealing in
 81-5 nonrepairable motor vehicles, salvage motor vehicles, or, if
 81-6 incidental to a salvage motor vehicle dealer's primary business,
 81-7 used automotive parts. The term does not include a person who
 81-8 casually repairs, rebuilds, or reconstructs fewer than five ~~[three]~~
 81-9 salvage motor vehicles in the same calendar year or, except as
 81-10 provided by Paragraph (C), a used automotive parts recycler. The
 81-11 term includes a person engaged in the business of:

81-12 (A) a salvage vehicle dealer, regardless of
 81-13 whether the person holds a license issued by the department to
 81-14 engage in that business;

81-15 (B) dealing in nonrepairable motor vehicles or
 81-16 salvage motor vehicles~~[, regardless of whether the person deals in~~
 81-17 ~~used parts]; or~~

81-18 (C) a used automotive parts recycler if the sale
 81-19 of repaired, rebuilt, or reconstructed nonrepairable motor
 81-20 vehicles or salvage motor vehicles is more than an incidental part
 81-21 of the used automotive parts recycler's business ~~[dealing in used~~
 81-22 ~~parts regardless of whether the person deals in nonrepairable motor~~
 81-23 ~~vehicles or salvage motor vehicles].~~

81-24 (20) "Used parts dealer" and "used automotive parts
 81-25 recycler" have the meaning assigned to "used automotive parts
 81-26 recycler" by Section 2309.002, Occupations Code.

81-27 SECTION 18.09. Section 501.092(d), Transportation Code, is
 81-28 amended to read as follows:

81-29 (d) An insurance company may sell a motor vehicle to which
 81-30 this section applies, or assign a salvage vehicle title or a
 81-31 nonrepairable vehicle title for the motor vehicle, only to a
 81-32 salvage vehicle dealer, an out-of-state buyer, a buyer in a casual
 81-33 sale at auction, ~~[or]~~ a metal recycler, or a used automotive parts
 81-34 recycler. If the motor vehicle is not a salvage motor vehicle or a
 81-35 nonrepairable motor vehicle, the insurance company is not required
 81-36 to surrender the regular certificate of title for the vehicle or to
 81-37 be issued a salvage vehicle title or a nonrepairable vehicle title
 81-38 for the motor vehicle.

81-39 SECTION 18.10. Sections 501.095(a) and (b), Transportation
 81-40 Code, are amended to read as follows:

81-41 (a) If the department has not issued a nonrepairable vehicle
 81-42 title or salvage vehicle title for the motor vehicle and an
 81-43 out-of-state ownership document for the motor vehicle has not been
 81-44 issued by another state or jurisdiction, a business or governmental
 81-45 entity described by Subdivisions (1)-(3) may sell, transfer, or
 81-46 release a nonrepairable motor vehicle or salvage motor vehicle only
 81-47 to a person who is:

81-48 (1) a licensed salvage vehicle dealer, a used
 81-49 automotive parts recycler under Chapter 2309, Occupations Code, or
 81-50 a metal recycler under Chapter 2302, Occupations Code;

81-51 (2) an insurance company that has paid a claim on the
 81-52 nonrepairable or salvage motor vehicle;

81-53 (3) a governmental entity; or

81-54 (4) an out-of-state buyer.

81-55 (b) A person, other than a salvage vehicle dealer, a used
 81-56 automotive parts recycler, or an insurance company licensed to do
 81-57 business in this state, who acquired ownership of a nonrepairable
 81-58 or salvage motor vehicle that has not been issued a nonrepairable
 81-59 vehicle title, salvage vehicle title, or a comparable ownership
 81-60 document issued by another state or jurisdiction shall, before
 81-61 selling the motor vehicle, surrender the properly assigned
 81-62 certificate of title for the motor vehicle to the department and
 81-63 apply to the department for:

81-64 (1) a nonrepairable vehicle title if the vehicle is a
 81-65 nonrepairable motor vehicle; or

81-66 (2) a salvage vehicle title if the vehicle is a salvage
 81-67 motor vehicle.

81-68 SECTION 18.11. Section 501.105, Transportation Code, is
 81-69 amended to read as follows:

82-1 Sec. 501.105. RETENTION OF RECORDS RELATING TO CERTAIN
 82-2 CASUAL SALES. Each licensed salvage vehicle dealer, used
 82-3 automotive parts recycler, or insurance company that sells a
 82-4 nonrepairable motor vehicle or a salvage motor vehicle at a casual
 82-5 sale shall keep on the business premises of the dealer or the
 82-6 insurance company a list of all casual sales made during the
 82-7 preceding 36-month period that contains:

- 82-8 (1) the date of the sale;
- 82-9 (2) the name of the purchaser;
- 82-10 (3) the name of the jurisdiction that issued the
 82-11 identification document provided by the purchaser, as shown on the
 82-12 document; and
- 82-13 (4) the vehicle identification number.

82-14 SECTION 18.12. Section 2302.253, Occupations Code, is
 82-15 repealed.

82-16 SECTION 18.13. Not later than January 1, 2010, the Texas
 82-17 Commission of Licensing and Regulation shall adopt rules under
 82-18 Section 2309.102, Occupations Code, as added by this article.

82-19 SECTION 18.14. Sections 2309.151 and 2309.154, Occupations
 82-20 Code, as added by this article, and Subchapter F, Chapter 2309,
 82-21 Occupations Code, as added by this article, take effect September
 82-22 1, 2010.

82-23 ARTICLE 19. TRANS-TEXAS CORRIDOR

82-24 SECTION 19.01. Section 11.11(j), Tax Code, is amended to
 82-25 read as follows:

82-26 (j) For purposes of this section, any portion of a facility
 82-27 owned by the Texas Department of Transportation that is [~~part of the~~
 82-28 ~~Trans-Texas Corridor, is~~] a rail facility or system[~~7~~] or is a
 82-29 highway in the state highway system, and that is licensed or leased
 82-30 to a private entity by that department under Chapter 91 or[~~7~~] 223,
 82-31 [~~or 227,~~] Transportation Code, is public property used for a public
 82-32 purpose if the rail facility or system, highway, or facility is
 82-33 operated by the private entity to provide transportation or utility
 82-34 services. Any part of a facility, rail facility or system, or state
 82-35 highway that is licensed or leased to a private entity for a
 82-36 commercial purpose is not exempt from taxation.

82-37 SECTION 19.02. Section 25.06(c), Tax Code, is amended to
 82-38 read as follows:

82-39 (c) This section does not apply to:
 82-40 (1) any portion of a facility owned by the Texas
 82-41 Department of Transportation that is [~~part of the Trans-Texas~~
 82-42 ~~Corridor, is~~] a rail facility or system[~~7~~] or is a highway in the
 82-43 state highway system and that is licensed or leased to a private
 82-44 entity by that department under Chapter 91[~~7, 227,~~] or 361,
 82-45 Transportation Code; or

82-46 (2) a leasehold or other possessory interest granted
 82-47 by the Texas Department of Transportation in a facility owned by
 82-48 that department that is [~~part of the Trans-Texas Corridor, is~~] a
 82-49 rail facility or system[~~7~~] or is a highway in the state highway
 82-50 system.

82-51 SECTION 19.03. Section 25.07(c), Tax Code, is amended to
 82-52 read as follows:

82-53 (c) Subsection (a) does not apply to:
 82-54 (1) any portion of a facility owned by the Texas
 82-55 Department of Transportation that is [~~part of the Trans-Texas~~
 82-56 ~~Corridor, is~~] a rail facility or system[~~7~~] or is a highway in the
 82-57 state highway system and that is licensed or leased to a private
 82-58 entity by that department under Chapter 91[~~7, 227,~~] or 361,
 82-59 Transportation Code; or

82-60 (2) a leasehold or other possessory interest granted
 82-61 by the Texas Department of Transportation in a facility owned by
 82-62 that department that is [~~part of the Trans-Texas Corridor, is~~] a
 82-63 rail facility or system[~~7~~] or is a highway in the state highway
 82-64 system.

82-65 SECTION 19.04. Sections 201.616(a) and (b), Transportation
 82-66 Code, are amended to read as follows:

82-67 (a) Not later than December 1 of each year, the department
 82-68 shall submit a report to the legislature that details:

- 82-69 (1) the expenditures made by the department in the

preceding state fiscal year in connection with:

(A) the unified transportation program of the department;

(B) turnpike projects and toll roads of the department; and

(C) ~~[the Trans-Texas Corridor,~~
[~~(D)~~] rail facilities described in Chapter 91;

~~[and~~
~~[~~(E)~~ non-highway facilities on the Trans-Texas Corridor if those expenditures are subject to Section 227.062(e);]~~

(2) the amount of bonds or other public securities issued for transportation projects; and

(3) the direction of money by the department to a regional mobility authority in this state.

(b) The report must break down information under Subsection (a)(1)(A) by program category and department district. The report must break down information under Subsections (a)(1)(B) and [7] (C) [~~, (D), and (E)~~] and Subsection (a)(3) by department district. The report must break down information under Subsection (a)(2) by department district and type of project.

SECTION 19.05. Section 202.112(a), Transportation Code, is amended to read as follows:

(a) The commission may purchase an option to acquire property for possible use in or in connection with a transportation facility [~~, including a facility as defined by Section 227.001,~~] before a final decision has been made as to whether the transportation facility will be located on that property.

SECTION 19.06. Section 222.003(e), Transportation Code, is amended to read as follows:

(e) The proceeds of bonds and other public securities issued under this section may not be used for any purpose other than any costs related to the bonds and other public securities and the purposes for which revenues are dedicated under Section 7-a, Article VIII, Texas Constitution. [~~The proceeds of bonds and other public securities issued under this section may not be used for the construction of a state highway or other facility on the Trans-Texas Corridor. For purposes of this section, the "Trans-Texas Corridor" means the statewide system of multimodal facilities under the jurisdiction of the department that is designated by the commission, notwithstanding the name given to that corridor.~~]

SECTION 19.07. Section 223.201(a), Transportation Code, is amended to read as follows:

(a) Subject to Section 223.202, the department may enter into a comprehensive development agreement with a private entity to design, develop, finance, construct, maintain, repair, operate, extend, or expand a:

(1) toll project;

(2) [~~facility or a combination of facilities on the Trans-Texas Corridor,~~

[~~(3)~~] state highway improvement project that includes both tolled and nontolled lanes and may include nontolled appurtenant facilities;

(3) [~~(4)~~] state highway improvement project in which the private entity has an interest in the project; or

(4) [~~(5)~~] state highway improvement project financed wholly or partly with the proceeds of private activity bonds, as defined by Section 141(a), Internal Revenue Code of 1986.

SECTION 19.08. Section 223.206(d), Transportation Code, is amended to read as follows:

(d) The department may not enter into a comprehensive development agreement with a private entity under this subchapter [~~or Section 227.023~~] that provides for the lease, license, or other use of rights-of-way or related property by the private entity for the purpose of constructing, operating, or maintaining an ancillary facility that is used for commercial purposes.

SECTION 19.09. Sections 223.208(c), (e), and (f), Transportation Code, are amended to read as follows:

(c) The department may enter into a comprehensive

development agreement under this subchapter ~~[or under Section 227.023(c)]~~ with a private participant only if the project is identified in the department's unified transportation program or is located on a transportation corridor identified in the statewide transportation plan.

(e) Notwithstanding anything in Section 201.112 or other law to the contrary, and subject to compliance with the dispute resolution procedures set out in the comprehensive development agreement, an obligation of the commission or the department under a comprehensive development agreement entered into under this subchapter ~~[or Section 227.023(c)]~~ to make or secure payments to a person because of the termination of the agreement, including the purchase of the interest of a private participant or other investor in a project, may be enforced by mandamus against the commission, the department, and the comptroller in a district court of Travis County, and the sovereign immunity of the state is waived for that purpose. The district courts of Travis County shall have exclusive jurisdiction and venue over and to determine and adjudicate all issues necessary to adjudicate any action brought under this subsection. The remedy provided by this subsection is in addition to any legal and equitable remedies that may be available to a party to a comprehensive development agreement.

(f) A comprehensive development agreement entered into under this subchapter ~~[or Section 227.023(c)]~~ and any obligations incurred, issued, or owed under the agreement does not constitute a state security under Chapter 1231, Government Code.

SECTION 19.10. Chapter 371, Transportation Code, as added by Chapters 103 (H.B. 570) and 258 (S.B. 11), Acts of the 80th Legislature, Regular Session, 2007, is reenacted, redesignated as Chapter 372, Transportation Code, and amended to read as follows:

CHAPTER 372 ~~[371]~~. PROVISIONS APPLICABLE TO MORE THAN ONE TYPE OF TOLL PROJECT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 372.001 ~~[371.001]~~. DEFINITIONS. In this chapter:

(1) "Toll project" means a toll project described by Section 201.001(b), regardless of whether the toll project:

(A) is a part of the state highway system; or
(B) is subject to the jurisdiction of the department.

(2) "Toll project entity" means an entity authorized by law to acquire, design, construct, finance, operate, and maintain a toll project, including:

(A) the department under Chapter ~~[227 or]~~ 228;
(B) a regional tollway authority under Chapter 366;
(C) a regional mobility authority under Chapter 370; or
(D) a county under Chapter 284.

SUBCHAPTER B. TOLL PROJECT OPERATION

Sec. 372.051 ~~[371.051]~~. USE OF MOTOR VEHICLE REGISTRATION OR LICENSE PLATE INFORMATION. (a) A toll project entity may not use motor vehicle registration or other information derived from a license plate on a vehicle using a toll project, including information obtained by the use of automated enforcement technology described by Section 228.058, for purposes other than those related to:

(1) toll collection and toll collection enforcement; and

(2) law enforcement purposes on request by a law enforcement agency ~~[, subject to Section 228.058(d)]~~.

(b) If a toll project entity enters into an agreement with an entity in another state that involves the exchange of motor vehicle registration or license plate information for toll collection or toll collection enforcement purposes, the agreement must provide that the information may not be used for purposes other than those described in Subsection (a).

Sec. 372.052 ~~[371.001]~~. VEHICLES USED BY NONPROFIT DISASTER RELIEF ORGANIZATIONS. ~~[(a) In this section,~~

~~(1) "Toll project" means a toll project described by~~

~~Section 201.001(b), regardless of whether the toll project is:~~

~~[(A) a part of the state highway system; or~~

~~[(B) subject to the jurisdiction of the department.~~

~~[(2) "Toll project entity" means an entity authorized by law to acquire, design, construct, finance, operate, and maintain a toll project, including:~~

~~[(A) the department under Chapter 227 or 228,~~

~~[(B) a regional tollway authority under Chapter 366,~~

~~[(C) a regional mobility authority under Chapter 370, or~~

~~[(D) a county under Chapter 284.~~

~~[(b)] A toll project entity may not require a vehicle registered under Section 502.203 to pay a toll for the use of a toll project.~~

SECTION 19.11. Section 371.001(2), Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, is amended to read as follows:

(2) "Toll project entity" means an entity authorized by law to acquire, design, construct, operate, and maintain a toll project, including:

(A) the department~~[, including under Chapter 227];~~

(B) a regional tollway authority under Chapter 366;

(C) a regional mobility authority under Chapter 370; or

(D) a county under Chapter 284.

SECTION 19.12. The following provisions of the Transportation Code are repealed:

(1) Section 201.618(e);

(2) Chapter 227;

(3) Section 284.0032;

(4) Section 366.305;

(5) Section 370.316; and

(6) Section 545.3531.

ARTICLE 20. URBAN TRANSPORTATION AUTHORITIES

SECTION 20.01. Chapter 451, Transportation Code, is amended by adding Subchapter R to read as follows:

SUBCHAPTER R. URBAN TRANSPORTATION AUTHORITIES

Sec. 451.901. DEFINITIONS. (a) In this subchapter:

(1) "Advanced transportation district" means a district created or operating under Subchapter O.

(2) "Authority" means a rapid transit authority created or operating under this chapter.

(3) "Board" means the governing body of an urban transportation authority, except as otherwise provided by this subchapter.

(4) "Comprehensive advanced transportation" means the design, construction, extension, expansion, improvement, reconstruction, alteration, acquisition, financing, and maintenance of mass transit, light rail, commuter rail, intercity municipal rail, freight rail, fixed guideways, traffic management systems, bus ways, bus lanes, technologically advanced bus transit vehicles and systems, bus rapid transit vehicles and systems, passenger amenities, transit centers, stations, parking facilities and payment mechanisms, sidewalks, bicycle lanes, electronic transit-related information, fare collection and operating systems, high occupancy vehicle lanes, bridges, traffic signal prioritization and coordination systems, monitoring systems, tracks and rail line, switching and signaling equipment, operating equipment, depots, locomotives, rolling stock, maintenance facilities, other real and personal property associated with a rail operation and transit-oriented development, and other comprehensive advanced transportation facilities, equipment, operations, comprehensive transportation systems, and services, including planning, feasibility studies, operations, and professional and other services in connection with those

86-1 facilities, equipment, operations, comprehensive transportation
 86-2 systems, and services.

86-3 (5) "Comprehensive mobility enhancement" means the
 86-4 design, construction, extension, expansion, improvement,
 86-5 reconstruction, alteration, acquisition, financing, and
 86-6 maintenance of:

86-7 (A) streets, roads, highways, high occupancy
 86-8 vehicle lanes, toll lanes, turnpike projects, pedestrian or bicycle
 86-9 facilities, bridges, grade separations, parking facilities and
 86-10 payment mechanisms, and infrastructure designed to improve
 86-11 mobility;

86-12 (B) traffic signal prioritization and street
 86-13 lighting;

86-14 (C) monitoring systems;

86-15 (D) other mobility enhancement facilities,
 86-16 equipment, systems, and services, including drainage improvements
 86-17 or drainage-related measures reasonable and necessary for the
 86-18 effective use of the transportation facility being constructed or
 86-19 maintained;

86-20 (E) an intermodal hub, air quality improvement
 86-21 initiative, and public utility facility; and

86-22 (F) a conveyance or acceptance of the exclusive
 86-23 rights to develop tolled infrastructure or other mobility-related
 86-24 assets, including concession fees.

86-25 (6) "Comprehensive transportation system" means a
 86-26 transportation project or a combination of transportation projects
 86-27 designated as a system by the board of an urban transportation
 86-28 authority.

86-29 (7) "Construction costs" means the costs of
 86-30 acquisition, construction, reconstruction, improvement,
 86-31 extension, or expansion of a transportation project under this
 86-32 subchapter. The term includes a construction cost as defined by
 86-33 Chapter 370.

86-34 (8) "Costs" means finance costs and construction
 86-35 costs.

86-36 (9) "Debt" means a bond, certificate, long-term or
 86-37 short-term note, commercial paper, loan, certificate of
 86-38 participation, agreement with a local government, or any other
 86-39 obligation with a variable or fixed interest rate authorized by
 86-40 this chapter or the constitution or another law of this state. The
 86-41 term includes a credit agreement issued under Chapter 1371,
 86-42 Government Code.

86-43 (10) "Finance costs" means any fee or expense
 86-44 associated with the financing of a transportation project,
 86-45 including any debt service requirement, capitalized interest,
 86-46 reserve fund requirement, professional or administrative cost, or
 86-47 other cost incurred by or relating to the issuance of debt under
 86-48 this subchapter relating to the design, construction, extension,
 86-49 expansion, improvement, reconstruction, alteration, financing,
 86-50 acquisition, or maintenance of a transportation project.

86-51 (11) "Regional mobility authority" means a regional
 86-52 mobility authority created or operating under Chapter 370.

86-53 (12) "Revenue" means revenue available to an urban
 86-54 transportation authority under this subchapter, including any
 86-55 source of taxes or revenue available under Chapter 370 or this
 86-56 chapter, including Subchapter O.

86-57 (13) "Transportation project" means a comprehensive
 86-58 advanced transportation project or a comprehensive mobility
 86-59 enhancement project.

86-60 (14) "Urban transportation authority" means an entity
 86-61 that has the powers of an authority, a regional mobility authority,
 86-62 and an advanced transportation district and is created under this
 86-63 subchapter.

86-64 (b) A word or phrase that is not defined in this subchapter
 86-65 but is defined in Subchapter O has the meaning in this subchapter
 86-66 that is assigned by that subchapter.

86-67 (c) A word or phrase that is not defined in this subchapter
 86-68 but is defined in Chapter 370 has the meaning in this subchapter
 86-69 that is assigned by that chapter.

87-1 Sec. 451.902. LIBERAL CONSTRUCTION. This subchapter shall
 87-2 be liberally construed to carry out its purposes. A provision of
 87-3 this subchapter that conflicts with Subchapter A or O or with
 87-4 Chapter 370 shall be construed to grant the broadest power.

87-5 Sec. 451.903. CREATION OF URBAN TRANSPORTATION AUTHORITY
 87-6 AUTHORIZED. (a) The governing body of an authority in which the
 87-7 principal municipality has a population of more than 700,000 and in
 87-8 the territory of which both an advanced transportation district and
 87-9 a regional mobility authority exist may approve and submit a
 87-10 petition to the governing bodies of the advanced transportation
 87-11 district and the regional mobility authority that seeks consent to
 87-12 the creation of an urban transportation authority under this
 87-13 subchapter.

87-14 (b) Creation of an urban transportation authority under
 87-15 this subchapter may occur if:

87-16 (1) the governing body of the principal municipality
 87-17 in the authority and the commissioners court of each county in which
 87-18 the authority is located and in which a sales and use tax is
 87-19 collected under this chapter consent to the creation of the urban
 87-20 transportation authority;

87-21 (2) the governing body of the regional mobility
 87-22 authority consents to the creation of the urban transportation
 87-23 authority;

87-24 (3) the commissioners court of each county in which
 87-25 the regional mobility authority is located consents to the creation
 87-26 of the urban transportation authority;

87-27 (4) the governing body of the advanced transportation
 87-28 district consents to the creation of the urban transportation
 87-29 authority; and

87-30 (5) the commissioners court of each county and the
 87-31 governing body of the principal municipality in which the advanced
 87-32 transportation district is located consent to the creation of the
 87-33 urban transportation authority.

87-34 (c) The petition of the authority and the consents described
 87-35 in Subsection (b) must:

87-36 (1) approve the transfer of the assets, liabilities,
 87-37 rights, and obligations of each entity to the urban transportation
 87-38 authority; or

87-39 (2) make adequate provision therefor by the applicable
 87-40 entity.

87-41 Sec. 451.904. EFFECT OF CREATION OF URBAN TRANSPORTATION
 87-42 AUTHORITY. (a) An urban transportation authority is created only
 87-43 after the occurrence of the actions required by Section 451.903. On
 87-44 the first day of the calendar month after the month in which the
 87-45 final action required by that section is taken, an urban
 87-46 transportation authority is considered to have been created. The
 87-47 urban transportation authority has the rights, powers, duties, and
 87-48 privileges granted to an authority under this chapter, to an urban
 87-49 transportation authority under this subchapter, to an advanced
 87-50 transportation district under Subchapter O, and to a regional
 87-51 mobility authority under Chapter 370, including the right to plan
 87-52 and develop transportation projects in any county in which the
 87-53 urban transportation authority is located.

87-54 (b) On the date the urban transportation authority is
 87-55 considered to have been created, the urban transportation authority
 87-56 becomes the successor entity to the authority, the advanced
 87-57 transportation district, and the regional mobility authority. On
 87-58 that date the authority, the advanced transportation district, and
 87-59 the regional mobility authority cease to exist.

87-60 (c) The urban transportation authority succeeds to and is
 87-61 obligated for all assets, liabilities, rights, and obligations not
 87-62 otherwise provided for of the authority, the advanced
 87-63 transportation district, and the regional mobility authority, on
 87-64 terms and conditions that, upon succession, are no less beneficial
 87-65 to employees than those extant immediately before the creation of
 87-66 the urban transportation authority, including continuation of all
 87-67 rights, privileges, and benefits such as pension rights and
 87-68 benefits, wages, and working conditions, afforded to employees
 87-69 under an existing agreement.

88-1 Sec. 451.905. POWERS. (a) An urban transportation
 88-2 authority has the powers necessary or convenient to implement this
 88-3 subchapter or to effect a purpose of this subchapter.

88-4 (b) An urban transportation authority through its board may
 88-5 plan, study, evaluate, design, finance, acquire, construct,
 88-6 maintain, repair, and operate a transportation project,
 88-7 individually or as one or more comprehensive transportation
 88-8 systems.

88-9 (c) An urban transportation authority has:

88-10 (1) all of the rights, powers, duties, and privileges
 88-11 granted to an authority by this chapter;

88-12 (2) all of the rights, powers, duties, and privileges
 88-13 granted to a regional mobility authority by Chapter 370; and

88-14 (3) all of the rights, powers, duties, and privileges
 88-15 granted to an advanced transportation district by Subchapter O.

88-16 (d) A right, power, duty, or privilege of an urban
 88-17 transportation authority described in Subsection (c) may be
 88-18 exercised independently or in combination to effect the purposes of
 88-19 this subchapter. Except as otherwise provided by this subchapter,
 88-20 in the event of a conflict, the most liberal provision applies.

88-21 (e) In the manner and to the extent that an authority is
 88-22 authorized by this chapter, an urban transportation authority may
 88-23 develop and operate a transit system, set fares and other charges,
 88-24 and develop stations or terminal complexes for the use of the
 88-25 transit system and related right-of-way.

88-26 (f) An urban transportation authority has any right, power,
 88-27 duty, or privilege granted by Chapter 370 to a regional mobility
 88-28 authority that relates to mass transit or a transit system and that
 88-29 is not in conflict with this subchapter.

88-30 (g) An urban transportation authority may impose any kind of
 88-31 tax or fee other than an ad valorem tax, including a sales and use
 88-32 tax. The applicable provisions of this chapter, including
 88-33 Subchapter O, and Chapter 370 apply to the imposition of a fee or
 88-34 tax by the urban transportation authority. If the legislature
 88-35 enacts provisions for local option transportation financing
 88-36 through a transportation finance authority or a centralized
 88-37 transportation finance entity, an urban transportation authority
 88-38 may serve as such an entity.

88-39 (h) An urban transportation authority may develop and
 88-40 operate a turnpike project. The turnpike project must be developed
 88-41 and operated under the provisions of Chapter 370, including any
 88-42 provision relating to the setting of toll rates.

88-43 (i) Unless otherwise provided by this subchapter, the board
 88-44 shall allocate the proceeds of the advanced transportation district
 88-45 sales and use tax in compliance with Subchapter O.

88-46 (j) Unless otherwise provided by this subchapter, an
 88-47 election relating to the sales and use tax or the boundaries of an
 88-48 advanced transportation district is governed by the provisions of
 88-49 Subchapter O relating to such an election of an advanced
 88-50 transportation district.

88-51 (k) An urban transportation authority may create a
 88-52 transportation corporation or local government corporation under
 88-53 Chapter 431.

88-54 (l) An urban transportation authority is a toll project
 88-55 entity and a local toll project entity to the same extent as a
 88-56 regional mobility authority under the provisions of this code.

88-57 (m) In its selection and prioritization of transportation
 88-58 projects, the board shall consider the geographic location of other
 88-59 transportation projects funded by this state or the United States
 88-60 so as to foster geographic equity in the planning and development of
 88-61 the projects.

88-62 Sec. 451.906. NATURE OF URBAN TRANSPORTATION AUTHORITY.

88-63 (a) An urban transportation authority:

88-64 (1) is a body politic and corporate and a political
 88-65 subdivision of this state;

88-66 (2) has perpetual succession; and

88-67 (3) exercises public and essential governmental
 88-68 functions.

88-69 (b) The exercise of a right, power, or privilege granted by

89-1 this subchapter is for a public purpose and is a matter of public
 89-2 necessity and is, in all respects, for the benefit of the people of
 89-3 the territory in which an urban transportation authority operates
 89-4 and of the people of this state, for the increase of their commerce
 89-5 and prosperity, and for the improvement of their health, living
 89-6 conditions, and public safety.

89-7 (c) An urban transportation authority is a governmental
 89-8 unit under Chapter 101, Civil Practice and Remedies Code. The
 89-9 operations of the urban transportation authority are not
 89-10 proprietary functions for any purpose.

89-11 (d) An urban transportation authority is:

- 89-12 (1) a public entity under Section 222.1045; and
- 89-13 (2) a governmental agency under Subchapter A, Chapter
 89-14 271, Local Government Code.

89-15 (e) The property, revenue, and income of an urban
 89-16 transportation authority are exempt from state and local taxes.

89-17 Sec. 451.907. GOVERNANCE OF URBAN TRANSPORTATION
 89-18 AUTHORITY; INITIAL BOARD OF DIRECTORS. (a) An urban
 89-19 transportation authority is governed by a board of directors. The
 89-20 board consists of:

89-21 (1) five members appointed by the governing body of
 89-22 the principal municipality, with one member designated to represent
 89-23 the interests of the transportation disadvantaged;

89-24 (2) five members appointed by the commissioners court
 89-25 of the county in which the urban transportation authority is
 89-26 located, or if the urban transportation authority is located in
 89-27 more than one county, jointly appointed by the commissioners courts
 89-28 of those counties;

89-29 (3) two members appointed by a panel composed of the
 89-30 mayors of the municipalities, other than the principal
 89-31 municipality, that are inside the boundaries of the authority and
 89-32 contribute sales and use tax revenue to the authority; and

89-33 (4) one member appointed by the governor.

89-34 (a-1) The members appointed under Subsection (a) shall
 89-35 select by majority vote one member to serve as presiding officer of
 89-36 the board.

89-37 (b) On the creation of the urban transportation authority,
 89-38 the initial board of the urban transportation authority shall be
 89-39 appointed from among the memberships of the governing body of the
 89-40 authority, the governing body of the advanced transportation
 89-41 district, and the governing body of the regional mobility
 89-42 authority, as extant immediately before the urban transportation
 89-43 authority was created.

89-44 (c) The board is responsible for the management, operation,
 89-45 and control of the urban transportation authority and the property
 89-46 of the urban transportation authority.

89-47 (d) A provision of this chapter that is applicable to the
 89-48 governing body of an authority and relates to vacancies, term
 89-49 limitations, residency requirements, compensation, surety bonds,
 89-50 nepotism, financial disclosure, indemnification, insurance, or
 89-51 removal applies to the board.

89-52 (e) Board meetings and actions are governed by the
 89-53 provisions of this chapter that are applicable to the governing
 89-54 body of an authority. Those meetings and actions are not governed
 89-55 by Chapter 370.

89-56 (f) To be eligible to serve as a director, an individual:

89-57 (1) may be a representative of an entity that is also
 89-58 represented on a metropolitan planning organization in the region
 89-59 where the principal municipality is located; and

89-60 (2) may not be:

- 89-61 (A) an elected official;
- 89-62 (B) an officer or employee of the department;
- 89-63 (C) an employee of a county or a municipality,
 89-64 including the principal municipality, that contributes sales and
 89-65 use tax revenue to the urban transportation authority; or

89-66 (D) a person who owns an interest in real
 89-67 property that will be acquired for a transportation project, if it
 89-68 is known at the time of the person's proposed appointment that the
 89-69 property will be acquired for the transportation project.

90-1 Sec. 451.908. PUBLIC ACCESS. An urban transportation
 90-2 authority shall:

90-3 (1) make and implement policies that provide the
 90-4 public with a reasonable opportunity to appear before the board to
 90-5 speak on any issue under the jurisdiction of the urban
 90-6 transportation authority; and

90-7 (2) prepare and maintain a written plan that describes
 90-8 how an individual who does not speak English or who has a physical,
 90-9 mental, or developmental disability may be provided reasonable
 90-10 access to the urban transportation authority's programs.

90-11 Sec. 451.909. STRATEGIC PLANS AND ANNUAL REPORTS. (a) An
 90-12 urban transportation authority shall develop a strategic plan for
 90-13 its operations. Before December 31 of each even-numbered year, the
 90-14 urban transportation authority shall issue a plan that covers the
 90-15 succeeding five fiscal years of the urban transportation authority,
 90-16 beginning with the next odd-numbered fiscal year.

90-17 (b) Not later than March 31 of each year, an urban
 90-18 transportation authority shall file with each county in which the
 90-19 urban transportation authority is located, the principal
 90-20 municipality, and the panel composed of the mayors of the
 90-21 municipalities in the urban transportation authority that
 90-22 contribute sales and use tax revenue to the authority, a written
 90-23 report on the urban transportation authority's activities that
 90-24 includes a description of anticipated issuances of debt during the
 90-25 next fiscal year, a description of the financial condition of the
 90-26 urban transportation authority, schedules for the development of
 90-27 approved projects, and the status of the urban transportation
 90-28 authority's performance under the most recent strategic plan.

90-29 (c) Notwithstanding Subsection (b), a failure to identify a
 90-30 debt issuance or a change in a project development schedule in a
 90-31 written report does not prevent the issuance of the debt or the
 90-32 change in the project development schedule, including the
 90-33 commencement of the operation of a project.

90-34 Sec. 451.910. ESTABLISHMENT OF COMPREHENSIVE
 90-35 TRANSPORTATION SYSTEM. (a) If the board determines that the
 90-36 mobility needs of the county or counties in which the urban
 90-37 transportation authority operates and of the surrounding region
 90-38 could be most efficiently and economically met by jointly operating
 90-39 two or more transportation projects as one operational and
 90-40 financial enterprise, the board may create one or more
 90-41 comprehensive transportation systems composed of those
 90-42 transportation projects.

90-43 (b) The board may:

90-44 (1) create more than one comprehensive transportation
 90-45 system; and

90-46 (2) combine two or more comprehensive transportation
 90-47 systems into a single comprehensive transportation system.

90-48 (c) An urban transportation authority may finance, acquire,
 90-49 construct, cross-collateralize, and operate a comprehensive
 90-50 transportation system if the board determines that:

90-51 (1) the transportation projects could most
 90-52 efficiently and economically be acquired or constructed as part of
 90-53 the comprehensive transportation system; and

90-54 (2) the transportation projects will benefit the
 90-55 comprehensive transportation system.

90-56 Sec. 451.911. ISSUANCE OF DEBT. (a) An urban
 90-57 transportation authority, or an entity created by the urban
 90-58 transportation authority for the purposes of issuing debt, by
 90-59 resolution of the board or the governing body of the entity, as
 90-60 applicable, may authorize the issuance of debt payable solely from
 90-61 revenue.

90-62 (b) Debt, any portion of which is payable from taxes, may
 90-63 not be issued by an urban transportation authority unless the
 90-64 issuance is authorized by a majority of the votes cast at an
 90-65 election ordered and held for that purpose.

90-66 (c) Debt issued by an urban transportation authority is
 90-67 fully negotiable. An urban transportation authority may make the
 90-68 debt redeemable before maturity at the price and subject to the
 90-69 terms and conditions provided in the proceedings that authorized

the issuance or in a related legal document.

(d) Debt issued by an urban transportation authority under this subchapter may be sold at a public or private sale as determined by the board to be most advantageous and may have a maturity of not longer than 50 years.

(e) Costs attributable to a transportation project that were incurred before the issuance of debt to finance the transportation project may be reimbursed from the proceeds of debt that is subsequently issued.

Sec. 451.912. TRANSPORTATION PROJECT FINANCING. (a) An urban transportation authority may exercise the powers of a regional mobility authority, an authority, and an advanced transportation district and may issue debt or enter into other agreements or financial arrangements to pay all or part of the costs of a transportation project or to refund any debt previously issued for a transportation project.

(b) The powers described in Subsection (a) are cumulative and may be exercised by an urban transportation authority independently or in combination to develop, finance, operate, and pay the costs of a transportation project. Subject to other provisions of this subchapter, the urban transportation authority may pledge any revenue available to the urban transportation authority under this subchapter, separately or in combination, for the payment of a debt, agreement, or financial arrangement described by Subsection (a).

(c) As authorized by Chapter 370 in connection with a regional mobility authority, the department may provide for or contribute to the payment of the costs of a financial or engineering and traffic feasibility study for a transportation project.

Sec. 451.913. SALES AND USE TAX. (a) When an authority that collects a sales and use tax becomes part of an urban transportation authority:

(1) the sales and use tax remains subject to the provisions of this chapter that relate to the sales and use tax of an authority; and

(2) any restriction, covenant, obligation, or pledge attributed to that sales and use tax remains in effect.

(b) When an advanced transportation district that collects a sales and use tax becomes part of an urban transportation authority:

(1) the sales and use tax remains subject to the provisions of Subchapter O that relate to the sales and use tax of an advanced transportation district; and

(2) any restriction, covenant, obligation, allocation, or pledge attributed to that sales and use tax remains in effect until the voters elect to increase, decrease, or otherwise alter the terms of the sales and use tax.

(c) The allocation of the proceeds of the sales and use tax adopted at the initial election of an advanced transportation district may not be altered unless a proposition for the reallocation is approved by a majority of the votes cast at an election ordered and held for that purpose under this subchapter.

(d) An urban transportation authority may order a subsequent advanced transportation district sales and use tax election to reallocate the proceeds of the tax or to increase or decrease the rate of the tax collected by the urban transportation authority. An election ordered under this section must be held for one or more transportation projects; the combined rate of all sales and use taxes imposed by the urban transportation authority and all other political subdivisions of this state may not exceed the statutory sales and use tax cap in any location in the urban transportation authority; and the proceeds of the sales and use tax under a subsequent election may be pledged only for:

(1) transportation project purposes as determined by the board, including debt service requirements, capitalized interest, reserve fund requirements, credit agreements, administrative costs, or other debt-related costs incurred by or relating to the issuance of obligations by the urban transportation authority relating to the purchase, design, construction,

extension, expansion, improvement, reconstruction, alteration, financing, and maintenance of an advanced transportation facility, equipment, operations, a comprehensive transportation system, and services, including feasibility studies, operations, and professional or other services in connection with the facility, equipment, operations, system, or services;

(2) transportation project purposes in the territory of the urban transportation authority as determined by the governing bodies of each participating unit in proportion to the amount of sales and use tax proceeds that were collected in that participating unit; or

(3) as a local match for, or the local share of, a state or federal grant for transportation project purposes in the territory of the urban transportation authority or in connection with the transfer of money by the department or another entity of this state or the United States under an agreement with a county or municipality or a local government corporation created by a county or municipality under Chapter 431, for transportation project purposes in the territory of the urban transportation authority.

(e) At an election under this section, the ballot shall be prepared to permit voting for or against the proposition: "The imposition of a sales and use tax for comprehensive advanced transportation and comprehensive mobility enhancement in the (name of urban transportation authority), at the rate to be set by the governing body of the urban transportation authority."

(f) After a favorable subsequent election held under this subchapter, an allocation specified by Subchapter O ceases to be binding.

Sec. 451.914. USE OF FARE REVENUE. (a) All fare revenue generated by the mass transit operations of the urban transportation authority, other than fare revenue generated by a rail operation, must be dedicated exclusively to the support of mass transit operations.

(b) Fare revenue generated by a rail operation of the urban transportation authority may be used for any comprehensive advanced transportation or comprehensive mobility enhancement purpose.

Sec. 451.915. POWERS AND PROCEDURES OF URBAN TRANSPORTATION AUTHORITY IN ACQUIRING PROPERTY. An urban transportation authority has the same powers and may use the same procedures as a regional mobility authority operating under Chapter 370 in acquiring property.

Sec. 451.916. PUBLIC UTILITY FACILITIES. An urban transportation authority has the same powers and may use the same procedures as a regional mobility authority operating under Chapter 370 with regard to public utility facilities.

Sec. 451.917. TOLL COLLECTION AND VIOLATIONS. An urban transportation authority has the same powers and may use the same procedures as a regional mobility authority operating under Chapter 370 with regard to toll collections, transponders, enforcement, violations, and penalties.

Sec. 451.918. PROJECT DELIVERY. An urban transportation authority may procure, develop, finance, design, construct, maintain, or operate a transportation project using the rights, powers, duties, and privileges that are granted by Chapter 223, by Chapter 370 to a regional mobility authority, or by Subchapter H, Chapter 271, Local Government Code, including a right, power, duty, or privilege associated with:

(1) a construction manager agent;

(2) a construction manager-at-risk;

(3) use of design build;

(4) a pass-through agent; or

(5) a comprehensive development agreement.

Sec. 451.919. MUNICIPAL TRANSPORTATION REINVESTMENT ZONES. A municipality located in the territory served by an urban transportation authority may:

(1) designate a municipal transportation reinvestment zone under Section 222.106 to promote a transportation project under this subchapter; and

(2) use money deposited to the tax increment account

for the reinvestment zone to pay the urban transportation authority for a portion of the costs of the transportation project.

ARTICLE 21. SALES AND LEASES OF MOTOR VEHICLES

SECTION 21.01. Section 2301.476, Occupations Code, is amended by adding Subsection (h-1) to read as follows:

(h-1) A person who on January 18, 2002, held both a converter's license to convert buses with a gross vehicle weight rating of 40,000 pounds or more and a franchised dealer's license to sell buses issued under this chapter may:

- (1) regain and continue to hold both licenses; and
- (2) operate as both a converter and franchised dealer of bus conversions with a gross vehicle weight rating of 40,000 pounds or more but of no other type of vehicle.

ARTICLE 22. HIGHWAY AND OVERPASS DESIGNATIONS

SECTION 22.01. Subchapter B, Chapter 225, Transportation Code, is amended by adding Section 225.081 to read as follows:

Sec. 225.081. BUDDY WEST MEMORIAL OVERPASS. (a) The structure on Loop 338 that passes over Interstate Highway 20 in Ector County is designated as the Buddy West Memorial Overpass.

(b) The department shall:

- (1) design and construct markers indicating the highway number, the designation as the Buddy West Memorial Overpass, and any other appropriate information; and
- (2) erect a marker at each end of the structure and at appropriate intermediate sites along the structure.

(c) Section 225.021(c) does not apply to this section.

ARTICLE 23. AVIATION FACILITIES DEVELOPMENT AND FINANCIAL ASSISTANCE

SECTION 23.01. Section 21.101, Transportation Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

(a) The department may loan or grant money to a state agency with a governing board authorized to operate an airport, ~~or~~ to a governmental entity in this state, or to an owner of an eligible airport to establish, construct, reconstruct, enlarge, or repair an airport, airstrip, or air navigational facility if:

- (1) the money has been appropriated to the department for that purpose; and
- (2) providing the money will:
 - (A) best serve the public interest; and
 - (B) best discharge the governmental aeronautics function of the state or its political subdivisions.

(c) In this section, "eligible airport" means an airport eligible to receive grant funds under the airport improvement program established by 49 U.S.C. Section 47101 et seq.

SECTION 23.02. Section 21.105, Transportation Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) Before approving a loan or grant to a governmental entity, the commission shall require that:

- (1) the airport or facility remain in the control of each political subdivision involved for at least 20 years;
- (2) the political subdivision disclose the source of all funds for the project and the political subdivision's ability to finance and operate the project;
- (3) at least 10 percent of the total project cost be provided by sources other than the state; and
- (4) the project be adequately planned.

(c) Before approving a loan or grant to an owner of an eligible airport as defined by Section 21.101, the commission shall require that:

- (1) the airport or facility remain an eligible airport for at least 20 years;
- (2) the owner demonstrate the ability to finance and operate the project; and
- (3) the project be adequately planned.

SECTION 23.03. Section 21.112, Transportation Code, is amended to read as follows:

Sec. 21.112. EXPENDITURE OF AIR FACILITY CONSTRUCTION MONEY

~~[BY STATE GOVERNMENTAL ENTITIES]~~. A governmental entity or eligible airport, as defined by Section 21.101, that receives money from the department to establish, construct, reconstruct, enlarge, or repair an airport, airstrip, or air navigational facility shall spend the money for those purposes and in conformity with commission rules.

ARTICLE 24. COUNTY ROADS AND BRIDGES; MUNICIPAL STREETS

SECTION 24.01. Section 251.054, Transportation Code, is repealed.

SECTION 24.02. Subchapter Z, Chapter 311, Transportation Code, is amended by adding Section 311.905 to read as follows:

Sec. 311.905. NOTICE OF TRANSPORTATION USER'S FEE BY MUNICIPALITY. (a) A municipality that imposes a fee on the user of a benefitted property equal to the prorated annual cost of the transportation system owned by the municipality that can reasonably be attributed to the benefitted property must provide notice to the department and the user of the fee.

(b) The notice to the department shall be given to the executive director by any commercially acceptable form of business communication. The notice to the user required under Subsection (a) is adequate if the fee amount is stated on monthly billing statements to the user for metered utility service provided by the municipality to the user.

ARTICLE 25. TRANSPORTATION REINVESTMENT ZONES

SECTION 25.01. Section 222.105, Transportation Code, is amended to read as follows:

Sec. 222.105. PURPOSES. The purposes of Sections 222.106 and 222.107 are to:

- (1) promote public safety;
- (2) facilitate the improvement, development, or redevelopment of property;
- (3) facilitate the movement of traffic; ~~and~~
- (4) enhance a local entity's ability to sponsor a transportation project authorized under Section 222.104; and
- (5) enhance a municipality's ability to provide for freight or passenger rail facilities or systems.

SECTION 25.02. Section 222.106, Transportation Code, is amended by amending Subsections (b), (c), (g), (h), (i), (j), (k), and (l) and adding Subsections (i-1), (i-2), (l-1), and (m) to read as follows:

(b) This section applies only to a municipality in which a transportation project is to be developed or the governing body of which intends to acquire, construct, improve, or operate a freight or passenger rail facility or system, including commuter rail, intercity rail, high-speed rail, and tri-track ~~[enter into an agreement with the department]~~ under Section 222.104.

(c) If the governing body determines an area to be unproductive and underdeveloped and that action under this section will further the purposes stated in Section 222.105, the governing body of the municipality by ordinance may designate a contiguous geographic area in the jurisdiction of the municipality to be a transportation reinvestment zone to promote:

- (1) a transportation project; or
- (2) the acquisition, construction, improvement, or operation of a freight or passenger rail facility or system by the municipality ~~[described by Section 222.104 that cultivates development or redevelopment of the area].~~

(g) The ordinance designating an area as a transportation reinvestment zone must:

- (1) describe the boundaries of the zone with sufficient definiteness to identify with ordinary and reasonable certainty the territory included in the zone;
- (2) provide that the zone takes effect immediately on passage of the ordinance;
- (3) assign a name to the zone for identification, with the first zone designated by a municipality designated as "Transportation Reinvestment Zone Number One, (City or Town, as applicable) of (name of municipality)," and subsequently designated zones assigned names in the same form, numbered

consecutively in the order of their designation;

(4) designate the base year for purposes of establishing the tax increment base of the municipality;

(5) establish an ad valorem tax increment account for the zone; ~~and~~

(6) ~~[(4-5)]~~ contain findings that promotion of the transportation project will cultivate the improvement, development, or redevelopment of the zone; and

(7) for a zone intended to promote the acquisition, construction, improvement, or operation of a freight or rail facility or system, provide for a date for termination of the zone.

(h) From taxes collected on property in a zone, the municipality shall pay into the tax increment account for the zone ~~[an amount equal to]~~ the tax increment produced by the municipality, less any amount allocated under previous agreements, including agreements under Chapter 380, Local Government Code, or Chapter 311, Tax Code.

(i) All or the portion specified by the municipality of the money deposited to a tax increment account must be used to fund the transportation project for which the zone was designated or, as applicable, the acquisition, construction, improvement, or operation of a freight or passenger rail facility or system as well as aesthetic improvements within the zone. Any remaining money deposited to the tax increment account may be used for other purposes as determined by the municipality ~~[Money deposited to a tax increment account must be used to fund projects authorized under Section 222.104, including the repayment of amounts owed under an agreement entered into under that section].~~

(i-1) The governing body of a municipality may contract with a public or private entity to develop, redevelop, or improve a transportation project in a transportation reinvestment zone and may pledge and assign all or a specified amount of money in the tax increment account to that entity. After a pledge or assignment is made, if the entity that received the pledge or assignment has itself pledged or assigned that amount to secure bonds or other obligations issued to obtain funding for the transportation project, the governing body of the municipality may not rescind its pledge or assignment until the bonds or other obligations secured by the pledge or assignment have been paid or discharged.

(i-2) To accommodate changes in the limits of the project for which a reinvestment zone was designated, the boundaries of a zone may be amended at any time, except that property may not be removed or excluded from a designated zone if any part of the tax increment account has been assigned or pledged directly by the municipality or through another entity to secure bonds or other obligations issued to obtain funding of the project, and property may not be added to a designated zone unless the governing body of the municipality complies with Subsections (e) and (g).

(j) Except as provided by Subsections (i-1), ~~[Subsection (k), and (l-1)],~~ a transportation reinvestment zone terminates on December 31 of the year in which the municipality completes ~~[complies with]~~ a contractual requirement, if any, that included the pledge or assignment of all or a portion of money deposited to a tax increment account or the repayment of money owed under an ~~[the]~~ agreement for development, redevelopment, or improvement of the project for ~~[under Section 222.104 in connection with]~~ which the zone was designated.

(k) A transportation reinvestment zone terminates on December 31 of the 10th year after the year the zone was designated, if before that date the municipality has not entered into a contract described in Subsection (i-1) or otherwise not used the zone for the purpose for which it was designated.

(l) Any surplus remaining in a tax increment account on termination of a zone may be used for other purposes as determined by ~~[transportation projects of]~~ the municipality ~~[in or outside of the zone].~~

(l-1) A transportation reinvestment zone designated to promote the acquisition, construction, improvement, or operation of a freight or passenger rail facility or system terminates on the

earlier of:

(1) the termination date specified in the ordinance designating the zone or an earlier or later termination date specified by an ordinance adopted subsequent to the ordinance designating the zone; or

(2) the date on which all costs incurred in the acquisition, construction, improvement, or operation of the freight or passenger rail facility or system, tax increment bonds and interest on those bonds, and other obligations have been paid in full.

(m) In this section, "rail facility" has the meaning assigned by Section 91.001.

SECTION 25.03. The heading to Section 222.107, Transportation Code, is amended to read as follows:

Sec. 222.107. COUNTY TRANSPORTATION REINVESTMENT ZONES[+ TAX ABATEMENTS; ROAD UTILITY DISTRICTS].

SECTION 25.04. Section 222.107, Transportation Code, is amended by amending Subsections (b), (c), (e), (f), (h), (i), (k), and (l) and adding Subsections (h-1) and (k-1) to read as follows:

(b) This section applies only to a county in which a transportation project is to be developed [~~the commissioners court of which intends to enter into a pass-through toll agreement with the department~~] under Section 222.104.

(c) The commissioners court of the county, after determining that an area is unproductive and underdeveloped and that action under this section would further the purposes described by Section 222.105, by order or resolution may designate a contiguous geographic area in the jurisdiction of the county to be a transportation reinvestment zone to promote a transportation project [~~described by Section 222.104 that cultivates development or redevelopment of the area~~] and for the purpose of abating ad valorem taxes or granting other relief from taxes imposed by the county on real property located in the zone.

(e) Not later than the 30th day before the date the commissioners court proposes to designate an area as a transportation reinvestment zone under this section, the commissioners court must hold a public hearing on the creation of the zone, its benefits to the county and to property in the proposed zone, and the abatement of ad valorem taxes or the grant of other relief from ad valorem taxes imposed by the county on real property located in the zone. At the hearing an interested person may speak for or against the designation of the zone, its boundaries, or the abatement of or the relief from county taxes on real property in the zone. Not later than the seventh day before the date of the hearing, notice of the hearing and the intent to create a zone must be published in a newspaper having general circulation in the county.

(f) The order or resolution designating an area as a transportation reinvestment zone must:

(1) describe the boundaries of the zone with sufficient definiteness to identify with ordinary and reasonable certainty the territory included in the zone;

(2) provide that the zone takes effect immediately on adoption of the order or resolution; [~~and~~]

(3) assign a name to the zone for identification, with the first zone designated by a county designated as "Transportation Reinvestment Zone Number One, County of (name of county)," and subsequently designated zones assigned names in the same form numbered consecutively in the order of their designation; and

(4) designate the base year for purposes of establishing the tax increment base of the county.

(h) The commissioners court by order or resolution may enter into an agreement with the owner of any real property located in the transportation reinvestment zone to abate all or a portion of the ad valorem taxes or to grant other relief from the taxes imposed by the county on the owner's property in an amount not to exceed the amount calculated under Subsection (a)(1) for that year. All abatements or other relief granted by the commissioners court in a transportation reinvestment zone must be equal in rate. In the

alternative, the commissioners court by order or resolution may elect to abate a portion of the ad valorem taxes or otherwise grant relief from the taxes imposed by the county on all real property located in the zone. In any ad valorem tax year, the total amount of the taxes abated or the total amount of relief granted under this section may not exceed the amount calculated under Subsection (a)(1) for that year, less any amounts allocated under previous agreements, including agreements under Chapter 381, Local Government Code, or Chapter 312, Tax Code.

(h-1) To further the development of the transportation project for which the transportation reinvestment zone was designated, a county may assess all or part of the cost of the transportation project against property within the zone. The assessment against each property in the zone may be levied and payable in installments in the same manner as provided by Sections 372.016-372.018, Local Government Code, provided that the installments do not exceed the total amount of the tax abatement or other relief granted under Subsection (h). The county may elect to adopt and apply the provisions of Sections 372.015-372.020 and 372.023, Local Government Code, to the assessment of costs and Sections 372.024-372.030, Local Government Code, to the issuance of bonds by the county to pay the cost of a transportation project. The commissioners court of the county may contract with a public or private entity to develop, redevelop, or improve a transportation project in the transportation reinvestment zone, including aesthetic improvements, and may pledge and assign to that entity all or a specified amount of the revenue the county receives from installment payments of the assessments for the payment of the costs of that transportation project. After a pledge or assignment is made, if the entity that received the pledge or assignment has itself pledged or assigned that amount to secure bonds or other obligations issued to obtain funding for the transportation project, the commissioners court of the county may not rescind its pledge or assignment until the bonds or other obligations secured by the pledge or assignment have been paid or discharged. Any amount received from installment payments of the assessments not pledged or assigned in connection with the transportation project may be used for other purposes associated with the transportation project or in the zone.

(i) In the alternative, to [To] assist the county in developing a transportation project [authorized under Section 222.104], if authorized by the commission under Chapter 441, a road utility district may be formed under that chapter that has the same boundaries as a transportation reinvestment zone created under this section.

(k) A road utility district formed as provided by Subsection (i) may enter into an agreement [with the county to assume the obligation, if any, of the county] to fund development of a project [under Section 222.104] or to repay funds owed to the department [under Section 222.104]. Any amount paid for this purpose is considered to be an operating expense of the district. Any taxes collected by the district that are not paid for this purpose may be used for any district purpose.

(k-1) To accommodate changes in the limits of the project for which a reinvestment zone was designated, the boundaries of a zone may be amended at any time, except that property may not be removed or excluded from a designated zone if any part of the assessment has been assigned or pledged directly by the county or through another entity to secure bonds or other obligations issued to obtain funding of the project, and property may not be added to a designated zone unless the governing body of the municipality complies with Subsections (e) and (f).

(l) Except as provided by Subsection (m), a tax abatement agreement entered into under Subsection (h), or an order or resolution on the abatement of taxes or the grant of relief from taxes under that subsection, terminates on December 31 of the year in which the county completes any contractual requirement that included the pledge or assignment of assessments [of money] collected under this section.

SECTION 25.05. Subchapter E, Chapter 222, Transportation Code, is amended by adding Sections 222.108 and 222.109 to read as follows:

Sec. 222.108. TRANSPORTATION REINVESTMENT ZONES FOR OTHER TRANSPORTATION PROJECTS. (a) Notwithstanding the requirement in Sections 222.106(b) and 222.107(b) that a transportation reinvestment zone be established in connection with a project under Section 222.104, a municipality or county may establish a transportation reinvestment zone for any transportation project. If all or part of the transportation project is subject to oversight by the department, at the option of the governing body of the municipality or county, the department may delegate full responsibility for the development, design, letting of bids, and construction of the project, including project oversight and inspection, to the municipality or county.

(b) A transportation project developed under Subsection (a) that is on the state highway system must comply with state design criteria unless the department grants an exception to the municipality or county.

(c) In this section, "transportation project" has the meaning assigned by Section 370.003.

Sec. 222.109. REDUCTION PROHIBITED. (a) A municipality or county may not be penalized with a reduction in traditional transportation funding because of the designation and use of a transportation reinvestment zone under this chapter. Any funding from the department identified for a project before the date that a transportation reinvestment zone is designated may not be reduced because the transportation reinvestment zone is designated in connection with that project.

(b) The department may not reduce any allocation of traditional transportation funding to any of its districts because a district contains a municipality or county that contains a transportation reinvestment zone designated under this chapter.

ARTICLE 26. TERMINATION OF COMPREHENSIVE DEVELOPMENT AGREEMENT BY PURCHASE

SECTION 26.01. Sections 223.208(b) and (h), Transportation Code, are amended to read as follows:

(b) A comprehensive development agreement entered into under this subchapter or Section 227.023(c) must include a provision [may include any provision that the department considers appropriate, including provisions:

[~~(1)~~] providing for the purchase by the department[~~under terms and conditions agreed to by the parties,~~] of the interest of a private participant in the comprehensive development agreement and related property as required by Section 371.101 and may include any other provision the department considers appropriate, including a provision:

[~~(1)~~] [~~including any interest in a highway or other facility designed, developed, financed, constructed, operated, or maintained under the comprehensive development agreement,~~

[~~(2)~~] establishing the purchase price for the interest of a private participant in the comprehensive development agreement and related property, which price may be determined in accordance with the methodology established by the parties in the comprehensive development agreement,

[~~(3)~~] providing for the payment of obligations incurred pursuant to the comprehensive development agreement, including any obligation to pay the purchase price for the interest of a private participant in the comprehensive development agreement, from any lawfully available source, including securing such obligations by a pledge of revenues of the commission or the department derived from the applicable project, which pledge shall have such priority as the department may establish;

[~~(4)~~] permitting the private participant to pledge its rights under the comprehensive development agreement;

[~~(5)~~] concerning the private participant's right to operate and collect revenue from the project; and

[~~(6)~~] restricting the right of the commission or the department to terminate the private participant's right to

99-1 operate and collect revenue from the project unless and until any
99-2 applicable termination payments have been made.

99-3 (h) A comprehensive development agreement with a private
99-4 participant that includes the collection by the private participant
99-5 of tolls for the use of a toll project may be for a term not longer
99-6 than 50 years from the later of the date of final acceptance of the
99-7 project or the start of revenue operations by the private
99-8 participant, not to exceed a total term of 52 years. ~~[The~~
99-9 ~~comprehensive development agreement must contain an explicit~~
99-10 ~~mechanism for setting the price for the purchase by the department~~
99-11 ~~of the interest of the private participant in the comprehensive~~
99-12 ~~development agreement and related property, including any interest~~
99-13 ~~in a highway or other facility designed, developed, financed,~~
99-14 ~~constructed, operated, or maintained under the agreement.]~~

99-15 SECTION 26.02. Sections 366.407(b) and (g), Transportation
99-16 Code, are amended to read as follows:

99-17 (b) A comprehensive development agreement entered into
99-18 under this subchapter must ~~[may]~~ include ~~[any provision the~~
99-19 ~~authority considers appropriate, including]~~ a provision~~[-~~

99-20 ~~[(1)]~~ providing for the purchase by the authority~~[-~~
99-21 ~~under terms and conditions agreed to by the parties,]~~ of the
99-22 interest of a private participant in the comprehensive development
99-23 agreement as required by Section 371.101 and may include any other
99-24 provision the authority considers appropriate, including a
99-25 provision:

99-26 (1) ~~[and related property, including any interest in a~~
99-27 ~~turnpike project designed, developed, financed, constructed,~~
99-28 ~~operated, or maintained under the comprehensive development~~
99-29 ~~agreement;~~

99-30 ~~[(2)]~~ establishing the purchase price, as determined in
99-31 accordance with the methodology established by the parties in the
99-32 comprehensive development agreement, for the interest of a private
99-33 participant in the comprehensive development agreement and related
99-34 property;

99-35 ~~[(3)]~~ providing for the payment of an obligation
99-36 incurred under the comprehensive development agreement, including
99-37 an obligation to pay the purchase price for the interest of a
99-38 private participant in the comprehensive development agreement,
99-39 from any available source, including securing the obligation by a
99-40 pledge of revenues of the authority derived from the applicable
99-41 project, which pledge shall have priority as established by the
99-42 authority;

99-43 (2) ~~[(4)]~~ permitting the private participant to
99-44 pledge its rights under the comprehensive development agreement;

99-45 (3) ~~[(5)]~~ concerning the private participant's right
99-46 to operate and collect revenue from the turnpike project; and

99-47 (4) ~~[(6)]~~ restricting the right of the authority to
99-48 terminate the private participant's right to operate and collect
99-49 revenue from the turnpike project unless and until any applicable
99-50 termination payments have been made.

99-51 (g) A ~~[Except as provided by this subsection, a]~~
99-52 comprehensive development agreement with a private participant
99-53 that includes the collection by the private participant of tolls
99-54 for the use of a toll project may be for a term not longer than 50
99-55 years from the later of the date of final acceptance of the project
99-56 or the start of revenue operations by the private participant, not
99-57 to exceed a total term of 52 years. ~~[The contract must contain an~~
99-58 ~~explicit mechanism for setting the price for the purchase by the~~
99-59 ~~department of the interest of the private participant in the~~
99-60 ~~contract and related property, including any interest in a highway~~
99-61 ~~or other facility designed, developed, financed, constructed,~~
99-62 ~~operated, or maintained under the contract.]~~

99-63 SECTION 26.03. Section 370.311(b), Transportation Code, is
99-64 amended to read as follows:

99-65 (b) A comprehensive development agreement entered into
99-66 under Section 370.305 must include a provision authorizing the
99-67 authority to purchase, under terms agreed to by the parties, the
99-68 interest of a private equity investor in a transportation project
99-69 as required by Section 371.101.

SECTION 26.04. Section 371.002, Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, is amended to read as follows:

Sec. 371.002. APPLICABILITY. This chapter does not apply to:

(1) a project for which the commission selected an apparent best value proposer before May 1, 2007; or

(2) a publicly owned and operated toll project, as defined by Section 373.001.

SECTION 26.05. Section 371.101, Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, is amended to read as follows:

Sec. 371.101. TERMINATION BY PURCHASE ~~[FOR CONVENIENCE]~~.

(a) A comprehensive development agreement must contain a provision authorizing the toll project entity to purchase, under terms agreed to by the parties:

(1) the interest of a private participant in the toll project that is the subject of the agreement; and

(2) related property, including any interest in a highway or other facility designed, developed, financed, constructed, operated, or maintained under the agreement.

(b) The provision must include a schedule stating a specific price for the purchase of the toll project at certain intervals from the date the project opens, not less than one year and not to exceed five years, over the term of the agreement.

(c) The provision must authorize the toll project entity to purchase the private entity's interest at a stated interval in an amount not to exceed the lesser of:

(1) the price stated for that interval; or

(2) the then fair market value of the private entity's interest, provided that the fair market value is not less than the private entity's outstanding debt at that time plus other reasonable costs associated with the purchase as defined in the comprehensive development agreement.

(d) A toll project entity may not, under any circumstance, purchase the private entity's interest for an amount higher than the stated interval amount.

(e) A contract provision to purchase the private entity's interest at the then fair market value as described by Subsection (c)(2) must contain a provision, mutually agreed on by the toll project entity and the private participant, detailing the calculation used to determine that value.

(f) The toll project entity shall request a proposed termination-by-purchase schedule in each request for detailed proposals and shall consider and score each schedule in each evaluation of proposals.

(g) A private entity shall, not later than 12 months before the date that a new price interval takes effect, notify the toll project entity of the beginning of the price interval. The toll project entity must notify the private entity as to whether it will exercise the option to purchase under this section not later than six months after the date it receives notice under this subsection.

(h) A toll project entity must notify the private entity of the toll project entity's intention to purchase the private entity's interest under this section not less than six months before the date of the purchase [A toll project entity having rulemaking authority by rule and a toll project entity without rulemaking authority by official action shall develop a formula for making termination payments to terminate a comprehensive development agreement under which a private participant receives the right to operate and collect revenue from a toll project. A formula must calculate an estimated amount of loss to the private participant as a result of the termination for convenience.

~~[(b) The formula shall be based on investments, expenditures, and the internal rate of return on equity under the agreed base case financial model as projected over the original term of the agreement, plus an agreed percentage markup on that amount.~~

~~[(c) A formula under Subsection (b) may not include any~~

~~estimate of future revenue from the project, if not included in an agreed base case financial model under Subsection (b). Compensation to the private participant upon termination for convenience may not exceed the amount determined using the formula under Subsection (b)].~~

SECTION 26.06. Section 371.102, Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, is amended to read as follows:

Sec. 371.102. TERMINATION OF CERTAIN COMPREHENSIVE DEVELOPMENT AGREEMENTS. (a) If a toll project entity elects to terminate a comprehensive development agreement under which a private participant receives the right to operate and collect revenue from a project, the entity may:

(1) ~~[if authorized to issue bonds for that purpose,]~~ issue bonds or other obligations to:

(A) make any applicable termination payments to the private participant; or

(B) purchase the interest of the private participant in the comprehensive development agreement or related property; or

(2) provide for the payment of obligations of the private participant incurred pursuant to the comprehensive development agreement.

(b) A toll project entity has the same powers and duties relating to the financing of payments under Subsection (a)(1) as the toll project entity has under other applicable laws of this state, including Chapters 228, 284, 366, and 370 of this code and Chapter 1371, Government Code, relating to the financing of a toll project of that entity, including the ability to deposit the proceeds of bonds or other obligations and to pledge, encumber, and expend the proceeds and revenues of a toll project as provided by law.

(c) The powers held by the toll project entity include the power to authorize the issuance of bonds or other obligations and to pay all or part of the costs of a payment described in Subsection (a)(1), in the amount determined by the toll project entity under Section 371.101. Costs associated with a payment under Subsection (a)(1) are considered a cost of the project.

(d) This section shall be liberally construed to effect its purposes.

SECTION 26.07. (a) Section 371.101, Transportation Code, as amended by this Act, does not apply to a comprehensive development agreement for:

(1) the DFW Connector project in Tarrant and Dallas Counties (State Highway 114 from State Highway 114L Business to east of International Parkway and State Highway 121 from north of FM 2499 to south of State Highway 360);

(2) the North Tarrant Express project in Tarrant and Dallas Counties (IH 820 and State Highway 121/State Highway 183 from IH 35W to State Highway 161, IH 820 east from State Highway 121/State Highway 183 to Randol Mill Road, and IH 35W from IH 30 to State Highway 170);

(3) the IH 635 managed lanes project in Dallas County (IH 635 from east of Luna Road to Greenville Avenue and IH 35E from south of the Loop 12/IH 35E split to south of Valwood Parkway);

(4) the Loop 9 project in Dallas County;

(5) a project located south of Refugio County on the ISTEHA High Priority Corridor identified in Sections 1105(c)(18) and (20) of the Intermodal Surface Transportation Efficiency Act of 1991 (Pub. L. No. 102-240), as amended by Section 1211 of the Transportation Equity Act for the 21st Century (Pub. L. No. 105-178, as amended by Title IX, Pub. L. No. 105-206), if the project is part of the highway corridor designated by those laws;

(6) the following projects to be developed in connection with the projects described under Subdivision (5):

(A) the Corpus Christi Southside Mobility Corridor;

(B) the State Highway 358 managed lanes project and the State Highway 286 managed lanes project in Nueces County;

and

(C) the State Highway 550 spur project and the West Loop project in Cameron County; or

(7) a project on the IH 69 corridor in Bowie County.

(b) A project described by this section is governed by Section 371.101, Transportation Code, as it existed immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 26.08. The change in law made by this Act to Section 223.208, Transportation Code, does not apply to a project described in Section 26.07 of this Act. A project described in that section is governed by Section 223.208, Transportation Code, as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

ARTICLE 27. DEVELOPMENT OF TOLL PROJECT IN AREA WITH MORE THAN ONE TOLL PROJECT ENTITY

SECTION 27.01. Section 284.004(b), Transportation Code, is amended to read as follows:

(b) In addition to authority granted by other law, a county may use state highway right-of-way and may access state highway right-of-way in accordance with Sections 228.011 and 373.102 [~~228.0111~~].

SECTION 27.02. Section 284.061(d), Transportation Code, is amended to read as follows:

(d) Subject to the reimbursement requirements of Section 373.102, a ~~[A]~~ county has full easements and rights-of-way through, across, under, and over any property owned by this state that are necessary or convenient to construct, acquire, or efficiently operate a project under this chapter.

SECTION 27.03. Section 366.170(c), Transportation Code, is amended to read as follows:

(c) An authority has full easements and rights-of-way through, across, under, and over any property owned by the state or any local governmental entity that are necessary or convenient to construct, acquire, or efficiently operate a turnpike project or system under this chapter. This subsection does not affect the obligation of the authority under other state law, including Section 373.102, to compensate or reimburse the state for the use or acquisition of an easement or right-of-way on property owned by or on behalf of the state. An authority's use of property owned by or on behalf of the state is subject to any covenants, conditions, restrictions, or limitations affecting that property.

SECTION 27.04. Section 370.169(c), Transportation Code, is amended to read as follows:

(c) An authority has full easements and rights-of-way through, across, under, and over any property owned by the state or any local government that are necessary or convenient to construct, acquire, or efficiently operate a transportation project or system under this chapter. This subsection does not affect the obligation of the authority under other law, including Section 373.102, to compensate or reimburse this state for the use or acquisition of an easement or right-of-way on property owned by or on behalf of this state. An authority's use of property owned by or on behalf of this state is subject to any covenants, conditions, restrictions, or limitations affecting that property.

SECTION 27.05. Subtitle G, Title 6, Transportation Code, is amended by adding Chapter 373 to read as follows:

CHAPTER 373. TOLL PROJECTS LOCATED IN TERRITORY OF LOCAL TOLL PROJECT ENTITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 373.001. DEFINITIONS. In this chapter:

(1) "Local toll project entity" means an entity, other than the department, that is authorized by law to acquire, design, construct, finance, operate, and maintain a toll project, including:

(A) a regional tollway authority under Chapter 366;

(B) a regional mobility authority under Chapter 370; or

103-1 (C) a county acting under Chapter 284.
 103-2 (2) "Privately operated or controlled toll project"
 103-3 means a toll project that is primarily commercial in nature and is
 103-4 designed and constructed by a private entity that holds a leasehold
 103-5 interest in or the right to operate and retain revenues from the
 103-6 toll project, regardless of whether the private entity operates the
 103-7 toll project or collects the revenue itself or engages a
 103-8 subcontractor or other entity to operate the toll project or
 103-9 collect the revenue. The term does not include a toll project for
 103-10 which the department or a toll project entity contracts with a
 103-11 private entity only for engineering, design, construction,
 103-12 finance, operation, maintenance, or other services.

103-13 (3) "Publicly owned and operated toll project" means a
 103-14 toll project owned and operated by the department or a local toll
 103-15 project entity in which a private entity does not have a leasehold
 103-16 interest or right to operate or retain revenue from the toll
 103-17 project. The term does not include a privately operated or
 103-18 controlled toll project, but may include a toll project for which a
 103-19 private entity provides:

103-20 (A) engineering, design, construction, finance,
 103-21 operation, maintenance, or other services; or

103-22 (B) financial assistance for the toll project
 103-23 that does not entitle the private entity to any ownership interest
 103-24 in or the right to operate or retain revenue from the toll project.

103-25 (4) "Toll project" means a toll project described by
 103-26 Section 201.001(b), regardless of whether the toll project is:

103-27 (A) a part of the state highway system; or
 103-28 (B) subject to the jurisdiction of the
 103-29 department.

103-30 Sec. 373.002. APPLICABILITY. (a) This chapter does not
 103-31 apply to a toll project described in Section 228.011.

103-32 (b) Except for Sections 373.003, 373.004, and 373.005, this
 103-33 chapter does not apply to:

103-34 (1) the U.S. 281 project in Bexar County from Loop 1604
 103-35 to the Comal County line;

103-36 (2) the Loop 49 project from IH 20 to State Highway 110
 103-37 in Smith County;

103-38 (3) the DFW Connector project in Tarrant and Dallas
 103-39 Counties (State Highway 114 from State Highway 114L Business to
 103-40 east of International Parkway and State Highway 121 from north of FM
 103-41 2499 to south of State Highway 360);

103-42 (4) the North Tarrant Express project in Tarrant and
 103-43 Dallas Counties (IH 820 and State Highway 121/State Highway 183
 103-44 from IH 35W to State Highway 161, IH 820 east from State Highway
 103-45 121/State Highway 183 to Randol Mill Road, and IH 35W from IH 30 to
 103-46 State Highway 170);

103-47 (5) the U.S. 290 project from east of U.S. 183 to east
 103-48 of FM 973 in Travis County;

103-49 (6) the State Highway 99 (Grand Parkway) project;

103-50 (7) the IH 635 managed lanes project in Dallas County
 103-51 (IH 635 from east of Luna Road to Greenville Avenue and IH 35E from
 103-52 south of the Loop 12/IH 35E split to south of Valwood Parkway);

103-53 (8) Phase 4 extension of the Dallas North Tollway in
 103-54 Collin and Denton Counties from U.S. 380 to the Grayson County line
 103-55 to be developed by North Texas Tollway Authority;

103-56 (9) the Southwest Parkway (State Highway 121) in
 103-57 Tarrant County from Interstate 30 to Dirks Road/Altamesa Boulevard
 103-58 and the Chisholm Trail project from Dirks Road/Altamesa Boulevard
 103-59 to U.S. Highway 67 in the City of Cleburne; or

103-60 (10) the Loop 9 project in Dallas County.

103-61 Sec. 373.003. PROJECT OWNED IN PERPETUITY. Unless a toll
 103-62 project is sold or otherwise transferred to another toll project
 103-63 entity in accordance with applicable law, including Sections
 103-64 228.151, 284.011, 366.036, 366.172, and 370.171, a toll project
 103-65 procured by the department or a local toll project entity
 103-66 determined by the process under Subchapter B is owned by that entity
 103-67 in perpetuity.

103-68 Sec. 373.004. GOVERNMENTAL AND NOT COMMERCIAL
 103-69 TRANSACTIONS. A transaction involving a local toll project entity

under Section 228.011 or this chapter is not primarily commercial in nature but is an inherently governmental transaction whose purpose is to determine governmental jurisdiction, ownership, control, or other responsibilities with respect to a project.

Sec. 373.005. VALUATION DETERMINATION. Any determination of value, including best value, under this chapter or other applicable federal or state law for a comprehensive development agreement or other public-private partnership arrangement involving a toll project for which a local toll project entity has exercised its option under this chapter and has complied with all other conditions in this chapter for the development of the project by the local toll project entity must take into consideration factors the entity determines appropriate, including factors related to:

- (1) oversight of the toll project;
- (2) maintenance and operations costs of the toll project;
- (3) the structure and rates of tolls;
- (4) economic development impacts of the toll project;
- and
- (5) social and environmental benefits and impacts of the toll project.

Sec. 373.006. LEGAL CHALLENGES CONCLUDED. For the purposes of this chapter, all legal challenges to development of a toll project are considered concluded when a judgment or order of a court with jurisdiction over the challenge becomes final and unappealable.

[Sections 373.007-373.050 reserved for expansion]

SUBCHAPTER B. PROCESS TO DETERMINE ENTITY TO DEVELOP, FINANCE, CONSTRUCT, AND OPERATE TOLL PROJECT

Sec. 373.051. INITIATION OF PROCESS. (a) At any time after a metropolitan planning organization approves the inclusion of a toll project to be located in the territory of a local toll project entity in the metropolitan transportation plan, the local toll project entity may notify the department in writing of the local toll project entity's intent to initiate the process described in this subchapter.

(b) The department may notify the local toll project entity in writing of the department's intent to initiate the process described in this subchapter at any time after a metropolitan planning organization has approved the inclusion of a toll project to be located in the territory of a local toll project entity in the metropolitan transportation plan and:

- (1) the department has issued a finding of no significant impact for the project, or for a project for which an environmental impact statement is prepared, the department has approved the final environmental impact statement for the project;
- or

(2) for a project subject to environmental review requirements under federal law, the United States Department of Transportation Federal Highway Administration has issued a finding of no significant impact, or for a project for which an environmental impact statement is prepared, the department has submitted a final environmental impact statement to the Federal Highway Administration for approval.

Sec. 373.052. PUBLIC PROJECT BY LOCAL TOLL PROJECT ENTITY. (a) A local toll project entity has the first option to develop, finance, construct, and operate a toll project as a publicly owned and operated toll project. A local toll project entity has not more than 180 days after the date on which notification under Section 373.051(a) is provided or notification under Section 373.051(b) is received to decide whether to exercise the option, unless the United States Department of Transportation Federal Highway Administration issues a record of decision for an environmental impact statement submitted by the department under Section 373.051(b)(2) more than 60 days after the date the department provides notice under Section 373.051(b), in which event the local toll project entity has 120 days after the date the record of decision is issued to exercise the option. The option period under

105-1 this subsection may be extended an additional 90 days by agreement
 105-2 of the department and the local toll project entity.

105-3 (b) If a local toll project entity exercises the option
 105-4 under Subsection (a), the local toll project entity after
 105-5 exercising the option must:

105-6 (1) within 180 days after the later of the date of
 105-7 exercising its option or the date on which all environmental
 105-8 approvals necessary for the development of the toll project are
 105-9 secured and all legal challenges to development are concluded,
 105-10 advertise for the initial procurement of required services,
 105-11 including, at a minimum, design services, for the project; and

105-12 (2) within two years after the date on which all
 105-13 environmental approvals necessary for the development are secured
 105-14 and all legal challenges to development are concluded, enter into a
 105-15 contract for the construction of the toll project.

105-16 Sec. 373.053. PUBLIC PROJECT BY DEPARTMENT. (a) If a local
 105-17 toll project entity fails or declines to exercise the option to
 105-18 develop, finance, construct, and operate a toll project under
 105-19 Section 373.052(a), or fails or declines to advertise for
 105-20 procurement or enter into a construction contract as required by
 105-21 Section 373.052(b), the department has the option to develop,
 105-22 finance, construct, and operate the toll project as a publicly
 105-23 owned and operated project. The department has not more than 60
 105-24 days after the date the local toll project entity fails or declines
 105-25 to exercise its option under Section 373.052(a) or fails or
 105-26 declines to advertise for procurement or enter into a construction
 105-27 contract as required by Section 373.052(b) to decide whether to
 105-28 exercise its option.

105-29 (b) If the department exercises its option under Subsection
 105-30 (a), the department after exercising the option must:

105-31 (1) within 180 days after the later of the date of
 105-32 exercising its option or the date on which all environmental
 105-33 approvals necessary for the development of the toll project are
 105-34 secured and all legal challenges to development are concluded,
 105-35 advertise for the initial procurement of required services,
 105-36 including, at a minimum, design services, for the project; and

105-37 (2) within two years after the date on which all
 105-38 environmental approvals necessary for the development are secured
 105-39 and all legal challenges to development are concluded, enter into a
 105-40 contract for the construction of the toll project.

105-41 Sec. 373.054. PRIVATE PROJECT BY LOCAL TOLL PROJECT ENTITY.
 105-42 (a) If the department fails or declines to exercise the option to
 105-43 develop, finance, construct, and operate a toll project under
 105-44 Section 373.053(a), or fails or declines to advertise for
 105-45 procurement or enter into a construction contract as required by
 105-46 Section 373.053(b), the local toll project entity has the option to
 105-47 develop, finance, construct, and operate the toll project as a
 105-48 privately operated or controlled toll project. Except as provided
 105-49 by Section 373.057(b), the local toll project entity has not more
 105-50 than 60 days after the date the department fails or declines to
 105-51 exercise its option under Section 373.053(a) or fails or declines
 105-52 to advertise for procurement or enter into a construction contract
 105-53 as required by Section 373.053(b) to decide whether to exercise its
 105-54 option.

105-55 (b) If the local toll project entity exercises its option
 105-56 under Subsection (a), the local toll project entity after
 105-57 exercising the option must:

105-58 (1) within 180 days after the later of the date of
 105-59 exercising its option or the date on which all environmental
 105-60 approvals necessary for the development of the toll project are
 105-61 secured and all legal challenges to development are concluded,
 105-62 advertise for the initial procurement of required services,
 105-63 including, at a minimum, design services, for the project; and

105-64 (2) within two years after the date on which all
 105-65 environmental approvals necessary for the development are secured
 105-66 and all legal challenges to development are concluded, enter into a
 105-67 contract for the construction of the toll project.

105-68 Sec. 373.055. PRIVATE PROJECT BY DEPARTMENT. (a) If a
 105-69 local toll project entity fails or declines to exercise the option

to develop, finance, construct, and operate a toll project under Section 373.054(a), or fails or declines to advertise for procurement or enter into a construction contract as required by Section 373.054(b), the department has the option to develop, finance, construct, and operate the toll project as a privately operated or controlled toll project. The department has not more than 60 days after the date the local toll project entity fails or declines to exercise its option under Section 373.054(a) or fails or declines to advertise for procurement or enter into a construction contract as required by Section 373.054(b) to decide whether to exercise its option.

(b) If the department exercises its option under Subsection (a), the department after exercising the option must:

(1) within 180 days after the later of the date of exercising its option or the date on which all environmental approvals necessary for the development of the toll project are secured and all legal challenges to development are concluded, advertise for the initial procurement of required services, including, at a minimum, design services, for the project; and

(2) within two years after the date on which all environmental approvals necessary for the development are secured and all legal challenges to development are concluded, enter into a contract for the construction of the toll project.

Sec. 373.056. RE-INITIATION OF PROCESS. If the process described by Sections 373.051, 373.052, 373.053, 373.054, and 373.055 concludes without the local toll project entity or the department entering into a contract for the construction of the toll project, either entity may re-initiate the process under this subchapter by submitting notice to the other entity in the manner provided by Section 373.051.

Sec. 373.057. WAIVER OF OPTION; ALTERATION OF TIMELINES.

(a) The department or local toll project entity may at any time during the process established by this subchapter, including when the process is initiated under Section 373.051, decline to exercise an option of that entity under this subchapter.

(b) If the department declines to exercise its option under Section 373.053 before the 120th day after the date on which notification under Section 373.051(a) is provided to the local toll project entity or notification under Section 373.051(b) is received by the toll project entity, the local toll project entity must, in addition to deciding whether to exercise its option under Section 373.052, decide whether to exercise its option under Section 373.054 not later than the later of:

(1) the 180th day after the date notice is provided or received; or

(2) the end of the option period as extended under Section 373.052.

(c) The department and the applicable local toll project entity may, by written agreement, extend any time limit under this subchapter.

Sec. 373.058. SHARING OF PROJECT-RELATED INFORMATION. (a) If a local toll project entity or the department fails or declines to exercise an option or fails or declines to advertise for procurement or enter into a construction contract under Section 373.052, 373.053, 373.054, or 373.055, the local toll project entity or the department, as applicable, must make available its traffic estimates, revenue estimates, plans, specifications, surveys, appraisals, and other work product developed for the toll project to the other entity.

(b) On entering into a contract for the construction of the toll project, the department or the local toll project entity, as applicable, shall reimburse the other entity for shared project work product that it uses.

Sec. 373.059. QUARTERLY PROGRESS REPORTS. After the department or a local toll project entity exercises an option under this subchapter, the department or local toll project entity, as applicable, shall issue a quarterly report on the progress of the development of the toll project. The report shall be made available to the public.

107-1 Sec. 373.060. ENVIRONMENTAL REVIEW. (a) The department or
 107-2 the local toll project entity may begin any environmental review
 107-3 process that may be required for a proposed toll project before
 107-4 initiating the process under this subchapter.

107-5 (b) If a local toll project entity initiates the process for
 107-6 development of a toll project under Section 373.051(a) and has not
 107-7 begun the environmental review of the project, the local toll
 107-8 project entity shall begin the environmental review within 180 days
 107-9 of exercising the option.

107-10 Sec. 373.061. PROJECT LOCATED IN TERRITORY OF MORE THAN ONE
 107-11 LOCAL TOLL PROJECT ENTITY. If a toll project is in the territory of
 107-12 more than one local toll project entity, only the local toll project
 107-13 entity that was first to be authorized by law to construct toll
 107-14 projects in that territory may exercise the options and other
 107-15 rights under this subchapter. A local toll project entity
 107-16 exercising an option or other right under this section:

107-17 (1) may do so only with respect to the portion of the
 107-18 project located in the territory of that local toll project entity;
 107-19 and

107-20 (2) may do so on behalf of another toll project entity
 107-21 in whose territory the project will be located.

107-22 [Sections 373.062-373.100 reserved for expansion]

107-23 SUBCHAPTER C. USE OF RIGHT-OF-WAY BY LOCAL TOLL PROJECT ENTITY

107-24 Sec. 373.101. USE OF STATE HIGHWAY RIGHT-OF-WAY. (a)
 107-25 Consistent with federal law, the commission and the department
 107-26 shall assist a local toll project entity in the development,
 107-27 financing, construction, and operation of a toll project for which
 107-28 the local toll project entity has exercised its option to develop,
 107-29 finance, construct, and operate the project under Subchapter B by
 107-30 allowing the local toll project entity to use state highway
 107-31 right-of-way and to access the state highway system as necessary to
 107-32 construct and operate the toll project.

107-33 (b) Notwithstanding any other law, the local toll project
 107-34 entity and the commission may agree to remove the toll project from
 107-35 the state highway system and transfer ownership to the local toll
 107-36 project entity.

107-37 Sec. 373.102. REIMBURSEMENT FOR USE OF STATE HIGHWAY
 107-38 RIGHT-OF-WAY. (a) The commission or the department may not require
 107-39 a local toll project entity to pay for the use of state highway
 107-40 right-of-way or access, except:

107-41 (1) to reimburse the department for actual costs
 107-42 incurred by the department that are owed to a third party, including
 107-43 the federal government, as a result of that use by the local toll
 107-44 project entity; and

107-45 (2) as required under Subsection (b).

107-46 (b) A local toll project entity shall reimburse the
 107-47 department for the department's actual costs to acquire the
 107-48 right-of-way in the manner provided in the payment schedule agreed
 107-49 to by the department and the local toll project entity. If the
 107-50 department cannot determine that amount, the amount must be
 107-51 determined based on the average historical right-of-way
 107-52 acquisition values for comparable right-of-way located in
 107-53 proximity to the project on the date of original acquisition of the
 107-54 right-of-way.

107-55 (c) In lieu of reimbursement, the local toll project entity
 107-56 may agree to pay to the department a portion of the revenues of the
 107-57 project, in the amount and for the period of time agreed to by the
 107-58 local toll project entity and the department.

107-59 (d) Money received by the department under this section
 107-60 shall be deposited in the state highway fund and, except for
 107-61 reimbursement for costs owed to a third party, used to fund
 107-62 additional projects in the department district in which the toll
 107-63 project is located.

107-64 (e) The commission or department may waive the requirement
 107-65 of reimbursement under this section.

107-66 Sec. 373.103. AGREEMENT FOR USE OF RIGHT-OF-WAY. A local
 107-67 toll project entity shall enter into an agreement with the
 107-68 department for any project for which the entity has exercised its
 107-69 option to develop, finance, construct, and operate the project

under Subchapter B and for which the entity intends to use state highway right-of-way. The agreement must contain provisions necessary to ensure that the local toll project entity's construction, maintenance, and operation of the project complies with the requirements of applicable state and federal law.

Sec. 373.104. LIABILITY FOR DAMAGES. (a) Notwithstanding any other law, the commission and the department are not liable for any damages that result from a local toll project entity's use of state highway right-of-way or access to the state highway system under this subchapter, regardless of the legal theory, statute, or cause of action under which liability is asserted.

(b) An agreement entered into by a local toll project entity and the department in connection with a toll project that is financed, constructed, or operated by the local toll project entity and that is on or directly connected to a highway in the state highway system does not create a joint enterprise for liability purposes.

Sec. 373.105. COMPLIANCE WITH FEDERAL LAW. Notwithstanding an action taken by a local toll project entity under this subchapter, the commission or department may take any action that in its reasonable judgment is necessary to comply with any federal requirement to enable this state to receive federal-aid highway funds.

SECTION 27.06. Subchapter A, Chapter 228, Transportation Code, is amended by adding Section 228.014 to read as follows:

Sec. 228.014. DEVELOPMENT OF THE GRAND PARKWAY. (a) For the purposes of the application of Subdivision (1), Subsection (g) or Subdivision (1), Subsection (i) of Section 228.0111 to the State Highway 99 (Grand Parkway) project, the terms of this section shall apply.

(b) Subject to Subsection (h), the State Highway 99 (Grand Parkway) project shall be developed in multiple segments, as follows:

(1) Segment A from SH 146 to IH 45(S);
 (2) Segment B from SH 288 to IH 45(S);
 (3) Segment C from US 59(S) to SH 288;
 (4) Segment D from US 59(S) to IH 10(W);
 (5) Segment E from IH 10 (W) to US 290 (Northwest Freeway);

(6) Segment F-1 from US 290 (Northwest Freeway) to SH 249 (Tomball Parkway);

(7) Segment F-2 from SH 249 (Tomball Parkway) to IH 45 (N) (North Freeway);

(8) Segment G from IH 45(N) (North Freeway) to US 59(N) (Eastex Freeway);

(9) Segment H and Segment I-1 from US 59 (N) to IH 10 (E); and

(10) Segment I-2 from near SH 146 to IH 10 (E).

(c) Segments C through G shall constitute the western portion of the project. Segments A, B, H, I-1, and I-2 shall constitute the eastern portion of the project.

(d) The local toll project entity or the department, as applicable, must enter into a contract for the construction of each of Segments D, E, F-1, and F-2 of the project within, for a segment of the project, the two-year period described by Subdivision (1), Subsection (g), Section 228.0111, or Subdivision (1), Subsection (i), Section 228.0111, and must enter into a contract for the construction of Segment G of the project within three years after the date on which all environmental requirements necessary for the development of that segment are secured and all legal challenges to development are concluded. If the local toll project entity does not enter into a contract for construction of each of those segments of the project within the two or three year period applicable to that segment, the department shall have the option to develop, finance, construct, and operate the project pursuant to Section 228.0111(i).

(e) In any event, a local toll project entity or the department, as applicable, is not required to enter into a construction contract for Segment C before the second anniversary

of the date construction of the remainder of the western portion has been completed.

(f) For the eastern portion of the project, a local toll project entity or the department, as applicable, is not required to enter into a construction contract for any segment before the second anniversary of the date on which the final segment of the western portion is completed. After a construction contract has been entered into for the initial segment of the eastern portion, excluding Segment I-2, for each of the remaining segments of the eastern portion, a local toll project entity or the department, as applicable, is not required to enter into a construction contract for any remaining segment before the second anniversary of the date construction of a segment in the eastern portion contiguous to that initial segment, excluding Segment I-2, has been completed.

(g) In all events, the contracting requirements shall be subject to the securing of all environmental requirements necessary for the development of the project and the conclusion of all legal challenges to development of the project, as provided in Subdivision (1), Subsection (g), Section 228.0111, or Subdivision (1), Subsection (i), Section 228.0111, as applicable.

(h) The department and the local toll project entity may enter into an agreement modifying the segment descriptions and the development sequence specified in this section.

(i) The local toll project entity or the department, as applicable, may enter into one or more agreements, including a comprehensive development agreement, with a public or private entity relating to the construction, development, financing, operation and maintenance of the State Highway 99 (Grand Parkway) project. Notwithstanding any law to the contrary, the agreement may contain such provisions relating to revenue sharing and concession payments as the local toll project entity or the department, as applicable, may determine.

SECTION 27.07. Section 228.0111, Transportation Code, is repealed.

SECTION 27.08. The repeal of Section 228.0111, Transportation Code, by this Act does not affect any project described in Section 373.002(b), Transportation Code, as added by this Act. A project described in that subsection is governed by Section 228.0111, Transportation Code, as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

ARTICLE 28. NONCOMPETITION PROVISIONS IN COMPREHENSIVE DEVELOPMENT AGREEMENTS

SECTION 28.01. Sections 371.103(b) and (c), Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, are amended to read as follows:

(b) Except as provided by Subsection (c), a comprehensive development agreement may contain a provision authorizing the toll project entity to compensate the private participant in the agreement for the loss of toll revenues attributable to the construction by the entity of a limited access highway project located within an area that extends up to four miles from either side of the centerline of the project developed under the agreement, less the private participant's decreased operating and maintenance costs attributable to the highway project, if any. A provision under this subsection may be effective only for a period of 30 years or less from the effective date of the agreement.

(c) A comprehensive development agreement may not require the toll project entity to provide compensation for the construction of:

(1) a highway project contained in the state transportation plan or a transportation plan of a metropolitan planning organization in effect on the effective date of the agreement;

(2) work on or improvements to a highway project necessary for improved safety, or for maintenance or operational purposes;

(3) a high occupancy vehicle exclusive lane addition or other work on any highway project that is required by an

environmental regulatory agency; ~~or~~

(4) a transportation project that provides a mode of transportation that is not included in the project that is the subject of the comprehensive development agreement; or

(5) a highway designated an interstate highway.

SECTION 28.02. (a) The change in law made by this Act to Section 371.103, Transportation Code, does not apply to:

(1) the DFW Connector project in Tarrant and Dallas Counties (State Highway 114 from State Highway 114L Business to east of International Parkway and State Highway 121 from north of FM 2499 to south of State Highway 360);

(2) the North Tarrant Express project in Tarrant and Dallas Counties (IH 820 and State Highway 121/State Highway 183 from IH 35W to State Highway 161, IH 820 east from State Highway 121/State Highway 183 to Randol Mill Road, and IH 35W from IH 30 to State Highway 170);

(3) the State Highway 99 (Grand Parkway) project;

(4) the IH 635 managed lanes project in Dallas County (IH 635 from east of Luna Road to Greenville Avenue and IH 35E from south of the Loop 12/IH 35E split to south of Valwood Parkway); or

(5) the Loop 9 project in Dallas County.

(b) A project described by Subsection (a) of this section is governed by Section 371.103, Transportation Code, as that section existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

ARTICLE 29. TOLL COLLECTIONS

SECTION 29.01. Section 228.055, Transportation Code, is amended by amending Subsection (d) and adding Subsection (d-1) to read as follows:

(d) It is an exception to the application of Subsection (a) or (c) if the registered owner of the vehicle is a lessor of the vehicle and not later than the 30th day after the date the notice of nonpayment is mailed provides to the department:

(1) a copy of the rental, lease, or other contract document covering the vehicle on the date of the nonpayment under Section 228.054, with the name and address of the lessee clearly legible; or

(2) electronic data, in a format agreed on by the department and the lessor, other than a photocopy or scan of a rental or lease contract, that contains the information required under Sections 521.460(c)(1), (2), and (3) covering the vehicle on the date of the nonpayment under Section 228.054.

(d-1) If the lessor provides the required information within the period prescribed under Subsection (d), the department may send a notice of nonpayment to the lessee at the address provided under Subsection (d) ~~[shown on the contract document]~~ by first class mail before the 30th day after the date of receipt of the required information from the lessor. The lessee of the vehicle for which the proper toll was not paid who is mailed a written notice of nonpayment under this subsection and fails to pay the proper toll and administrative fee within the time specified by the notice of nonpayment commits an offense. The lessee shall pay a separate toll and administrative fee for each event of nonpayment. Each failure to pay a toll or administrative fee under this subsection is a separate offense.

SECTION 29.02. Sections 228.056(b) and (c), Transportation Code, are amended to read as follows:

(b) In the prosecution of an offense under Section 228.055(c), (d-1) ~~(d)~~, or (e):

(1) it is presumed that the notice of nonpayment was received on the fifth day after the date of mailing;

(2) a computer record of the department of the registered owner of the vehicle is prima facie evidence of its contents and that the defendant was the registered owner of the vehicle when the underlying event of nonpayment under Section 228.054 occurred; and

(3) a copy of the rental, lease, or other contract document, or the electronic data provided to the department under Section 228.055(d), covering the vehicle on the date of the

underlying event of nonpayment under Section 228.054 is prima facie evidence of its contents and that the defendant was the lessee of the vehicle when the underlying event of nonpayment under Section 228.054 occurred.

(c) It is a defense to prosecution under Section 228.055(c), (d-1) [(d)], or (e) that the motor vehicle in question was stolen before the failure to pay the proper toll occurred and had not been recovered before the failure to pay occurred, but only if the theft was reported to the appropriate law enforcement authority before the earlier of:

- (1) the occurrence of the failure to pay; or
- (2) eight hours after the discovery of the theft.

SECTION 29.03. Section 284.0701, Transportation Code, is amended by amending Subsection (d) and adding Subsection (d-1) to read as follows:

(d) It is an exception to the application of Subsection (a) or (c) if the registered owner of the vehicle is a lessor of the vehicle and not later than the 30th day after the date the notice of nonpayment is mailed provides to the authority:

(1) a copy of the rental, lease, or other contract document covering the vehicle on the date of the nonpayment under Section 284.070, with the name and address of the lessee clearly legible; or

(2) electronic data, other than a photocopy or scan of a rental or lease contract, that contains the information required under Sections 521.460(c)(1), (2), and (3) covering the vehicle on the date of the nonpayment under Section 284.070.

(d-1) If the lessor provides the required information within the period prescribed under Subsection (d), the authority may send a notice of nonpayment to the lessee at the address provided under Subsection (d) [shown on the contract document] by first class mail before the 30th day after the date of receipt of the required information from the lessor. The lessee of the vehicle for which the proper toll was not paid who is mailed a written notice of nonpayment under this subsection and fails to pay the proper toll and administrative cost within the time specified by the notice of nonpayment commits an offense. The lessee shall pay a separate toll and administrative cost for each event of nonpayment. Each failure to pay a toll or administrative cost under this subsection is a separate offense.

SECTION 29.04. Sections 284.0702(b) and (c), Transportation Code, are amended to read as follows:

(b) In the prosecution of an offense under Section 284.0701(c), (d-1) [(d)], or (e):

(1) [7] a computer record of the department of the registered owner of the vehicle is prima facie evidence of its contents and that the defendant was the registered owner of the vehicle when the underlying event of nonpayment under Section 284.070 occurred; and

(2) a copy of the rental, lease, or other contract document, or the electronic data provided to the authority under Section 284.0701(d), covering the vehicle on the date of the underlying event of nonpayment under Section 284.070 is prima facie evidence of its contents and that the defendant was the lessee of the vehicle when the underlying event of nonpayment under Section 284.070 occurred.

(c) It is a defense to prosecution under Section 284.0701(c), (d-1) [(d)], or (e) that the vehicle in question was stolen before the failure to pay the proper toll occurred and had not been recovered before the failure to pay occurred, but only if the theft was reported to the appropriate law enforcement authority before the earlier of:

- (1) the occurrence of the failure to pay; or
- (2) eight hours after the discovery of the theft.

SECTION 29.05. Section 366.178, Transportation Code, is amended by amending Subsections (d), (f), and (i) and adding Subsection (i-1) to read as follows:

(d) Notice of nonpayment under Subsection (c)(1) shall be sent by first-class mail not later than the 90th day after the date

of the alleged failure to pay and may not require payment of the proper toll and the administrative fee before the 30th day after the date the notice is mailed. The registered owner shall pay a separate toll and administrative fee for each nonpayment.

(f) In the prosecution of a violation for nonpayment, proof that the vehicle passed through a toll collection facility without payment of the proper toll together with proof that the defendant was the registered owner or the driver of the vehicle when the failure to pay occurred, establishes the nonpayment of the registered owner. The proof may be by testimony of a peace officer or authority employee, video surveillance, or any other reasonable evidence, including a copy of the rental, lease, or other contract document or the electronic data provided to the authority under Subsection (i) that shows the defendant was the lessee of the vehicle when the underlying event of nonpayment occurred.

(i) A registered owner who is the lessor of a vehicle for which a notice of nonpayment has been issued is not liable if, not later than the 30th day after the date the notice of nonpayment is mailed, the registered owner provides to the authority:

(1) a copy of the rental, lease, or other contract document ~~[lease agreement]~~ covering the vehicle on the date of the nonpayment, with the ~~[The]~~ name and address of the lessee ~~[must be]~~ clearly legible; or

(2) electronic data, other than a photocopy or scan of a rental or lease contract, that contains the information required under Sections 521.460(c)(1), (2), and (3) covering the vehicle on the date of the nonpayment under this section.

(i-1) If the lessor timely provides the required information under Subsection (i), the lessee of the vehicle on the date of the violation is considered to be the owner of the vehicle for purposes of this section. The lessee is subject to prosecution for failure to pay the proper toll if the authority sends a notice of nonpayment to the lessee by first-class mail not later than the 30th day after the date of the receipt of the information from the lessor.

SECTION 29.06. Section 370.177, Transportation Code, is amended by amending Subsections (e), (g), and (i) and adding Subsection (e-1) to read as follows:

(e) It is an exception to the application of Subsection (b) or (d) that the registered owner of the vehicle is a lessor of the vehicle and not later than the 30th day after the date the notice of nonpayment is mailed provides to the authority:

(1) a copy of the rental, lease, or other contract document covering the vehicle on the date of the nonpayment under Subsection (a), with the name and address of the lessee clearly legible; or

(2) electronic data, other than a photocopy or scan of a rental or lease contract, that contains the information required under Sections 521.460(c)(1), (2), and (3) covering the vehicle on the date of the nonpayment under Subsection (a).

(e-1) If the lessor provides the required information within the period prescribed under Subsection (e), the authority may send a notice of nonpayment to the lessee at the address provided under Subsection (e) ~~[shown on the contract document]~~ by first class mail before the 30th day after the date of receipt of the required information from the lessor. The lessee of the vehicle for which the proper toll was not paid who is mailed a written notice of nonpayment under this subsection and fails to pay the proper toll and administrative fee within the time specified by the notice of nonpayment commits an offense. The lessee shall pay a separate toll and administrative fee for each event of nonpayment. Each failure to pay a toll or administrative fee under this subsection is a separate offense.

(g) An offense under Subsection (d), (e-1) ~~[(e)]~~, or (f) is a misdemeanor punishable by a fine not to exceed \$250.

(i) In the prosecution of an offense under this section, proof that the vehicle passed through a toll collection facility without payment of the proper toll together with proof that the defendant was the registered owner or the driver of the vehicle when

the failure to pay occurred, establishes the nonpayment of the registered owner. The proof may be by testimony of a peace officer or authority employee, video surveillance, or any other reasonable evidence, including:

(1) evidence obtained by automated enforcement technology that the authority determines is necessary, including automated enforcement technology described by Sections 228.058(a) and (b); or

(2) a copy of the rental, lease, or other contract document or the electronic data provided to the authority under Subsection (e) that shows the defendant was the lessee of the vehicle when the underlying event of nonpayment occurred.

ARTICLE 30. PROVISIONS APPLICABLE TO MORE THAN ONE TYPE OF TOLL PROJECT

SECTION 30.01. (a) The heading to Section 371.052, Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, is amended to read as follows:

Sec. 371.052. NOTIFICATION TO LEGISLATIVE BUDGET BOARD [~~AND STATE AUDITOR~~].

(b) Section 371.052(c), Transportation Code, as added by Chapter 264 (S.B. 792), Acts of the 80th Legislature, Regular Session, 2007, is repealed.

ARTICLE 31. ALLOCATION AND DISTRIBUTION OF TOLL PROJECT REVENUE AND PAYMENTS

SECTION 31.01. Section 228.006, Transportation Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) The commission shall authorize the use of surplus revenue of a toll project or system to pay the costs of a transportation project, highway project, or air quality project within a region [~~department district~~] in which any part of the toll project is located.

(a-1) The department shall allocate the distribution of the surplus toll revenue to department districts in the region that are located in the boundaries of the metropolitan planning organization in which the toll project or system producing the surplus revenue is located based on the percentage of toll revenue from users in each department district of the project or system. To assist the department in determining the allocation, each entity responsible for collecting tolls for a project or system shall calculate on an annual basis the percentage of toll revenue from users of the project or system in each department district based on the number of recorded electronic toll collections.

SECTION 31.02. Section 228.012, Transportation Code, is amended to read as follows:

Sec. 228.012. PROJECT SUBACCOUNTS. (a) The department shall create a separate account in the state highway fund to hold payments received by the department under a comprehensive development agreement and ~~and~~ the surplus revenue of a toll project or system ~~, and payments received under Sections 228.0111(g)(2) and (i)(2)].~~ The department shall create subaccounts in the account for each project, system, or region. Interest earned on money in a subaccount shall be deposited to the credit of that subaccount.

(b) The department shall hold money in a subaccount in trust for the benefit of the region in which a project or system is located and may assign the responsibility for allocating money in a subaccount to a metropolitan planning organization in which the region is located. Money ~~Except as provided by Subsection (c), money~~ shall be allocated to projects authorized by Section 228.0055 or Section 228.006, as applicable.

(c) ~~[Money in a subaccount received from a county or the department under Section 228.0111 in connection with a project for which a county acting under Chapter 284 has the first option shall be allocated to transportation projects located in the county and the counties contiguous to that county.]~~

~~[(d)]~~ Not later than January 1 of each odd-numbered year, the department shall submit to the Legislative Budget Board, in the format prescribed by the Legislative Budget Board, a report on cash

balances in the subaccounts created under this section and expenditures made with money in those subaccounts.

(d) ~~[(e)]~~ The commission or the department may not:

(1) revise the formula as provided in the department's unified transportation program or a successor document in a manner that results in a decrease of a department district's allocation because of the deposit of a payment into a project subaccount ~~[or a commitment to undertake an additional transportation project under Section 228.0111]~~; or

(2) take any other action that would reduce funding allocated to a department district because of the deposit of a payment ~~[received from the department or local toll project entity] into a project subaccount [or a commitment to undertake an additional transportation project under Section 228.0111]~~.

SECTION 31.03. Section 228.012, Transportation Code, as amended by this article, applies only to payments received by the Texas Department of Transportation under that section on or after the effective date of this Act. Payments received by the department under Section 228.012, Transportation Code, before the effective date of this Act are governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

ARTICLE 32. PHOTOGRAPHIC TRAFFIC SIGNAL ENFORCEMENT SYSTEMS

SECTION 32.01. Section 707.002, Transportation Code, is amended to read as follows:

Sec. 707.002. AUTHORITY TO PROVIDE FOR CIVIL PENALTY AND INTERSECTION SAFETY COURSE. (a) The governing body of a local authority by ordinance may implement a photographic traffic signal enforcement system and provide that the owner of a motor vehicle is liable to the local authority for a civil penalty if, while facing only a steady red signal displayed by an electrically operated traffic-control signal located in the local authority, the vehicle is operated in violation of the instructions of that traffic-control signal, as specified by Section 544.007(d).

(b) Instead of a monetary penalty, the ordinance may require that the owner of the motor vehicle successfully complete an intersection safety course. A local authority that requires completion of an intersection safety course may:

(1) charge a fee set by the governing body of the local authority for the course; and

(2) contract with a third party to provide an intersection safety course.

SECTION 32.02. Chapter 707, Transportation Code, is amended by adding Section 707.0021 to read as follows:

Sec. 707.0021. IMPOSITION OF CIVIL PENALTY ON OWNER OF AUTHORIZED EMERGENCY VEHICLE. (a) In this section, "authorized emergency vehicle" has the meaning assigned by Section 541.201.

(b) A local authority may not impose or attempt to impose a civil penalty under this chapter on the owner of an authorized emergency vehicle.

(c) This section does not prohibit an employer from taking disciplinary action against an employee who as the operator of an authorized emergency vehicle operated the vehicle in violation of a rule or policy of the employer.

SECTION 32.03. Section 1001.002, Education Code, is amended by adding Subsection (d) to read as follows:

(d) An intersection safety course required by a local authority under Section 707.002, Transportation Code, is exempt from this chapter.

ARTICLE 33. AUTOMATIC LICENSE PLATE IDENTIFICATION CAMERAS

SECTION 33.01. Subchapter C, Chapter 202, Transportation Code, is amended by adding Section 202.062 to read as follows:

Sec. 202.062. AGREEMENT TO LOCATE CERTAIN CAMERAS ON RIGHT-OF-WAY. (a) In this section, "automatic license plate identification camera" means a camera that produces images on which optical character recognition is used to read the license plate on a vehicle.

(b) The department may enter into an agreement with the Department of Public Safety, a federal law enforcement agency, or a

local law enforcement agency operating an automatic license plate identification camera under the authority of a federal law enforcement agency that authorizes the Department of Public Safety, federal law enforcement agency, or local law enforcement agency to install, maintain, and operate an automatic license plate identification camera on the right-of-way of a state highway.

(c) An agreement under this section must:

- (1) be in writing;
- (2) list the location of each automatic license plate identification camera to be installed on the state highway right-of-way;
- (3) list the responsibilities of each party to the agreement;
- (4) be for a fixed term; and
- (5) be executed before an automatic license plate identification camera is installed.

(d) The images produced from an automatic license plate identification camera installed under an agreement authorized by this section may be used only for the purpose of:

(1) enforcing:

- (A) a penal law of this state, other than a traffic law the violation of which is a misdemeanor punishable by fine only; or

- (B) a penal law of the United States;

(2) locating:

- (A) an abducted child for whom the statewide alert system authorized by Subchapter L, Chapter 411, Government Code, has been activated;

- (B) a missing senior citizen for whom a statewide silver alert authorized by Subchapter M, Chapter 411, Government Code, has been activated; or

- (C) a person for whom an alert has been issued under an executive order of the governor because the person has seriously injured or killed a local, state, or federal law enforcement officer; or

(3) prosecuting a criminal offense, other than a traffic law the violation of which is a misdemeanor punishable by fine only, if the images are otherwise admissible in a judicial proceeding.

(e) A person commits an offense if the person uses an automatic license plate identification camera to produce an image other than in the manner and for the purpose specified by this section.

(f) An offense under this section is a Class C misdemeanor.

ARTICLE 34. APPLICATION FOR DEALER GENERAL DISTINGUISHING NUMBER
SECTION 34.01. Section 503.029, Transportation Code, is amended by adding Subsections (d), (e), and (f) to read as follows:

(d) An applicant for an original dealer general distinguishing number who proposes to be an independent motor vehicle dealer, as specified under Subsection (a)(6)(B), and who does not hold a general distinguishing number as a franchised motor vehicle dealer or independent motor vehicle dealer, as specified under Subsection (a)(6)(A) or (B), must submit to the department evidence that the applicant completed a dealer education course, approved by the department, in the 12-month period preceding the date the application is filed. The course must be at least eight hours and not more than 12 hours in length. If the applicant is an entity, the course must be completed by one individual listed on the application as an owner.

(e) The department may approve a dealer education course under Subsection (d) only if the provider of the course:

- (1) is a business with experience providing compliance education to independent motor vehicle dealers;

- (2) provides online and CD-ROM versions of the course in English and in Spanish with assessment and verification capabilities;

- (3) provides ongoing educational support by telephone or the Internet for one year at no additional cost to persons who have completed a course;

(4) provides at least one instructor-led dealer education course each month, including at least one instructor-led course each year in or near:

- (A) Austin;
- (B) Dallas and Fort Worth;
- (C) El Paso;
- (D) Houston; and
- (E) San Antonio; and

(5) has a curriculum review panel for the course that consists of at least four independent motor vehicle dealers who hold dealer general distinguishing numbers.

(f) An applicant is not required to comply with Subsection (d) if, at the time the application is submitted, a dealer education course is not currently approved by the department.

SECTION 34.02. Section 503.029(d), Transportation Code, as added by this Act, applies only to an application for an original independent motor vehicle dealer general distinguishing number filed with the Texas Department of Transportation on or after September 1, 2010. An application filed before that date is governed by the law in effect when the application was filed, and the former law is continued in effect for that purpose.

SECTION 34.03. Not later than January 1, 2010, the Texas Department of Transportation shall begin to approve or reject applications from providers of dealer education courses under Sections 503.029(d) and (e), Transportation Code, as added by this Act.

ARTICLE 35. USE OF CERTAIN VEHICLES FOR LAW ENFORCEMENT PURPOSES

SECTION 35.01. Subdivisions (1) and (13-a), Section 541.201, Transportation Code, are amended to read as follows:

(1) "Authorized emergency vehicle" means:

(A) a fire department or police vehicle;

(B) a public or private ambulance operated by a person who has been issued a license by the Texas Department of Health;

(C) a municipal department or public service corporation emergency vehicle that has been designated or authorized by the governing body of a municipality;

(D) a private vehicle of a volunteer firefighter or a certified emergency medical services employee or volunteer when responding to a fire alarm or medical emergency;

(E) an industrial emergency response vehicle, including an industrial ambulance, when responding to an emergency, but only if the vehicle is operated in compliance with criteria in effect September 1, 1989, and established by the predecessor of the Texas Industrial Emergency Services Board of the State Firemen's and Fire Marshals' Association of Texas; ~~or~~

(F) a vehicle of a blood bank or tissue bank, accredited or approved under the laws of this state or the United States, when making emergency deliveries of blood, drugs, medicines, or organs; or

(G) a vehicle used for law enforcement purposes that is owned or leased by a federal governmental entity.

(13-a) "Police vehicle" means a vehicle ~~[of a governmental entity primarily]~~ used by a peace officer, as defined by Article 2.12, Code of Criminal Procedure, for law enforcement purposes that:

(A) is owned or leased by a governmental entity;

(B) is owned or leased by the police department of a private institution of higher education that commissions peace officers under Section 51.212, Education Code; or

(C) is:

(i) a private vehicle owned or leased by the peace officer; and

(ii) approved for use for law enforcement purposes by the head of the law enforcement agency that employs the peace officer, or by that person's designee, provided that use of the private vehicle complies with any applicable rule adopted by the commissioners court of a county under Section 170.001, Local

Government Code.

SECTION 35.02. Subsection (b), Section 545.421, Transportation Code, is amended to read as follows:

(b) A signal under this section that is given by a police officer pursuing a vehicle may be by hand, voice, emergency light, or siren. The officer giving the signal must be in uniform and prominently display the officer's badge of office. The officer's vehicle must bear the insignia of a law enforcement agency, regardless of whether the vehicle displays an emergency light ~~and is appropriately marked as an official police vehicle~~.

ARTICLE 36. ABANDONED AND JUNKED VEHICLES

SECTION 36.01. Section 683.071, Transportation Code, is amended to read as follows:

Sec. 683.071. DEFINITION. In this subchapter, "junked vehicle" means a vehicle that is self-propelled and:

(1) ~~displays an expired license plate or invalid motor vehicle inspection certificate or does not display a license plate or motor vehicle inspection certificate; and [have lawfully attached to it:~~

~~[(A) an unexpired license plate, and
[(B) a valid motor vehicle inspection certificate, and]~~

(2) is:

(A) wrecked, dismantled or partially dismantled, or discarded; or

(B) inoperable and has remained inoperable for more than:

(i) 72 consecutive hours, if the vehicle is on public property; or

(ii) 30 consecutive days, if the vehicle is on private property.

ARTICLE 37. AUTHORITY OF CERTAIN TRANSPORTATION AND TRANSIT AUTHORITIES TO ENFORCE COMPLIANCE WITH HIGH OCCUPANCY VEHICLE LANE RESTRICTIONS

SECTION 37.01. Subchapter B, Chapter 451, Transportation Code, is amended by adding Section 451.0615 to read as follows:

Sec. 451.0615. ENFORCEMENT OF HIGH OCCUPANCY VEHICLE LANES.

(a) In this section:

(1) "Automated enforcement system" means a system that:

(A) consists of a camera or other electrical or mechanical device that produces photographic, electronic, video, or digital images of a motor vehicle; and

(B) is used to enforce compliance with instructions for high occupancy vehicle lane restrictions.

(2) "High occupancy vehicle lane" has the meaning assigned by Section 224.151.

(3) "Official traffic-control device" has the meaning assigned by Section 541.304 and includes a traffic pylon and double white lines on a highway.

(4) "Owner of a motor vehicle" means the owner of a motor vehicle as shown on the motor vehicle registration records of the department or the analogous department or agency of another state or country.

(b) A board by resolution may implement an automated enforcement system and provide that the owner of a motor vehicle, other than an authorized emergency vehicle as defined by Section 541.201, is liable to the authority for a penalty if the vehicle is operated in violation of the instructions of an official traffic-control device regarding entering or exiting a high occupancy vehicle lane.

(b-1) A resolution adopted under Subsection (b) may not provide for the imposition of a penalty for a vehicle that is operated in violation of the minimum number of persons requirement for use of a high occupancy vehicle lane or for the purpose of enforcing compliance with posted speed limits.

(c) The resolution adopted under this section must:

(1) provide for a penalty of not more than \$100;

(2) authorize an attorney employed by the authority or

an attorney with whom the authority contracts to bring suit to collect the penalty;

(3) provide for notice of the violation to the owner of the motor vehicle that committed the violation;

(4) require that a peace officer commissioned by the authority:

(A) review images produced by the automated enforcement system to determine whether the vehicle was operated in violation of the instructions of an official traffic-control device regarding entering or exiting a high occupancy vehicle lane; and

(B) notarize the notice of violation before the notice is mailed to the owner of the motor vehicle that committed the violation;

(5) provide that a notice of violation is presumed to have been received on the fifth day after the date the notice is mailed if the notice was mailed to the owner of a motor vehicle;

(6) provide procedures by which the owner of the motor vehicle may request an administrative adjudication hearing to contest the imposition or the amount of the penalty;

(7) allow for the use of images produced by the automated enforcement system authorized by this section; and

(8) provide for other procedures the board determines are necessary for the imposition of a penalty authorized by this section.

(d) Except as provided by Subsection (e), an image produced by an automated enforcement system may not be used to prosecute a criminal offense.

(e) An image produced by an automated enforcement system may be used to prosecute a criminal offense defined by Chapter 19, 20, 20A, 31, 38, or 49, Penal Code.

(f) This section does not apply to an authority in which the principal municipality has a population of more than 1.9 million.

SECTION 37.02. Subchapter B, Chapter 452, Transportation Code, is amended by adding Section 452.0615 to read as follows:

Sec. 452.0615. ENFORCEMENT OF HIGH OCCUPANCY VEHICLE LANES.

(a) In this section:

(1) "Automated enforcement system" means a system that:

(A) consists of a camera or other electrical or mechanical device that produces photographic, electronic, video, or digital images of a motor vehicle; and

(B) is used to enforce compliance with instructions for high occupancy vehicle lane restrictions.

(2) "High occupancy vehicle lane" has the meaning assigned by Section 224.151.

(3) "Official traffic-control device" has the meaning assigned by Section 541.304 and includes a traffic pylon and double white lines on a highway.

(4) "Owner of a motor vehicle" means the owner of a motor vehicle as shown on the motor vehicle registration records of the department or the analogous department or agency of another state or country.

(b) This section applies only to an authority that:

(1) consists of one subregion governed by a subregional board created under Subchapter O; and

(2) has entered into an agreement with a governmental entity to:

(A) operate a high occupancy vehicle lane; or

(B) provide peace officers to enforce compliance with instructions for high occupancy vehicle lane restrictions.

(c) A board by resolution may implement an automated enforcement system and provide that the owner of a motor vehicle, other than an authorized emergency vehicle as defined by Section 541.201, is liable to the authority for a penalty if the vehicle is operated in violation of the instructions of an official traffic-control device regarding entering or exiting a high occupancy vehicle lane.

(c-1) A resolution adopted under Subsection (c) may not provide for the imposition of a penalty for a vehicle that is

operated in violation of the minimum number of persons requirement for use of a high occupancy vehicle lane or for the purpose of enforcing compliance with posted speed limits.

(d) The resolution adopted under this section must:

(1) provide for a penalty of not more than \$100;

(2) authorize an attorney employed by the authority or an attorney with whom the authority contracts to bring suit to collect the penalty;

(3) provide for notice of the violation to the owner of the motor vehicle that committed the violation;

(4) require that a peace officer commissioned by the authority:

(A) review images produced by the automated enforcement system to determine whether the vehicle was operated in violation of the instructions of an official traffic-control device regarding entering or exiting a high occupancy vehicle lane; and

(B) notarize the notice of violation before the notice is mailed to the owner of the motor vehicle that committed the violation;

(5) provide that a notice of violation is presumed to have been received on the fifth day after the date the notice is mailed if the notice was mailed to the owner of a motor vehicle;

(6) provide procedures by which the owner of the motor vehicle may request an administrative adjudication hearing to contest the imposition or the amount of the penalty;

(7) allow for the use of images produced by the automated enforcement system authorized by this section; and

(8) provide for other procedures the board determines are necessary for the imposition of a penalty authorized by this section.

(e) Except as provided by Subsection (f), an image produced by an automated enforcement system may not be used to prosecute a criminal offense.

(f) An image produced by an automated enforcement system may be used to prosecute a criminal offense defined by Chapter 19, 20, 20A, 31, 38, or 49, Penal Code.

ARTICLE 38. REGIONAL TOLLWAY AUTHORITIES

SECTION 38.01. (a) Section 366.038, Transportation Code, is amended to read as follows:

Sec. 366.038. ~~TOLLING SERVICES [TOLL COLLECTION]~~. (a) In this section, "tolling services" means the tolling services normally provided through an authority's customer service center, including customer service, customer account maintenance, transponder supply, and toll collection and enforcement.

(b) An authority shall provide, for reasonable compensation, tolling ~~[customer service and other toll collection and enforcement]~~ services for a toll project in the boundaries of the authority, regardless of whether the toll project is developed, financed, constructed, and operated under an agreement, including a comprehensive development agreement, with the authority or another entity. This section does not restrict an authority from agreeing to provide additional tolling services in an agreement described in Subsection (d). Additional tolling services provided under an agreement under that subsection are subject to the provisions that apply to tolling services under this section.

(c) An authority may not provide financial security, including a cash collateral account, for the performance of tolling services the authority provides under this section if:

(1) the authority determines that providing security could restrict the amount, or increase the cost, of bonds or other debt obligations the authority may subsequently issue under this chapter; or

(2) the authority is not reimbursed its cost of providing the security.

(d) Before providing tolling services for a toll project under this section, an authority must enter into a written agreement that sets out the terms and conditions for the tolling services to be provided and the terms of compensation for those services.

(e) Toll revenues are the property of the entity that is entitled to the revenues under a tolling services agreement for the toll project, regardless of who holds or collects the revenues. Toll revenues that are held or collected by an authority under a tolling services agreement and are not the property of the authority are not subject to a claim adverse to the authority or a lien on or encumbrance against property of the authority. Toll revenues that are the property of the authority are not subject to a claim adverse to any other entity or a lien on or encumbrance against property of any other entity.

(f) An authority may agree in a tolling services agreement that its right and obligation to provide tolling services for the applicable toll project under this section are subject to termination for default, and that after a termination for default this section does not apply to that toll project.

(g) Any public or private entity, including an authority or the department, may agree to fund a cash collateral account for the purpose of providing money that may be withdrawn as provided in the tolling services agreement because of an authority's failure to make any payment as required by the tolling services agreement. An authority's written commitment to fully or partially fund a cash collateral account is conclusive evidence of the authority's determination that the commitment does not violate Subsection (c). The department may use money from any available source to fund a cash collateral account under this subsection.

(b) Subsection (c), Section 366.038, Transportation Code, as added by this section, does not apply to any project, or portion of any project, subject to the tolling services agreement between the North Texas Tollway Authority and the Texas Department of Transportation or a private participant in a comprehensive development agreement for the North Tarrant Express project in Tarrant County or the tolling services agreement for the IH-635 managed lanes project in Dallas County if the agreement is entered into before September 1, 2009.

SECTION 38.02. Section 366.185, Transportation Code, is amended by adding Subsection (d-2) to read as follows:

(d-2) Notwithstanding Subsection (d-1), if the contract amount exceeds \$50 million, the rules adopted under Subsection (d) may provide for a stipend to be offered to an unsuccessful design-build firm that submits a response to the authority's request for additional information, in an amount that:

(1) may exceed \$250,000; and
(2) is reasonably necessary, as determined by the authority in its sole discretion, to compensate an unsuccessful firm for:

(A) preliminary engineering costs associated with the development of the proposal by the firm; and

(B) the value of the work product contained in the proposal, including the techniques, methods, processes, and information contained in the proposal.

SECTION 38.03. Section 366.303, Transportation Code, is amended by amending Subsection (d) and adding Subsections (f) and (g) to read as follows:

(d) The term of an agreement under Subsections (a)-(c) [this section] may not exceed 40 years.

(f) To accelerate a toll project's design, financing, construction, and operation by the entity ultimately responsible for the toll project's design, financing, construction, and operation, a county that is part of an authority, including a county acting under Chapter 284, may acquire right-of-way necessary to locate and preserve the proposed alignment for a potential toll project, and may obtain the environmental approvals, any necessary traffic and revenue studies, and any engineering data necessary to advance the feasibility of a potential toll project. For purposes of this subsection and Subsection (g), "toll project" includes:

(1) a project, as defined by Section 284.001;
(2) a turnpike project, as defined for this chapter;
or
(3) any similar project consisting of one or more

tolled lanes of a bridge, tunnel, or highway or an entire toll bridge, tunnel, or highway, and any improvement, extension, or expansion to the bridge, tunnel, or highway.

(g) A county that acquires right-of-way or obtains approvals, studies, or data under Subsection (f) may petition the applicable authority to negotiate a written agreement by which the county's and the authority's activities can be better coordinated and more efficiently accomplished. The agreement may include provisions by which the authority may agree to later reimburse the county for certain costs the county incurs for right-of-way and other deliverables transferred to and used by the authority if the authority ultimately develops the toll project. The department or the applicable metropolitan planning organization, or both, may be a party or parties to an agreement under this subsection if the county and the authority determine that the inclusion of one or both of those entities furthers the objectives of this subsection.

ARTICLE 39. AUTOMATED TRAFFIC CONTROL SYSTEMS

SECTION 39.01. Section 542.2035, Transportation Code, is amended to read as follows:

Sec. 542.2035. LIMITATION ON MUNICIPALITIES AND COUNTIES.

(a) A municipality or county may not implement or operate an automated traffic control system with respect to a highway or street under its jurisdiction for the purpose of enforcing compliance with posted speed limits. The attorney general shall enforce this subsection.

(b) In this section, "automated traffic control system" means a photographic device, radar device, laser device, or other electrical or mechanical device designed to:

(1) record the speed of a motor vehicle; and
(2) obtain one or more photographs or other recorded images of:

(A) the vehicle;

(B) the license plate attached to the vehicle; or

(C) the operator of the vehicle.

SECTION 39.02. Subchapter B, Chapter 542, Transportation Code, is amended by adding Section 542.207 to read as follows:

Sec. 542.207. LIMITATION ON DEPARTMENT. (a) In this section, "automated traffic control system" has the meaning assigned by Section 542.2035.

(b) The department may not implement or operate an automated traffic control system for the purpose of enforcing compliance with posted speed limits. The attorney general shall enforce this section.

ARTICLE 40. CERTIFICATES OF TITLE; VEHICLE REGISTRATION

SECTION 40.001. Section 501.002, Transportation Code, is amended to read as follows:

Sec. 501.002. DEFINITIONS. In this chapter:

(1) "Certificate of title" means a printed record of title ~~[an instrument]~~ issued under Section 501.021.

(1-a) "Commercial fleet" means a group of at least 25 nonapportioned commercial motor vehicles owned by a corporation, limited or general partnership, limited liability company, or other business entity and used for the business purposes of that entity.

(2) "Credit card" means a card, plate, or similar device used to make a purchase or to borrow money.

(3) "Dealer" has the meaning assigned by Section 503.001 ~~[means a person who purchases motor vehicles for sale at retail]~~.

(4) "Debit card" means a card that enables the holder to withdraw money or to have the cost of a purchase charged directly to the holder's bank account.

(5) ~~[(3)]~~ "Department" means the Texas Department of Transportation.

(6) ~~[(4)]~~ "Distributor" has the meaning assigned by Chapter 2301, Occupations Code ~~[means a person engaged in the business of selling to a dealer motor vehicles purchased from a manufacturer]~~.

(7) ~~[(5)]~~ "First sale" means:

(A) the bargain, sale, transfer, or delivery of a

motor vehicle that has not been previously registered or titled ~~[licensed]~~, with intent to pass an interest in the motor vehicle, other than a lien, regardless of where the bargain, sale, transfer, or delivery occurred; and

(B) the registration or titling ~~[licensing]~~ of that vehicle.

~~[(6)] "House trailer" means a trailer designed for human habitation. The term does not include manufactured housing.~~

~~[(7)] "Importer" means a person, other than a manufacturer, that brings a used motor vehicle into this state for sale in this state.]~~

~~(8) ["Importer's certificate" means a certificate for a used motor vehicle brought into this state for sale in this state.]~~

~~[(9)] "Lien" means:~~

(A) a lien provided for by the constitution or statute in a motor vehicle;

(B) a security interest, as defined by Section 1.201, Business & Commerce Code, in a motor vehicle, other than an absolute title, created by any written security agreement, as defined by Section 9.102, Business & Commerce Code, including a lease, conditional sales contract, deed of trust, chattel mortgage, trust receipt, or reservation of title; or

(C) a child support lien under Chapter 157, Family Code.

(9) ~~[(10)]~~ "Manufactured housing" has the meaning assigned by Chapter 1201, Occupations Code.

(10) ~~[(11)]~~ "Manufacturer" has the meaning assigned by Section 503.001 ~~[means a person regularly engaged in the business of manufacturing or assembling new motor vehicles].~~

~~(11) [(12)] "Manufacturer's permanent vehicle identification number" means the number affixed by the manufacturer to a motor vehicle in a manner and place easily accessible for physical examination and die-stamped or otherwise permanently affixed on one or more removable parts of the vehicle.~~

~~[(13)] "Motorcycle" has the meaning assigned by Section 541.201 [means a motor vehicle, other than a tractor, designed to propel itself with not more than three wheels in contact with the ground].~~

(12) ~~[(14)]~~ "Motor vehicle" means:

(A) any motor driven or propelled vehicle required to be registered under the laws of this state;

(B) a trailer or semitrailer, other than manufactured housing, that has a gross vehicle weight that exceeds 4,000 pounds;

(C) a travel ~~[house]~~ trailer;

(D) an all-terrain vehicle, as defined by Section 502.001, designed by the manufacturer for off-highway use that is not required to be registered under the laws of this state; or

(E) a motorcycle, motor-driven cycle, or moped that is not required to be registered under the laws of this state ~~[, other than a motorcycle, motor-driven cycle, or moped designed for and used exclusively on a golf course].~~

(13) ~~[(15)]~~ "New motor vehicle" has the meaning assigned by Chapter 2301, Occupations Code ~~[means a motor vehicle that has not been the subject of a first sale].~~

(14) ~~[(16)]~~ "Owner" includes a person, other than a manufacturer, importer, distributor, or dealer, claiming title to or having a right to operate under a lien a motor vehicle that has been subject to a first sale.

(15) "Purchaser" means a person or entity, other than a manufacturer, importer, distributor, or dealer, to which a motor vehicle is donated, given, sold, or otherwise transferred.

(16) "Record of title" means an electronic record of motor vehicle ownership in the department's motor vehicle database that is created under Subchapter I.

(17) "Seller" means a person or entity that donates, gives, sells, or otherwise transfers ownership of a motor vehicle.

(18) ~~[(17)]~~ "Semitrailer" means a vehicle that is designed or used with a motor vehicle so that part of the weight of

the vehicle and its load rests on or is carried by another vehicle.

~~[(18) "Serial number" means a vehicle identification number that is affixed to a part of a motor vehicle and that is:~~

~~[(A) the manufacturer's permanent vehicle identification number;~~

~~[(B) a derivative number of the manufacturer's permanent vehicle identification number;~~

~~[(C) the motor number; or~~

~~[(D) the vehicle identification number assigned by the department.]~~

(19) "Steal" has the meaning assigned by Section 31.01, Penal Code.

(20) "Subsequent sale" means:

(A) the bargain, sale, transfer, or delivery of a used motor vehicle ~~[that has been previously registered or licensed in this state or elsewhere]~~, with intent to pass an interest in the vehicle, other than a lien ~~[, regardless of where the bargain, sale, transfer, or delivery occurs]; and~~

(B) the registration of the vehicle if registration is required under the laws of this state.

(21) "Title receipt" means a document ~~[an instrument]~~ issued under Section 501.024.

(22) "Trailer" means a vehicle that:

(A) is designed or used to carry a load wholly on the trailer's own structure; and

(B) is drawn or designed to be drawn by a motor vehicle.

(23) "Travel trailer" means a house trailer-type vehicle or a camper trailer:

(A) that is a recreational vehicle defined under 24 C.F.R. Section 3282.8(g); or

(B) that:

(i) is less than 8 feet in width and 40 feet in length, exclusive of any hitch installed on the vehicle;

(ii) is designed primarily for use as temporary living quarters in connection with recreational, camping, travel, or seasonal use;

(iii) is not used as a permanent dwelling;

and

(iv) is not a utility trailer, enclosed trailer, or other trailer that does not have human habitation as its primary function.

(24) ~~[(23)]~~ "Used motor vehicle" means a motor vehicle that has been the subject of a first sale.

(25) "Vehicle identification number" means:

(A) the manufacturer's permanent vehicle identification number affixed by the manufacturer to the motor vehicle that is easily accessible for physical examination and permanently affixed on one or more removable parts of the vehicle;

or

(B) a serial number affixed to a part of a motor vehicle that is:

(i) a derivative number of the manufacturer's permanent vehicle identification number;

(ii) the motor number; or

(iii) a vehicle identification number assigned by the department.

SECTION 40.002. The heading to Section 501.003, Transportation Code, is amended to read as follows:

Sec. 501.003. PURPOSE ~~[CONSTRUCTION]~~.

SECTION 40.003. Section 501.004(a), Transportation Code, is amended to read as follows:

(a) Except as provided by this section, this ~~[This]~~ chapter applies to all motor vehicles, including a motor vehicle owned by the state or a political subdivision of the state.

SECTION 40.004. Section 501.131, Transportation Code, is transferred to Subchapter A, Chapter 501, Transportation Code, renumbered as Section 501.0041, Transportation Code, and amended to read as follows:

124-1 Sec. 501.0041 ~~[501.131]~~. RULES; FORMS. (a) The department
124-2 may adopt rules to administer this chapter.

124-3 (b) The department shall post on the Internet or ~~[+
124-4 ~~[(1) in addition to the forms required by this
124-5 chapter, prescribe forms for a title receipt, manufacturer's
124-6 certificate, and importer's certificate, and other forms the
124-7 department determines necessary, and~~~~

124-8 ~~[(2)]~~ provide each county assessor-collector with a
124-9 sufficient supply of any necessary ~~[the]~~ forms.

124-10 SECTION 40.005. Section 501.159, Transportation Code, is
124-11 transferred to Subchapter A, Chapter 501, Transportation Code,
124-12 renumbered as Section 501.006, Transportation Code, and amended to
124-13 read as follows:

124-14 Sec. 501.006 ~~[501.159]~~. ALIAS ~~[CERTIFICATE OF]~~ TITLE. On
124-15 receipt of a verified ~~[written]~~ request approved by the executive
124-16 administrator of a law enforcement agency, the department may issue
124-17 a ~~[certificate of]~~ title in the form requested by the executive
124-18 administrator for a vehicle in an alias for the law enforcement
124-19 agency's use in a covert criminal investigation.

124-20 SECTION 40.006. Section 501.021, Transportation Code, is
124-21 amended to read as follows:

124-22 Sec. 501.021. ~~[CERTIFICATE OF]~~ TITLE FOR MOTOR VEHICLE.
124-23 (a) A motor vehicle ~~[certificate of]~~ title ~~[is an instrument]~~
124-24 issued by the department must include ~~[that includes]~~:

124-25 (1) the name and address of each ~~[the]~~ purchaser and
124-26 seller at the first sale or ~~[the transferee and transferor at]~~ a
124-27 subsequent sale;

124-28 (2) the ~~[make of the motor]~~ vehicle description;

124-29 (3) the ~~[body type of the vehicle]~~;

124-30 ~~[(4) the manufacturer's permanent vehicle
124-31 identification number of the vehicle or the vehicle's motor number
124-32 if the vehicle was manufactured before the date that stamping a
124-33 permanent identification number on a motor vehicle was universally
124-34 adopted;~~

124-35 ~~[(5) the serial number for the vehicle;~~

124-36 ~~[(6) the number on the vehicle's current Texas license
124-37 plates, if any;~~

124-38 ~~[(7) a statement:~~

124-39 ~~[(A) that no lien on the vehicle is recorded; or~~

124-40 ~~[(B) of the]~~ name and address of each lienholder
124-41 and the date of each lien on the vehicle, listed in the
124-42 chronological order in which the lien was recorded;

124-43 ~~[(4) [(8) a space for the signature of the owner of the
124-44 vehicle;~~

124-45 ~~[(9)]~~ a statement indicating rights of survivorship
124-46 under Section 501.031;

124-47 ~~[(5) [(10)]~~ if the vehicle has an odometer, the
124-48 odometer reading ~~[indicated by the application for the certificate
124-49 of title]; and~~

124-50 ~~[(6) [(11)]~~ any other information required by the
124-51 department.

124-52 (b) A printed certificate of title must bear the following
124-53 statement on its face:

124-54 "UNLESS OTHERWISE AUTHORIZED BY LAW, IT IS A VIOLATION OF STATE LAW
124-55 TO SIGN THE NAME OF ANOTHER PERSON ON A CERTIFICATE OF TITLE OR
124-56 OTHERWISE GIVE FALSE INFORMATION ON A CERTIFICATE OF TITLE."

124-57 SECTION 40.007. Section 501.022, Transportation Code, is
124-58 amended to read as follows:

124-59 Sec. 501.022. MOTOR VEHICLE ~~[CERTIFICATE OF]~~ TITLE
124-60 REQUIRED. (a) The owner of a motor vehicle registered in this
124-61 state may not operate or permit the operation of the vehicle on a
124-62 public highway until the owner obtains a ~~[certificate of]~~ title for
124-63 the vehicle or until the owner obtains registration for the vehicle
124-64 if a receipt evidencing title to the vehicle is issued under Section
124-65 501.029(b) or Subchapter I.

124-66 (b) A person may not operate a motor vehicle registered in
124-67 this state on a public highway if the person knows or has reason to
124-68 believe that the owner has not obtained a ~~[certificate of]~~ title for
124-69 the vehicle.

(c) The owner of a motor vehicle that is required to be registered in this state must apply for a ~~[certificate of]~~ title to ~~[of]~~ the vehicle before selling or disposing of the vehicle.

(d) Subsection (c) does not apply to a motor vehicle operated on a public highway in this state with a metal dealer's license plate or a dealer's or buyer's temporary ~~[cardboard]~~ tag attached to the vehicle as provided by Chapter 503.

SECTION 40.008. Section 501.023, Transportation Code, is amended to read as follows:

Sec. 501.023. APPLICATION FOR ~~[CERTIFICATE OF]~~ TITLE. (a) The owner of a motor vehicle must apply for a ~~[certificate of]~~ title as prescribed by the department ~~[-]~~

~~[-(1)-]~~ to the county assessor-collector in the county in which:

(1) ~~[-(A)-]~~ the owner is domiciled; or

(2) ~~[-(B)-]~~ the motor vehicle is purchased or encumbered ~~[-, and~~

~~[-(2)- on a form prescribed by the department].~~

(b) The assessor-collector shall send the application to the department or enter it into the department's titling system within 72 ~~[not later than 24]~~ hours after receipt of ~~[receiving]~~ the application.

(c) The owner or a lessee of a commercial motor vehicle operating under the International Registration Plan or other agreement described by Section 502.091 ~~[502.054]~~ that is applying for a ~~[certificate of]~~ title for purposes of registration only ~~may~~ apply ~~[must be made]~~ directly to the department. Notwithstanding Section 501.138(a), an applicant for registration under this subsection shall pay ~~[the department]~~ the fee imposed by that section. The ~~[department shall send the]~~ fee shall be distributed to the appropriate county assessor-collector ~~[for distribution]~~ in the manner provided by Section 501.138.

(d) Applications submitted to the department electronically must request the purchaser's choice of county as stated in Subsection (a) as the recipient of all taxes, fees, and other revenue collected as a result of the transaction.

SECTION 40.009. (a) Effective September 1, 2009, Section 501.0234(b), Transportation Code, is amended to read as follows:

(b) This section does not apply to a motor vehicle:

(1) that has been declared a total loss by an insurance company in the settlement or adjustment of a claim;

(2) for which the certificate of title has been surrendered in exchange for:

(A) a salvage vehicle title issued under this chapter;

(B) a nonrepairable vehicle title issued under this chapter;

(C) a certificate of authority issued under Subchapter D, Chapter 683; or

(D) an ownership document issued by another state that is comparable to a document described by Paragraphs (A)-(C); ~~[or]~~

(3) with a gross weight in excess of 11,000 pounds; or

(4) purchased by a fleet buyer who is a full-service deputy under Section 520.008 and utilizes the dealer title application process developed to provide a method of submitting title transactions to the county in which the fleet buyer is a full-service deputy.

(b) Effective January 1, 2013, Sections 501.0234(a), (b), (d), and (e), Transportation Code, are amended to read as follows:

(a) A person who sells at the first or a subsequent sale a motor vehicle and who holds a general distinguishing number issued under Chapter 503 of this code or Chapter 2301, Occupations Code, shall:

(1) except as provided by this section, in the time and manner provided by law, apply, in the name of the purchaser of the vehicle, for the registration of the vehicle, if the vehicle is to be registered, and a ~~[certificate of]~~ title for the vehicle and file with the appropriate designated agent each document necessary to

transfer title to or register the vehicle; and at the same time

(2) remit any required motor vehicle sales tax.

(b) This section does not apply to a motor vehicle:

(1) that has been declared a total loss by an insurance company in the settlement or adjustment of a claim;

(2) for which the ~~[certificate of]~~ title has been surrendered in exchange for:

(A) a salvage vehicle title or salvage record of title issued under this chapter;

(B) a nonrepairable vehicle title or nonrepairable record of title issued under this chapter or Subchapter D, Chapter 683;

~~[(C) a certificate of authority issued under Subchapter D, Chapter 683;]~~ or

(C) ~~[(D)]~~ an ownership document issued by another state that is comparable to a document described by Paragraph (A) or (B) ~~[Paragraphs (A)-(C)]; [or]~~

(3) with a gross weight in excess of 11,000 pounds; or

(4) purchased by a fleet buyer who utilizes the dealer title application process developed to provide a method to submit title transactions to counties that have approved the persons as full-service deputies under Section 502.114.

(d) A seller who applies for the registration or a ~~[certificate of]~~ title for a motor vehicle under Subsection (a)(1) shall apply in the county as directed by the purchaser from the counties set forth in Section 501.023 ~~[of this code].~~

(e) The department shall develop ~~[promulgate]~~ a form or electronic process in [on] which the purchaser of a motor vehicle shall designate the purchaser's choice as set out in Section 501.023 as the recipient of all taxes, fees, and other revenue collected as a result of the transaction, which the tax assessor-collector is authorized by law to retain. A seller shall make that form or electronic process available to the purchaser of a vehicle at the time of purchase.

SECTION 40.010. Section 501.0235, Transportation Code, is amended to read as follows:

Sec. 501.0235. DRIVER'S LICENSE OR PERSONAL IDENTIFICATION CERTIFICATE [SOCIAL SECURITY] NUMBER OF TITLE APPLICANT[+ AUTOMATED REGISTRATION AND TITLE SYSTEM]. (a) The department shall require an applicant for a ~~[certificate of]~~ title to provide the applicant's driver's license or personal identification certificate ~~[social security]~~ number to the department.

(b) ~~The [department or the county shall enter the applicant's social security] number shall be entered in the department's electronic titling system [database] but may not be printed [print that number] on the [certificate of] title.~~

~~[(c) This section applies only in a county in which the department's automated registration and title system has been implemented.]~~

SECTION 40.011. Section 501.024, Transportation Code, is amended to read as follows:

Sec. 501.024. TITLE RECEIPT. (a) A county assessor-collector who receives an application for a ~~[certificate of]~~ title shall issue a title receipt to the applicant containing the information concerning the motor vehicle required for issuance of a title under Section 501.021 or Subchapter I [7] after:

(1) the requirements of this chapter are met, including the payment of the fees required under Section 501.138; and

(2) the [issue a title receipt on which is noted] information is entered into the department's titling system [concerning the motor vehicle required for the certificate of title under Section 501.021, including a statement of the existence of each lien as disclosed on the application or a statement that no lien is disclosed].

(b) If a lien is not disclosed on the application for a ~~[certificate of]~~ title, the assessor-collector shall issue a [mark the] title receipt ["original" and deliver it] to the applicant.

(c) If a lien is disclosed on the application for a

127-1 ~~[certificate of]~~ title, the assessor-collector shall issue a
 127-2 duplicate title receipt to the lienholder ~~[receipts. The~~
 127-3 ~~assessor-collector shall:~~

127-4 ~~[(1) mark one receipt "original" and mail or deliver~~
 127-5 ~~it to the first lienholder disclosed on the application; and~~

127-6 ~~[(2) mark the second receipt "duplicate original" and~~
 127-7 ~~mail or deliver it to the address of the applicant provided on the~~
 127-8 ~~application].~~

127-9 (d) A title receipt authorizes the operation of the motor
 127-10 vehicle on a public highway in this state for 10 days or until the
 127-11 ~~[certificate of]~~ title is issued, whichever period is shorter.

127-12 SECTION 40.012. Section 501.025, Transportation Code, is
 127-13 amended to read as follows:

127-14 Sec. 501.025. ~~[TITLE RECEIPT REQUIRED ON FIRST SALE,]~~
 127-15 MANUFACTURER'S CERTIFICATE REQUIRED ON FIRST SALE. A county
 127-16 assessor-collector may not issue a title receipt on the first sale
 127-17 of a motor vehicle unless the applicant for the ~~[certificate of]~~
 127-18 title provides ~~[to the assessor-collector]~~ the application for a
 127-19 ~~[certificate of]~~ title and a manufacturer's certificate in [, on] a
 127-20 manner [form] prescribed by the department ~~[, that .~~

127-21 ~~[(1) is assigned to the applicant by the manufacturer,~~
 127-22 ~~distributor, or dealer shown on the manufacturer's certificate as~~
 127-23 ~~the last transferee; and~~

127-24 ~~[(2) shows the transfer of the vehicle from its~~
 127-25 ~~manufacturer to the purchaser, whether a distributor, dealer, or~~
 127-26 ~~owner, and each subsequent transfer from distributor to dealer,~~
 127-27 ~~dealer to dealer, and dealer to applicant].~~

127-28 SECTION 40.013. Section 501.027, Transportation Code, is
 127-29 amended to read as follows:

127-30 Sec. 501.027. ISSUANCE OF [CERTIFICATE OF] TITLE. (a) On
 127-31 the day that a county assessor-collector issues a title receipt, a
 127-32 copy of the title receipt and all evidence of title [the
 127-33 ~~assessor-collector]~~ shall be submitted ~~[mail]~~ to the department in
 127-34 the period specified in Section 501.023(b) [.

127-35 ~~[(1) a copy of the receipt; and~~

127-36 ~~[(2) the evidence of title delivered to the~~
 127-37 ~~assessor-collector by the applicant].~~

127-38 (b) Not later than the fifth day after the date the
 127-39 department receives an application for a ~~[certificate of]~~ title and
 127-40 the department determines the requirements of this chapter are met:

127-41 (1) the [, the department shall issue the certificate
 127-42 of] title shall be issued to the first lienholder or to the
 127-43 applicant if [. If] a lien is not disclosed on the application; or

127-44 (2) [,] the department shall notify [send the
 127-45 certificate by first class mail to] the applicant that the
 127-46 department's titling system has established a record of title of
 127-47 the motor vehicle in the applicant's name if a lien is not disclosed
 127-48 [at the address provided on the application]. If a lien is
 127-49 disclosed on the application, the department shall notify [send]
 127-50 the [certificate by first class mail to the first] lienholder that
 127-51 the lien has been perfected [as disclosed on the application].

127-52 SECTION 40.014. Section 501.0275, Transportation Code, is
 127-53 amended to read as follows:

127-54 Sec. 501.0275. ISSUANCE OF TITLE FOR UNREGISTERED VEHICLE.
 127-55 (a) The department shall issue a ~~[certificate of]~~ title for a motor
 127-56 vehicle that complies with the other requirements ~~[for issuance of~~
 127-57 ~~a certificate of title]~~ under this chapter except that:

127-58 (1) the vehicle is not registered for a reason other
 127-59 than a reason provided by Section 501.051(a)(6) [501.051(6)]; and

127-60 (2) the applicant does not provide evidence of
 127-61 financial responsibility that complies with Section 502.046
 127-62 [502.153].

127-63 (b) On application for a ~~[certificate of]~~ title under this
 127-64 section, the applicant must surrender any license plates issued for
 127-65 the motor vehicle if the plates are not being transferred to another
 127-66 vehicle and any registration insignia for validation of those
 127-67 plates to the department.

127-68 SECTION 40.015. Section 501.0276, Transportation Code, is
 127-69 amended to read as follows:

128-1 Sec. 501.0276. DENIAL OF TITLE RECEIPT, ~~[OR CERTIFICATE OF]~~
 128-2 TITLE, OR RECORD OF TITLE FOR FAILURE TO PROVIDE PROOF OF EMISSIONS
 128-3 TESTING. A county assessor-collector may not issue a title receipt
 128-4 and the department may not issue a certificate of title for a
 128-5 vehicle subject to Section 548.3011 unless proof that the vehicle
 128-6 has passed a vehicle emissions test as required by that section, in
 128-7 a manner ~~[form]~~ authorized by that section, is presented to the
 128-8 county assessor-collector with the application for a ~~[certificate~~
 128-9 ~~of]~~ title.

128-10 SECTION 40.016. Section 501.029, Transportation Code, is
 128-11 amended to read as follows:

128-12 Sec. 501.029. ACCEPTABLE PROOF OF OWNERSHIP ~~[USE OF~~
 128-13 ~~REGISTRATION RECEIPT OR TITLE RECEIPT TO EVIDENCE TITLE]~~. (a) A
 128-14 person may use the department's record of title, a registration
 128-15 receipt issued under Chapter 502, or a title receipt to evidence
 128-16 ownership of ~~[title to]~~ a motor vehicle but ~~[and]~~ not to transfer an
 128-17 interest in or establish a lien on the vehicle.

128-18 (b) The department by rule may provide for the issuance of a
 128-19 receipt that evidences title to a motor vehicle for registration
 128-20 purposes only. The fee for application for the receipt is the fee
 128-21 applicable to application for a ~~[certificate of]~~ title.

128-22 SECTION 40.017. Sections 501.030(b), (d), (e), (f), and
 128-23 (g), Transportation Code, are amended to read as follows:

128-24 (b) Before a motor vehicle that was not manufactured for
 128-25 sale or distribution in the United States may be titled in this
 128-26 state, the applicant must:

128-27 (1) provide to the assessor-collector:
 128-28 (A) a bond release letter, with all attachments,
 128-29 issued by the United States Department of Transportation
 128-30 acknowledging:

128-31 (i) receipt of a statement of compliance
 128-32 submitted by the importer of the vehicle; and

128-33 (ii) that the statement meets the safety
 128-34 requirements of 19 C.F.R. Section 12.80(e);

128-35 (B) a bond release letter, with all attachments,
 128-36 issued by the United States Environmental Protection Agency stating
 128-37 that the vehicle has been tested and shown to conform to federal
 128-38 emission requirements; and

128-39 (C) a receipt or certificate issued by the United
 128-40 States Department of the Treasury showing that all gas guzzler
 128-41 taxes due on the vehicle under 26 U.S.C. Section 4064(a) have been
 128-42 paid; or

128-43 (2) provide to the assessor-collector proof,
 128-44 satisfactory to the department, ~~[assessor-collector]~~ that the
 128-45 vehicle was not brought into the United States from outside ~~[of]~~ the
 128-46 country.

128-47 (d) If a motor vehicle has not been titled or registered in
 128-48 the United States, the application for ~~[certificate of]~~ title must
 128-49 be accompanied by:

128-50 (1) a manufacturer's certificate of origin written in
 128-51 English issued by the vehicle manufacturer;

128-52 (2) the original documents that constitute valid proof
 128-53 of ownership in the country where the vehicle was originally
 128-54 purchased, with an English translation of the documents verified as
 128-55 to the accuracy of the translation by an affidavit of the
 128-56 translator; or

128-57 (3) if the vehicle was imported from a country that
 128-58 cancels the vehicle registration and title for export, the
 128-59 documents assigned to the vehicle after the registration and title
 128-60 were canceled, with an English translation of the documents
 128-61 verified as to the accuracy of the translation by an affidavit of
 128-62 the translator.

128-63 (e) Before a motor vehicle that is required to be registered
 128-64 in this state and that is brought into this state by a person other
 128-65 than a manufacturer or importer may be bargained, sold,
 128-66 transferred, or delivered with an intent to pass an interest in the
 128-67 vehicle or encumbered by a lien, the owner must apply for a
 128-68 ~~[certificate of]~~ title in ~~[on]~~ a manner ~~[form]~~ prescribed by the
 128-69 department to the county assessor-collector for the county in which

the transaction is to take place. The assessor-collector may not issue a title receipt unless the applicant delivers to the assessor-collector satisfactory evidence ~~[of title]~~ showing that the applicant is the owner of the vehicle and that the vehicle is free of any undisclosed liens.

(f) A county assessor-collector may not be held liable for civil damages arising out of the assessor-collector's failure to reflect on the title receipt a lien or encumbrance on a motor vehicle to which Subsection (e) applies unless the ~~[assessor-collector's]~~ failure constitutes wilful or wanton negligence.

(g) Until an applicant has complied with this section:

(1) a county assessor-collector may not accept an application for ~~[certificate of]~~ title; and

(2) the applicant is not entitled to an appeal as provided by Sections 501.052 and 501.053.

SECTION 40.018. Section 501.031, Transportation Code, is amended to read as follows:

Sec. 501.031. RIGHTS OF SURVIVORSHIP AGREEMENT. (a) The department shall include on each ~~[certificate of]~~ title an optional [a] rights of survivorship agreement that [form. The form must]:

(1) provides [provide] that if the agreement is between [signed by] two or more eligible persons, the motor vehicle is held jointly by those persons with the interest of a person who dies to transfer [survive] to the surviving person or persons; and

(2) provides [provide blanks] for the acknowledgment by signature, either electronically or by hand, [signatures] of the persons.

(b) If the vehicle is registered in the name of one or more of the persons who acknowledged [signed] the agreement, the ~~[certificate of]~~ title may contain a:

(1) rights of survivorship agreement acknowledged [signed] by all the persons; or

(2) remark if a rights of survivorship agreement is ~~[surrendered with the application for certificate of title or otherwise]~~ on file with the department.

(c) Ownership [Except as provided in Subsection (g), ownership] of the vehicle may be transferred only:

(1) by all the persons acting jointly, if all the persons are alive; and

(2) on the death of one of the persons by the surviving person or persons by transferring ownership of the vehicle [the certificate of title], in the manner otherwise required by law ~~[for transfer of ownership of the vehicle]~~, with a copy of the death certificate of the deceased person ~~[attached to the certificate of title application]~~.

(d) A rights of survivorship agreement under this section may be revoked only if [by surrender of the certificate of title to the department and joint application by] the persons named in [who signed] the agreement file a joint application for a new title in the name of the person or persons designated in the application.

(e) A person is eligible to file [sign] a rights of survivorship agreement under this section if the person:

(1) is married and the spouse of the ~~[signing]~~ person is the only other party to the agreement;

(2) is unmarried and attests to that unmarried status by affidavit; or

(3) is married and provides the department with an affidavit from the ~~[signing]~~ person's spouse that attests that the ~~[signing]~~ person's interest in the vehicle is the ~~[signing]~~ person's separate property.

(f) The department may develop an optional electronic [If the title is being issued in connection with the sale of the vehicle, the seller is not eligible to sign a] rights of survivorship agreement for public use [under this section unless the seller is the child, grandchild, parent, grandparent, brother, or sister of each other person signing the agreement. A family relationship required by this subsection may be a relationship established by adoption.]

~~[(g) If an agreement, other than the agreement provided for in Subsection (a), providing for right of survivorship is signed by two or more persons, the department shall issue a new certificate of title to the surviving person or persons upon application accompanied by a copy of the death certificate of the deceased person. The department may develop for public use under this subsection an optional rights of survivorship agreement form].~~

SECTION 40.019. Section 501.032, Transportation Code, is amended to read as follows:

Sec. 501.032. ASSIGNMENT OF VEHICLE IDENTIFICATION ~~[SERIAL]~~ NUMBER BY DEPARTMENT. (a) On proper application, the department shall assign a vehicle identification ~~[a serial]~~ number to a travel ~~[house]~~ trailer, a trailer or semitrailer that has a gross vehicle weight that exceeds 4,000 pounds, or an item of equipment, including a tractor, farm implement, unit of special mobile equipment, or unit of off-road construction equipment on which:

(1) a vehicle identification ~~[a serial]~~ number was not die-stamped by the manufacturer; or

(2) a vehicle identification ~~[the serial]~~ number die-stamped by the manufacturer has been lost, removed, or obliterated.

(b) The applicant shall die-stamp the assigned vehicle identification ~~[serial]~~ number at the place designated by the department on the travel ~~[house]~~ trailer, trailer, semitrailer, or equipment.

(c) The manufacturer's vehicle identification ~~[serial]~~ number or the vehicle identification ~~[serial]~~ number assigned by the department shall be affixed on the carriage or axle part of the travel ~~[house]~~ trailer, trailer, or semitrailer. The department shall use the number as the major identification of the vehicle in the issuance of a ~~[certificate of]~~ title.

SECTION 40.020. Sections 501.033(a), (b), and (d), Transportation Code, are amended to read as follows:

(a) A person determined by ~~[the department or]~~ a court to be the owner of a motor vehicle, a part of a motor vehicle, or an item of equipment including a tractor, farm implement, unit of special mobile equipment, or unit of off-road construction equipment ~~[that has had the serial number removed, altered, or obliterated]~~ may apply to the department for an assigned vehicle identification number that has been removed, altered, or obliterated.

(b) An application under this section must be in ~~[on]~~ a manner ~~[form]~~ prescribed ~~[and furnished]~~ by the department and accompanied by ~~[the certificate of title for the vehicle or other]~~ valid evidence of ownership as required by the department ~~[if there is no certificate of title]~~.

(d) The assigned vehicle identification number shall be die-stamped or otherwise affixed ~~[to the motor vehicle, part, or item of equipment at the location and]~~ in the manner designated by the department.

SECTION 40.021. Section 520.011, Transportation Code, is transferred to Subchapter B, Chapter 501, Transportation Code, renumbered as Section 501.0331, Transportation Code, and amended to read as follows:

Sec. 501.0331 ~~[520.011]~~. MOTOR NUMBER REQUIRED FOR VEHICLE REGISTRATION ~~[, PENALTY]~~. ~~[(a)]~~ A person may not apply to the county assessor-collector for the registration of a motor vehicle from which the original motor number has been removed, erased, or destroyed until the motor vehicle bears the motor number assigned by the department.

~~[(b) A person commits an offense if the person violates this section. An offense under this subsection is a misdemeanor punishable by a fine of not less than \$50 and not more than \$100.]~~

SECTION 40.022. Section 520.012, Transportation Code, is transferred to Subchapter B, Chapter 501, Transportation Code, renumbered as Section 501.0332, Transportation Code, and amended to read as follows:

Sec. 501.0332 ~~[520.012]~~. APPLICATION FOR MOTOR NUMBER RECORD ~~[, RECORD, PENALTY]~~. (a) To obtain a motor number assigned

by the department, the owner of a motor vehicle that has had the original motor number removed, erased, or destroyed must file a sworn application with the department.

(b) The department shall maintain a record of ~~[separate register for recording]~~ each motor number assigned by the department that includes ~~[For each motor number assigned by the department, the record must indicate]:~~

- (1) the motor number assigned by the department;
- (2) the name and address of the owner of the motor vehicle; and
- (3) the make, model, and year of manufacture of the motor vehicle.

~~[(c) A person who fails to comply with this section commits an offense. An offense under this subsection is a misdemeanor punishable by a fine of not less than \$10 and not more than \$100.]~~

SECTION 40.023. Section 501.034, Transportation Code, is amended to read as follows:

Sec. 501.034. ISSUANCE OF TITLE TO GOVERNMENT AGENCY. The department may issue a ~~[certificate of]~~ title to a government agency if a vehicle or part of a vehicle is:

- (1) forfeited to the government agency;
- (2) delivered by court order under the Code of Criminal Procedure to a government agency for official purposes; or
- (3) sold as abandoned or unclaimed property under the Code of Criminal Procedure.

SECTION 40.024. Section 501.035, Transportation Code, is amended to read as follows:

Sec. 501.035. ~~[CERTIFICATE OF]~~ TITLE FOR FORMER MILITARY VEHICLE. (a) Notwithstanding any other law, the department may ~~[shall]~~ issue a ~~[certificate of]~~ title for a former military vehicle ~~[that is not registered under the laws of this state]~~ if all ~~[other]~~ requirements for issuance of a ~~[certificate of]~~ title are met.

(b) In this section, "former military vehicle" has the meaning assigned by Section 504.502 ~~[502.275(o)]~~.

SECTION 40.025. Section 501.036, Transportation Code, is amended to read as follows:

Sec. 501.036. ~~[CERTIFICATE OF]~~ TITLE FOR FARM SEMITRAILER. (a) Notwithstanding any other provision of this chapter, the department may issue a ~~[certificate of]~~ title for a farm semitrailer with a gross weight of more than 4,000 pounds if:

- (1) the farm semitrailer is eligible for registration under Section 502.146 ~~[504.504]~~; and
- (2) all other requirements for issuance of a ~~[certificate of]~~ title are met.

(b) To obtain a ~~[certificate of]~~ title under this section, the owner of the farm semitrailer must:

- (1) apply for the ~~[certificate of]~~ title in the manner required by Section 501.023; and
- (2) pay the fee required by Section 501.138.

(c) The department shall adopt rules ~~[and forms]~~ to implement and administer this section.

SECTION 40.026. Section 501.051, Transportation Code, is amended to read as follows:

Sec. 501.051. GROUNDS FOR REFUSAL TO ISSUE OR FOR REVOCATION OR SUSPENSION OF TITLE ~~[CERTIFICATE]~~. (a) A title may be refused, canceled, suspended, or revoked by the ~~[The]~~ department ~~[shall refuse to issue a certificate of title or shall suspend or revoke a certificate of title]~~ if:

- (1) the application ~~[for the certificate]~~ contains a false or fraudulent statement;
- (2) the applicant failed to furnish required information requested by the department;
- (3) the applicant is not entitled to a ~~[certificate of]~~ title;
- (4) the department has reason to believe that the motor vehicle is stolen;
- (5) the department has reason to believe that the issuance of a ~~[certificate of]~~ title would defraud the owner or a

lienholder of the motor vehicle;
 (6) the registration for the motor vehicle is
 suspended or revoked; or

(7) the required fee has not been paid.
 (b) The department may rescind, cancel, or revoke an
 application for a title if a notarized affidavit is presented to the
 department containing:

(1) a statement that the vehicle involved was a new
 motor vehicle in the process of a first sale;

(2) a statement that the dealer, the applicant, and
 any lienholder have canceled the sale;

(3) a statement that the vehicle:
(A) was never in the possession of the title
 applicant; or

(B) was in the possession of the title applicant;
 and

(4) the signatures of the dealer, the applicant, and
 any lienholder.

(c) A rescission, cancellation, or revocation containing
 the statement authorized under Subsection (b)(3)(B) does not negate
 the fact that the vehicle has been the subject of a previous retail
 sale.

SECTION 40.027. The heading to Section 501.052,
 Transportation Code, is amended to read as follows:

Sec. 501.052. HEARING ON REFUSAL TO ISSUE OR REVOCATION OR
 SUSPENSION OF ~~[CERTIFICATE OF]~~ TITLE; APPEAL.

SECTION 40.028. Sections 501.052(a), (d), and (e),
 Transportation Code, are amended to read as follows:

(a) An interested person aggrieved by a refusal,
 rescission, cancellation, suspension, or revocation under Section
 501.051 may apply for a hearing to the county assessor-collector
 for the county in which the person is a resident ~~[domiciled]~~. On
 the day an assessor-collector receives the application, the
 assessor-collector shall notify the department of the date of the
 hearing.

(d) A determination of the assessor-collector is binding on
 the applicant and the department as to whether the department
 correctly refused to issue or correctly rescinded, canceled,
 revoked, or suspended the ~~[certificate of]~~ title.

(e) An applicant aggrieved by the determination under
 Subsection (d) may appeal to the county court of the county of the
 applicant's residence. An applicant must file an appeal not later
 than the fifth day after the date of the assessor-collector's
 determination. The county court judge shall try the appeal in the
 manner of other civil cases. All rights and immunities granted in
 the trial of a civil case are available to the interested parties.
 If the department's action is not sustained, the department shall
 promptly issue a ~~[certificate of]~~ title for the vehicle.

SECTION 40.029. Section 501.053, Transportation Code, is
 amended by amending Subsections (a), (b), and (d) and adding
 Subsection (e) to read as follows:

(a) As an alternative to the procedure provided by Section
 501.052, the person may file a bond with the department. On the
 filing of the bond the person ~~[department]~~ may obtain a ~~[issue the
 certificate of]~~ title.

(b) The bond must be:
 (1) in the manner ~~[form]~~ prescribed by the department;
 (2) executed by the applicant;
 (3) issued by a person authorized to conduct a surety
 business in this state;

(4) in an amount equal to one and one-half times the
 value of the vehicle as determined by the department, which may set
 the value by appraisal if it is unable to determine that value; and

(5) conditioned to indemnify all prior owners and
 lienholders and all subsequent purchasers of the vehicle or persons
 who acquire a security interest in the vehicle, and their
 successors in interest, against any expense, loss, or damage,
 including reasonable attorney's fees, occurring because of the
 issuance of the ~~[certificate of]~~ title for the vehicle or for a

defect in or undisclosed security interest on the right, title, or interest of the applicant to the vehicle.

(d) A bond under this section expires on the third anniversary of the date the bond became effective. ~~[The department shall return an expired bond to the person who filed the bond unless the department has been notified of a pending action to recover on the bond.]~~

(e) The department by rule may establish a fee to cover the cost of administering this section.

SECTION 40.030. Section 501.071, Transportation Code, is amended to read as follows:

Sec. 501.071. SALE OF VEHICLE; TRANSFER OF TITLE. (a) Except as provided in Section 503.039, a motor vehicle may not be the subject of a subsequent sale unless the owner designated on [in] the ~~[certificate of]~~ title submits a transfer of ownership of ~~[transfers] the [certificate of] title [at the time of the sale].~~

(b) The transfer of the ~~[certificate of]~~ title must be in ~~[on]~~ a manner [form] prescribed by the department that ~~[includes a statement that]:~~

(1) certifies the purchaser [signer] is the owner of the vehicle; and

(2) certifies there are no liens on the vehicle or provides a release of each lien [except as shown] on the vehicle ~~[certificate of title or as fully described in the statement].~~

SECTION 40.031. Section 501.072, Transportation Code, is amended to read as follows:

Sec. 501.072. ODOMETER DISCLOSURE STATEMENT. (a) Except as provided by Subsection (b) ~~[(c)]~~, the seller of a motor vehicle sold in this state shall provide to the buyer, in [on] a manner [form] prescribed by the department, a ~~[written]~~ disclosure of the vehicle's odometer reading at the time of the sale that complies with federal law. ~~[The form must include space for the signature and printed name of both the seller and buyer.]~~

(b) ~~[When application for a certificate of title is made, the owner shall record the current odometer reading on the application. The written disclosure required by Subsection (a) must accompany the application.]~~

~~[(c)]~~ An odometer disclosure statement is not required for the sale of a motor vehicle that:

(1) has a gross vehicle weight rating [manufacturer's rated carrying capacity] of more than 18,000 pounds [two tons];

(2) is not self-propelled;

(3) is 10 or more years old;

(4) is sold directly by the manufacturer to an agency of the United States government in conformity with contractual specifications; or

(5) is a new motor vehicle.

SECTION 40.032. Section 520.022, Transportation Code, is transferred to Subchapter D, Chapter 501, Transportation Code, renumbered as Section 501.0721, Transportation Code, and amended to read as follows:

Sec. 501.0721 ~~[520.022]~~. DELIVERY OF RECEIPT AND TITLE TO PURCHASER ~~[TRANFEREE; PENALTY]~~. ~~[(a)]~~ A person, whether acting for that person or another, who sells, trades, or otherwise transfers a used motor vehicle shall deliver to the purchaser ~~[transferee]~~ at the time of delivery of the vehicle ~~[+]~~

~~[(1) the license receipt issued by the department for registration of the vehicle, if the vehicle was required to be registered at the time of the delivery, and~~

~~[(2)] a properly assigned [certificate of] title or other evidence of title as required under this chapter [Chapter 501].~~

~~[(b) A person commits an offense if the person violates this section. An offense under this subsection is a misdemeanor punishable by a fine not to exceed \$200.]~~

SECTION 40.033. Sections 501.074(a), (b), and (c), Transportation Code, are amended to read as follows:

(a) The department shall issue a new ~~[certificate of]~~ title for a motor vehicle registered in this state for which the ownership

is transferred by operation of law [~~including by inheritance, devise or bequest, bankruptcy, receivership, judicial sale,~~] or other involuntary divestiture of ownership after receiving:

(1) a certified copy of an [~~the~~] order appointing a temporary administrator or of the probate proceedings;

(2) letters testamentary or letters of administration;

(3) if administration of an estate is not necessary, an affidavit showing that administration is not necessary, identifying all heirs, and including a statement by the heirs of the name in which the certificate shall be issued;

(4) a court order; or

(5) the bill of sale from an officer making a judicial sale.

(b) If a lien is foreclosed by nonjudicial means, the department may issue a new [~~certificate of~~] title in the name of the purchaser at the foreclosure sale on receiving the affidavit of the lienholder of the fact of the nonjudicial foreclosure.

(c) If a constitutional or statutory lien is foreclosed, the department may issue a new [~~certificate of~~] title in the name of the purchaser at the foreclosure sale on receiving:

(1) the affidavit of the lienholder of the fact of the creation of the lien and of the divestiture of title according to law; and

(2) proof of notice as required by Sections 70.004 and 70.006, Property Code.

SECTION 40.034. Section 501.091, Transportation Code, is amended by amending Subdivisions (2), (3), (6), (7), (8), (9), (10), (11), (12), (14), (15), (16), (17), (18), and (19) and adding Subdivisions (10-a) and (16-a) to read as follows:

(2) "Casual sale" means the sale by a salvage vehicle dealer or an insurance company of five or fewer [~~not more than five~~] nonrepairable motor vehicles or salvage motor vehicles to the same person during a calendar year, but [~~The term~~] does not include~~+~~

[~~(A)~~] a sale at auction to a salvage vehicle dealer, insurance company, or governmental entity [~~+~~ or [~~(B)~~] the sale of an export-only motor vehicle to a person who is not a resident of the United States].

(3) "Damage" means sudden damage to a motor vehicle caused by the motor vehicle being wrecked, burned, flooded, or stripped of major component parts. The term does not include:

(A) gradual damage from any cause;

(B) [~~+~~] sudden damage caused by hail;

(C) [~~+~~] any damage caused only to the exterior paint of the motor vehicle; or

(D) theft, unless the motor vehicle was damaged during the theft and before recovery.

(6) "Major component part" means one of the following parts of a motor vehicle:

(A) the engine;

(B) the transmission;

(C) the frame;

(D) a fender;

(E) the hood;

(F) a door allowing entrance to or egress from the passenger compartment of the motor vehicle;

(G) a bumper;

(H) a quarter panel;

(I) a deck lid, tailgate, or hatchback;

(J) the cargo box of a vehicle with a gross vehicle weight of 10,000 pounds or less [~~one-ton or smaller truck~~], including a pickup truck;

(K) the cab of a truck;

(L) the body of a passenger motor vehicle;

(M) the roof or floor pan of a passenger motor vehicle, if separate from the body of the motor vehicle.

(7) "Metal recycler" means a person who:

(A) is [~~predominately~~] engaged in the business of obtaining, converting, or selling ferrous or nonferrous metal [~~that~~

has served its original economic purpose to convert the metal, or sell the metal] for conversion^[7] into raw material products consisting of prepared grades and having an existing or potential economic value;

(B) has a facility to convert ferrous or nonferrous metal into raw material products ~~[consisting of prepared grades and having an existing or potential economic value,]~~ by method other than the exclusive use of hand tools, including the processing, sorting, cutting, classifying, cleaning, baling, wrapping, shredding, shearing, or changing the physical form or chemical content of the metal; and

(C) sells or purchases the ferrous or nonferrous metal solely for use as raw material in the production of new products.

(8) "Motor vehicle" has the meaning assigned by Section 501.002 ~~[501.002(14)]~~.

(9) "Nonrepairable motor vehicle" means a motor vehicle that:

(A) is damaged, wrecked, or burned to the extent that the only residual value of the vehicle is as a source of parts or scrap metal; or

(B) comes into this state under a comparable ~~[title or other]~~ ownership document that indicates that the vehicle is nonrepairable ~~[, junked, or for parts or dismantling only]~~.

(10) "Nonrepairable vehicle title" means a printed document issued by the department that evidences ownership of a nonrepairable motor vehicle.

(10-a) "Nonrepairable record of title" means an electronic record of ownership of a nonrepairable motor vehicle.

(11) "Out-of-state buyer" means a person licensed in an automotive business by another state or jurisdiction who is ~~[if the department has listed the holders of such a license as permitted purchasers of salvage motor vehicles or nonrepairable motor vehicles based on substantially similar licensing requirements and on whether salvage vehicle dealers licensed in Texas are]~~ permitted to purchase salvage motor vehicles or nonrepairable motor vehicles in this state because the other state or jurisdiction allows salvage dealers licensed in this state to purchase vehicles in that state.

(12) "Out-of-state ownership document" means a negotiable document issued by another state or jurisdiction that the department considers sufficient to prove ownership of a nonrepairable motor vehicle or salvage motor vehicle and to support the issuance of a comparable Texas ~~[certificate of]~~ title for the motor vehicle. The term does not include any ~~[a]~~ title or certificate issued by the department ~~[, including a regular certificate of title, a nonrepairable vehicle title, a salvage vehicle title, a Texas Salvage Certificate, Certificate of Authority to Demolish a Motor Vehicle, or another ownership document issued by the department]~~.

(14) "Rebuilder" means a person who acquires and repairs, rebuilds, or reconstructs salvage motor vehicles for operation on a public highway~~[, three or more salvage motor vehicles in a calendar year]~~.

(15) "Salvage motor vehicle" ~~[+]~~ ~~[(A)]~~ means a motor vehicle that:
(A) ~~[(i)]~~ has damage to or is missing a major component part to the extent that the cost of repairs, including parts and labor other than the cost of materials and labor for repainting the motor vehicle and excluding sales tax on the total cost of repairs, exceeds the actual cash value of the motor vehicle immediately before the damage; or

(B) ~~[(ii) is damaged and that]~~ comes into this state under an out-of-state salvage motor vehicle ~~[certificate of]~~ title or similar out-of-state ownership document ~~[that states on its face "accident damage," "flood damage," "inoperable," "rebuildable," "salvageable," or similar notation; and]~~

~~[(B) does not include an out-of-state motor vehicle with a "rebuilt," "prior salvage," "salvaged," or similar~~

notation, a nonrepairable motor vehicle, or a motor vehicle for which an insurance company has paid a claim for:

~~[(i) the cost of repairing hail damage, or
[(ii) theft, unless the motor vehicle was
damaged during the theft and before recovery to the extent
described by Paragraph (A)(i)].~~

(16) "Salvage vehicle title" means a printed document issued by the department that evidences ownership of a salvage motor vehicle.

(16-a) "Salvage record of title" means an electronic record of ownership of a salvage motor vehicle.

(17) "Salvage vehicle dealer" means a person engaged in this state in the business of acquiring, selling, dismantling, repairing, rebuilding, reconstructing, or otherwise dealing in nonrepairable motor vehicles, salvage motor vehicles, or used parts regardless of whether the person holds a license issued by the department to engage in that business. ~~[The term does not include a person who casually repairs, rebuilds, or reconstructs fewer than three salvage motor vehicles in the same calendar year.]~~ The term includes a buyer licensed in another state but does not include an unlicensed ~~[a] person who casually [engaged in the business of]:~~

(A) repairs, rebuilds, or reconstructs five or fewer salvage motor vehicles or nonrepairable motor vehicles in the same calendar year [a salvage vehicle dealer, regardless of whether the person holds a license issued by the department to engage in that business]; or

(B) buys five or fewer [dealing in] nonrepairable motor vehicles or salvage motor vehicles in the same calendar year [regardless of whether the person deals in used parts; or

~~[(C) dealing in used parts regardless of whether the person deals in nonrepairable motor vehicles or salvage motor vehicles].~~

(18) "Self-insured motor vehicle" means a motor vehicle for which the ~~[evidence of ownership is a manufacturer's certificate of origin or for which the department or another state or jurisdiction has issued a regular certificate of title, is self-insured by the] owner [and is owned by an individual, a business,]~~ or a governmental entity assumes full financial responsibility for motor vehicle loss claims~~[and]~~ without regard to the number of motor vehicles they own or operate. The term does not include a motor vehicle that is insured by an insurance company.

(19) "Used part" means a part that is salvaged, dismantled, or removed from a motor vehicle for resale as is or as repaired. The term includes a major component part but does not include a rebuildable or rebuilt core ~~[including an engine, block, crankshaft, transmission, or other core part that is acquired, possessed, or transferred in the ordinary course of business].~~

SECTION 40.035. Section 501.098, Transportation Code, is renumbered as Section 501.09111, Transportation Code, and amended to read as follows:

Sec. 501.09111 [501.098]. RIGHTS AND LIMITATIONS OF [HOLDER OF] NONREPAIRABLE VEHICLE TITLE, NONREPAIRABLE RECORD OF TITLE, [OR] SALVAGE VEHICLE TITLE, OR SALVAGE RECORD OF TITLE. (a) A person who owns ~~[holds]~~ a nonrepairable ~~[vehicle title for a]~~ motor vehicle:

(1) is entitled to possess, transport, dismantle, scrap, destroy, record a lien as provided for in Section 501.097(a)(3)(A), and sell, transfer, or release ownership of the motor vehicle or a used part from the motor vehicle; and

(2) may not:

(A) operate or permit the operation of the motor vehicle on a public highway, in addition to any other requirement of law;

(B) repair, rebuild, or reconstruct the motor vehicle; or

(C) register the motor vehicle.

(b) A person who holds a nonrepairable certificate of title issued prior to September 1, 2003, [+]

137-1 ~~[(1)]~~ is entitled to the same rights listed in
 137-2 Subsection (a) and may [+

137-3 ~~[(A)]~~ repair, rebuild, or reconstruct the motor
 137-4 vehicle [+

137-5 ~~[(B)] possess, transport, dismantle, scrap, or~~
 137-6 ~~destroy the motor vehicle; and~~

137-7 ~~[(C)] sell, transfer, or release ownership of the~~
 137-8 ~~vehicle or a used part from the motor vehicle; and~~

137-9 ~~[(2)] may not:~~

137-10 ~~[(A)] operate or permit the operation of the motor~~
 137-11 ~~vehicle on a public highway, in addition to any other requirement of~~
 137-12 ~~law; or~~

137-13 ~~[(B)] register the motor vehicle].~~

137-14 (c) A person who owns ~~[holds]~~ a salvage ~~[vehicle title for~~
 137-15 ~~a] motor vehicle:~~

137-16 (1) is entitled to possess, transport, dismantle,
 137-17 scrap, destroy, repair, rebuild, reconstruct, record a lien on, and
 137-18 sell, transfer, or release ownership of the motor vehicle or a used
 137-19 part from the motor vehicle; and

137-20 (2) may not operate, register, or permit the operation
 137-21 of the motor vehicle on a public highway, in addition to any other
 137-22 requirement of law.

137-23 SECTION 40.036. Section 501.103, Transportation Code, is
 137-24 renumbered as Section 501.09112, Transportation Code, and amended
 137-25 to read as follows:

137-26 Sec. 501.09112 ~~[501.103]~~. APPEARANCE ~~[COLOR]~~ OF
 137-27 NONREPAIRABLE VEHICLE TITLE OR SALVAGE VEHICLE TITLE. (a) The
 137-28 department's printed ~~[department shall print a]~~ nonrepairable
 137-29 vehicle title:

137-30 (1) must ~~[in a color that distinguishes it from a~~
 137-31 ~~regular certificate of title or salvage vehicle title; and~~

137-32 ~~[(2)] so that it]~~ clearly indicate ~~[shows]~~ that it is
 137-33 the negotiable ownership document for a nonrepairable motor
 137-34 vehicle;

137-35 (2) [-

137-36 ~~[(b)] A nonrepairable vehicle title must state on its face~~
 137-37 ~~that the motor vehicle:~~

137-38 ~~[(1)]~~ may not be:

137-39 (A) issued a regular ~~[certificate of]~~ title;

137-40 (B) registered in this state; or

137-41 (C) repaired, rebuilt, or reconstructed; and

137-42 (3) ~~[(2)]~~ may be used only as a source for used parts
 137-43 or scrap metal.

137-44 (b) ~~[(c)]~~ The department's printed ~~[department shall print~~
 137-45 ~~a] salvage vehicle title must [+~~

137-46 ~~[(A)] in a color that distinguishes it from a~~
 137-47 ~~regular certificate of title or nonrepairable vehicle title; and~~

137-48 ~~[(B)] so that each document]~~ clearly show ~~[shows]~~
 137-49 that it is the ownership document for a salvage motor vehicle.

137-50 (c) ~~[(d)]~~ A salvage vehicle title or a salvage record of
 137-51 title for a vehicle that is a salvage motor vehicle because of
 137-52 damage caused exclusively by flood must bear a notation ~~[on its~~
 137-53 ~~face]~~ that the department considers appropriate. If the title for a
 137-54 motor vehicle reflects the notation required by this subsection,
 137-55 the owner may sell, transfer, or release the motor vehicle only as
 137-56 provided by this subchapter.

137-57 (d) An electronic application for a nonrepairable vehicle
 137-58 title, nonrepairable record of title, salvage vehicle title, or
 137-59 salvage record of title must clearly advise the applicant of the
 137-60 same provisions required on a printed title.

137-61 (e) A nonrepairable vehicle title, nonrepairable record of
 137-62 title, salvage vehicle title, or salvage record of title in the
 137-63 department's electronic database must include appropriate remarks
 137-64 so that the vehicle record clearly shows the status of the vehicle
 137-65 [The department may provide a stamp to a person who is a licensed
 137-66 salvage vehicle dealer under Chapter 2302, Occupations Code, to
 137-67 mark the face of a title under this subchapter. The department
 137-68 shall provide the stamp to the person for a fee in the amount
 137-69 determined by the department to be necessary for the department to

138-1 ~~recover the cost of providing the stamp].~~

138-2 SECTION 40.037. Section 501.101, Transportation Code, is
138-3 renumbered as Section 501.09113, Transportation Code, and amended
138-4 to read as follows:

138-5 Sec. 501.09113 ~~[501.101].~~ OUT-OF-STATE SALVAGE OR REBUILT
138-6 SALVAGE VEHICLE [ISSUANCE OF TITLE TO MOTOR VEHICLE BROUGHT INTO
138-7 STATE]. (a) This section applies only to a motor vehicle brought
138-8 into this state from another state or jurisdiction that has on any
138-9 ~~[certificate of]~~ title or comparable out-of-state ownership
138-10 document issued by the other state or jurisdiction:

138-11 (1) a "rebuilt," "salvage," or similar notation; or
138-12 (2) a "nonrepairable," "dismantle only," "parts
138-13 only," "junked," "scrapped," or similar notation.

138-14 (b) On receipt of a complete application from the owner of
138-15 the motor vehicle, the department shall issue the applicant the
138-16 appropriate ~~[certificate of]~~ title for the motor vehicle.

138-17 ~~[(c) A certificate of title issued under this section must~~
138-18 ~~show on its face:~~

138-19 ~~[(1) the date of issuance,~~
138-20 ~~[(2) the name and address of the owner,~~
138-21 ~~[(3) any registration number assigned to the motor~~
138-22 ~~vehicle, and~~
138-23 ~~[(4) a description of the motor vehicle or other~~
138-24 ~~notation the department considers necessary or appropriate.]~~

138-25 SECTION 40.038. The heading to Section 501.095,
138-26 Transportation Code, is amended to read as follows:

138-27 Sec. 501.095. SALE, TRANSFER, OR RELEASE ~~[OF NONREPAIRABLE~~
138-28 ~~MOTOR VEHICLE OR SALVAGE MOTOR VEHICLE].~~

138-29 SECTION 40.039. Section 501.095, Transportation Code, is
138-30 amended to read as follows:

138-31 Sec. 501.095. SALE, TRANSFER, OR RELEASE OF NONREPAIRABLE
138-32 MOTOR VEHICLE OR SALVAGE MOTOR VEHICLE. (a) If the department has
138-33 not issued a nonrepairable vehicle title, nonrepairable record of
138-34 title, [or] salvage vehicle title, or salvage record of title for
138-35 the motor vehicle and a comparable [an] out-of-state ownership
138-36 document for the motor vehicle has not been issued by another state
138-37 or jurisdiction, a business or governmental entity described by
138-38 Subdivisions (1)-(3) may sell, transfer, or release a nonrepairable
138-39 motor vehicle or salvage motor vehicle only to a person who is:

138-40 (1) a licensed salvage vehicle dealer or metal
138-41 recycler under Chapter 2302, Occupations Code;
138-42 (2) an insurance company that has paid a claim on the
138-43 nonrepairable or salvage motor vehicle; or
138-44 (3) a governmental entity ~~[, or~~
138-45 ~~[(4) an out-of-state buyer].~~

138-46 (b) An owner [A person], other than a salvage vehicle dealer
138-47 or an insurance company licensed to do business in this state, who
138-48 acquired ownership of a nonrepairable or salvage motor vehicle that
138-49 has not been issued a nonrepairable vehicle title, nonrepairable
138-50 record of title, salvage vehicle title, salvage record of title, or
138-51 a comparable ownership document issued by another state or
138-52 jurisdiction shall, before selling the motor vehicle, surrender the
138-53 properly assigned [certificate of] title for the motor vehicle to
138-54 the department and apply to the department for the appropriate
138-55 ownership document [+]

138-56 ~~[(1) a nonrepairable vehicle title if the vehicle is a~~
138-57 ~~nonrepairable motor vehicle; or~~
138-58 ~~[(2) a salvage vehicle title if the vehicle is a~~
138-59 ~~salvage motor vehicle].~~

138-60 (c) If the department has issued a nonrepairable vehicle
138-61 title, ~~[or] salvage vehicle title, or nonrepairable or salvage~~
138-62 record of title for the motor vehicle or another state or
138-63 jurisdiction has issued a comparable out-of-state ownership
138-64 document for the motor vehicle, a person may sell, transfer, or
138-65 release a nonrepairable motor vehicle or salvage motor vehicle to
138-66 any person.

138-67 SECTION 40.040. Section 501.097, Transportation Code, is
138-68 amended by amending Subsections (a) and (c) and adding Subsection
138-69 (c-1) to read as follows:

(a) An application for a nonrepairable vehicle title, nonrepairable record of title, ~~or~~ salvage vehicle title, or salvage record of title must:

(1) be made in ~~on~~ a manner ~~form~~ prescribed by the department and accompanied by a \$8 application fee;

(2) include, in addition to any other information required by the department:

(A) the name and current address of the owner; and

(B) a description of the motor vehicle, including the make, style of body, model year, and vehicle identification number~~+, and~~

~~[(C) a statement describing whether the motor vehicle:~~

~~[(i) was the subject of a total loss claim paid by an insurance company under Section 501.092 or 501.093,~~

~~[(ii) is a self-insured motor vehicle under Section 501.094,~~

~~[(iii) is an export-only motor vehicle under Section 501.099, or~~

~~[(iv) was sold, transferred, or released to the owner or former owner of the motor vehicle or a buyer at a casual sale]; and~~

(3) include the name and address of:

(A) any currently recorded lienholder, if the motor vehicle is a nonrepairable motor vehicle; or

(B) any currently recorded lienholder or a new lienholder, if the motor vehicle is a salvage motor vehicle.

(c) A printed nonrepairable vehicle title must state on its face that the motor vehicle:

(1) may not:

(A) be repaired, rebuilt, or reconstructed;

(B) be issued a regular ~~[certificate of]~~ title or registered in this state;

(C) be operated on a public highway, in addition to any other requirement of law; and

(2) may only be used as a source for used parts or scrap metal.

(c-1) The department's titling system must include a remark that clearly identifies the vehicle as a salvage or nonrepairable motor vehicle.

SECTION 40.041. Sections 501.100(a), (b), (c), and (f), Transportation Code, are amended to read as follows:

(a) A vehicle for which a nonrepairable certificate of title issued prior to September 1, 2003, or for which a salvage vehicle title or salvage record of title has been issued may obtain ~~be issued~~ a regular ~~[certificate of]~~ title after the motor vehicle has been repaired, rebuilt, or reconstructed ~~[by a person described by Section 501.104(a)]~~ and, in addition to any other requirement of law, only if the application ~~[is accompanied by a separate form that]:~~

(1) describes each major component part used to repair the motor vehicle;

(2) states the name of each person from whom the parts used in assembling the vehicle were obtained; and

(3) [(2)] shows the identification number required by federal law to be affixed to or inscribed on the part.

(b) On receipt of a complete application under this section accompanied by the ~~[\$13]~~ fee for the ~~[certificate of]~~ title, the department shall issue the applicant a regular or record ~~[certificate]~~ of title ~~[for the motor vehicle]~~.

(c) A regular ~~[certificate of]~~ title issued under this section must ~~+~~

~~[(1)]~~ describe or disclose the motor vehicle's former condition in a manner reasonably understandable to a potential purchaser of the motor vehicle ~~+, and~~

~~[(2) bear on its face the words "REBUILT SALVAGE" in capital letters that:~~

~~[(A) are red,~~

~~[(B) are centered on and occupy at least 15 percent of the face of the certificate of title, and
 [(C) do not prevent any other words on the title from being read or copied].~~

(f) The department may not issue a regular ~~[certificate of]~~ title for a motor vehicle based on a:

(1) nonrepairable vehicle title or comparable out-of-state ownership document;

(2) receipt issued under Section 501.1003(b) ~~[501.096(b)]~~; or

(3) certificate of authority.

SECTION 40.042. Section 501.092, Transportation Code, is renumbered as Section 501.1001, Transportation Code, and amended to read as follows:

Sec. 501.1001 ~~[501.092]~~. ~~[INSURANCE COMPANY TO SURRENDER CERTIFICATES OF TITLE TO CERTAIN]~~ SALVAGE MOTOR VEHICLES OR NONREPAIRABLE MOTOR VEHICLES FOR INSURANCE COMPANIES OR SELF-INSURED PERSONS. (a) An insurance company that is licensed to conduct business in this state and that acquires, through payment of a claim, ownership or possession of a salvage motor vehicle or nonrepairable motor vehicle covered by a ~~[certificate of]~~ title issued by this state or a manufacturer's certificate of origin shall surrender a properly assigned title or manufacturer's certificate of origin to the department, in ~~[on]~~ a manner ~~[form]~~ prescribed by the department, except that not earlier than the 31st ~~[46th]~~ day after the date of payment of the claim the insurance company may surrender a ~~[certificate of]~~ title, in ~~[on]~~ a manner ~~[form]~~ prescribed by the department, and receive a salvage vehicle ~~[certificate of]~~ title or a nonrepairable vehicle ~~[certificate of]~~ title without obtaining a properly assigned ~~[certificate of]~~ title if the insurance company:

(1) has obtained the release of all liens on the motor vehicle;

(2) is unable to locate one or more owners of the motor vehicle; and

(3) has provided notice to the last known address in the department's records to each owner that has not been located:

(A) by registered or certified mail, return receipt requested; or

(B) if a notice sent under Paragraph (A) is returned unclaimed, by publication in a newspaper of general circulation in the area where the unclaimed mail notice was sent.

(b) For a salvage motor vehicle, the insurance company shall apply for a salvage vehicle title or salvage record of title. For a nonrepairable motor vehicle, the insurance company shall apply for a nonrepairable vehicle title or nonrepairable record of title.

~~(c) [An insurance company may not sell a motor vehicle to which this section applies unless the department has issued a salvage vehicle title or a nonrepairable vehicle title for the motor vehicle or a comparable ownership document has been issued by another state or jurisdiction for the motor vehicle.]~~

~~[(d) An insurance company may sell a motor vehicle to which this section applies, or assign a salvage vehicle title or a nonrepairable vehicle title for the motor vehicle, only to a salvage vehicle dealer, an out-of-state buyer, a buyer in a casual sale at auction, or a metal recycler. If the motor vehicle is not a salvage motor vehicle or a nonrepairable motor vehicle, the insurance company is not required to surrender the regular certificate of title for the vehicle or to be issued a salvage vehicle title or a nonrepairable vehicle title for the motor vehicle.]~~

~~[(e)]~~ An insurance company or other person who acquires ownership of a motor vehicle other than a nonrepairable or salvage motor vehicle may voluntarily and on proper application obtain a salvage vehicle title, salvage record of title, [or a] nonrepairable vehicle title, or nonrepairable record of title for the vehicle.

(d) This section applies only to a motor vehicle in this state that is:

141-1 (1) a self-insured motor vehicle; and
 141-2 (2) damaged to the extent it becomes a nonrepairable
 141-3 or salvage motor vehicle.

141-4 (e) The owner of a motor vehicle to which this section
 141-5 applies shall submit to the department before the 31st business day
 141-6 after the date of the damage, in a manner prescribed by the
 141-7 department, a statement that the motor vehicle was self-insured and
 141-8 damaged.

141-9 (f) When the owner submits a statement under Subsection (e),
 141-10 the owner shall surrender the ownership document and apply for a
 141-11 nonrepairable vehicle title, nonrepairable record of title,
 141-12 salvage vehicle title, or salvage record of title.

141-13 SECTION 40.043. Section 501.093, Transportation Code, is
 141-14 renumbered as Section 501.1002, Transportation Code, and amended to
 141-15 read as follows:

141-16 Sec. 501.1002 [501.093]. OWNER-RETAINED [INSURANCE
 141-17 ~~COMPANY REPORT ON CERTAIN~~] VEHICLES. (a) If an insurance company
 141-18 pays a claim on a nonrepairable motor vehicle or salvage motor
 141-19 vehicle and the insurance company does not acquire ownership of the
 141-20 motor vehicle, the insurance company shall:

141-21 (1) apply for a nonrepairable vehicle title,
 141-22 nonrepairable record of title, salvage vehicle title, or salvage
 141-23 record of title; or

141-24 (2) notify the owner of the information contained in:
 141-25 (A) Subsection (b); or
 141-26 (B) Section 501.09111; and

141-27 (3) submit to the department, before the 31st day
 141-28 after the date of the payment of the claim, in a manner [~~on the~~
 141-29 ~~form~~] prescribed by the department, a report stating that the
 141-30 insurance company:

141-31 (A) [~~(1)~~] has paid a claim on the motor vehicle;
 141-32 and

141-33 (B) [~~(2)~~] has not acquired ownership of the motor
 141-34 vehicle.

141-35 (b) The owner of a motor vehicle to which this section
 141-36 applies may not operate or permit operation of the motor vehicle on
 141-37 a public highway or transfer ownership of the motor vehicle by sale
 141-38 or otherwise unless the department has issued a salvage vehicle
 141-39 title, salvage record of title, [or a] nonrepairable vehicle title,
 141-40 or nonrepairable record of title for the motor vehicle or a
 141-41 comparable ownership document has been issued by another state or
 141-42 jurisdiction for the motor vehicle.

141-43 [~~(c) Subsection (b) does not apply if:~~
 141-44 [~~(1) the department has issued a nonrepairable vehicle~~
 141-45 ~~title or salvage vehicle title for the motor vehicle; or~~
 141-46 [~~(2) another state or jurisdiction has issued a~~
 141-47 ~~comparable out-of-state ownership document for the motor vehicle.~~]

141-48 SECTION 40.044. Section 501.096, Transportation Code, is
 141-49 renumbered as Section 501.1003, Transportation Code, and amended to
 141-50 read as follows:

141-51 Sec. 501.1003 [501.096]. [NONREPAIRABLE MOTOR VEHICLE OR]
 141-52 SALVAGE DEALER RESPONSIBILITIES [MOTOR VEHICLE DISMANTLED,
 141-53 ~~SCRAPPED, OR DESTROYED~~]. (a) If a salvage vehicle dealer acquires
 141-54 ownership of a nonrepairable motor vehicle or salvage motor vehicle
 141-55 for the purpose of dismantling, scrapping, or destroying the motor
 141-56 vehicle, the dealer shall, before the 31st day after the date the
 141-57 dealer acquires the motor vehicle, submit to the department a
 141-58 report stating that the motor vehicle will be dismantled, scrapped,
 141-59 or destroyed. The dealer shall:

141-60 (1) make the report in a manner [~~on a form~~] prescribed
 141-61 by the department; and

141-62 (2) submit with the report a properly assigned
 141-63 manufacturer's certificate of origin, regular certificate of
 141-64 title, nonrepairable vehicle title, salvage vehicle title, or
 141-65 comparable out-of-state ownership document for the motor vehicle.

141-66 (b) After receiving the report and title or document, the
 141-67 department shall issue the salvage vehicle dealer a receipt for the
 141-68 manufacturer's certificate of origin, regular certificate of
 141-69 title, nonrepairable vehicle title, salvage vehicle title, or

comparable out-of-state ownership document.

(c) The department shall adopt rules to notify the salvage [vehicle] dealer if the vehicle was not issued a printed title, but has a record of title in the department's titling system ~~[shall:~~

~~[(1) keep on the business premises of the dealer, until the third anniversary of the date the report on the motor vehicle is submitted to the department, a record of the vehicle, its ownership, and its condition as dismantled, scrapped, or destroyed, and~~

~~[(2) present to the department, on the form prescribed by the department, evidence that the motor vehicle was dismantled, scrapped, or destroyed before the 61st day after the date the dealer completed the dismantling, scrapping, or destruction of the motor vehicle].~~

SECTION 40.045. Section 501.104, Transportation Code, is amended to read as follows:

Sec. 501.104. REBUILDER TO POSSESS TITLE OR OTHER DOCUMENTATION. (a) This section applies ~~[only]~~ to ~~[:~~

~~[(1) a rebuilder licensed as a salvage vehicle dealer, [(2)] a person engaged in repairing, rebuilding, or reconstructing motor vehicles [the business of a rebuilder], regardless of whether the person is licensed to engage in that business [or~~

~~[(3) a person engaged in the casual repair, rebuilding, or reconstruction of fewer than three motor vehicles in the same 12-month period].~~

(b) A person described by Subsection (a) must possess:

(1) an acceptable ~~[a regular certificate of title, nonrepairable vehicle title, salvage vehicle title, or comparable out-of-state]~~ ownership document or proof of ownership for any motor vehicle that is:

(A) owned by the person;
(B) in the person's inventory; and
(C) being offered for resale; or

(2) a contract entered into with the owner, a work order, or another document that shows the authority for the person to possess any motor vehicle that is:

(A) owned by another person;
(B) on the person's business or casual premises;
and

(C) being repaired, rebuilt, or reconstructed for the other person.

SECTION 40.046. Section 501.105, Transportation Code, is renumbered as Section 501.108, Transportation Code, and amended to read as follows:

Sec. 501.108 ~~[501.105]~~. RECORD RETENTION ~~[OF RECORDS RELATING TO CERTAIN CASUAL SALES]~~. (a) Each licensed salvage vehicle dealer or insurance company that sells a nonrepairable motor vehicle or a salvage motor vehicle at a casual sale shall keep on the business premises of the dealer or the insurance company a list of all casual sales made during the preceding 36-month period that contains:

(1) the date of the sale;
(2) the name of the purchaser;
(3) the name of the jurisdiction that issued the identification document provided by the purchaser, as shown on the document; and

(4) the vehicle identification number.

(b) The salvage vehicle dealer shall keep on the business premises of the dealer, until the third anniversary of the date the report on the motor vehicle is submitted to the department, a record of the vehicle, its ownership, and its condition as dismantled, scrapped, or destroyed.

SECTION 40.047. Section 501.102, Transportation Code, is renumbered as Section 501.109, Transportation Code, and amended to read as follows:

Sec. 501.109 ~~[501.102]~~. OFFENSES. (a) A person commits an offense if the person:

(1) applies to the department for a regular

143-1 ~~[certificate of]~~ title for a motor vehicle; and

143-2 (2) knows or reasonably should know that:

143-3 (A) the vehicle is a nonrepairable motor vehicle
143-4 that has been repaired, rebuilt, or reconstructed;

143-5 (B) the vehicle identification number assigned
143-6 to the motor vehicle belongs to a nonrepairable motor vehicle that
143-7 has been repaired, rebuilt, or reconstructed;

143-8 (C) the title issued to the motor vehicle belongs
143-9 to a nonrepairable motor vehicle that has been repaired, rebuilt,
143-10 or reconstructed; or

143-11 ~~(D) [the vehicle identification number assigned
143-12 to the motor vehicle belongs to an export-only motor vehicle,~~

143-13 ~~[(E) the motor vehicle is an export-only motor
143-14 vehicle; or~~

143-15 ~~[(F)]~~ the motor vehicle is a nonrepairable motor
143-16 vehicle or salvage motor vehicle for which a nonrepairable vehicle
143-17 title, salvage vehicle title, or comparable ownership document
143-18 issued by another state or jurisdiction has not been issued.

143-19 (b) A person commits an offense if the person knowingly
143-20 sells, transfers, or releases a salvage motor vehicle in violation
143-21 of this subchapter.

143-22 (c) A person commits an offense if the person knowingly
143-23 fails or refuses to surrender a regular certificate of title after
143-24 the person:

143-25 (1) receives a notice from an insurance company that
143-26 the motor vehicle is a nonrepairable or salvage motor vehicle; or

143-27 (2) knows the vehicle has become a nonrepairable motor
143-28 vehicle or salvage motor vehicle under Section 501.1001 ~~[501.094]~~.

143-29 (d) Except as provided by Subsection (e), an offense under
143-30 this section is a Class C misdemeanor.

143-31 (e) If it is shown on the trial of an offense under this
143-32 section that the defendant has been previously convicted of:

143-33 (1) one offense under this section, the offense is a
143-34 Class B misdemeanor; or

143-35 (2) two or more offenses under this section, the
143-36 offense is a state jail felony.

143-37 SECTION 40.048. Section 501.106, Transportation Code, is
143-38 renumbered as Section 501.110, Transportation Code, and amended to
143-39 read as follows:

143-40 Sec. 501.110 ~~[501.106]~~. ENFORCEMENT OF SUBCHAPTER. (a)
143-41 This subchapter shall be enforced by the department and any other
143-42 governmental or law enforcement entity, including the Department of
143-43 Public Safety, and the personnel of the entity as provided by this
143-44 subchapter.

143-45 (b) The department, an agent, officer, or employee of the
143-46 department, or another person enforcing this subchapter is not
143-47 liable to a person damaged or injured by an act or omission relating
143-48 to the issuance of a ~~[regular certificate of]~~ title, nonrepairable
143-49 vehicle title, nonrepairable record of title, ~~[or]~~ salvage vehicle
143-50 title, or salvage record of title under this subchapter.

143-51 SECTION 40.049. Section 501.111(a), Transportation Code,
143-52 is amended to read as follows:

143-53 (a) Except as provided by Subsection (b), a person may
143-54 perfect a security interest in a motor vehicle that is the subject
143-55 of a first or subsequent sale only by recording the security
143-56 interest on the ~~[certificate of]~~ title as provided by this chapter.

143-57 SECTION 40.050. Sections 501.113(a) and (b),
143-58 Transportation Code, are amended to read as follows:

143-59 (a) Recordation of a lien under this chapter is considered
143-60 to occur when the department's titling system is updated or the
143-61 department [county assessor-collector]

143-62 ~~[(1) is presented with an application for a~~
143-63 ~~certificate of title that discloses the lien with tender of the~~
143-64 ~~filing fee; or~~

143-65 ~~[(2)]~~ accepts the application of title that discloses
143-66 the lien with the filing fee.

143-67 (b) For purposes of Chapter 9, Business & Commerce Code, the
143-68 time of recording a lien under this chapter is considered to be the
143-69 time of filing the security interest, and on such recordation the

recorded lienholder and assignees under Section 501.114 will obtain priority over the rights of a lien creditor as defined by Section 9.102, Business & Commerce Code, for so long as the lien is recorded on the title.

SECTION 40.051. Section 501.114, Transportation Code, is amended to read as follows:

Sec. 501.114. ASSIGNMENT OF LIEN. (a) A lienholder may assign a lien recorded under Section 501.113 without making any filing or giving any notice under this chapter. The lien assigned remains valid and perfected and retains its priority, securing the obligation assigned to the assignee, against transferees from and creditors of the original debtor, including lien creditors, as defined by Section 9.102, Business & Commerce Code.

(b) An assignee or assignor may, but is not required to in order to retain the validity, perfection, and priority of the lien assigned, as evidence of the assignment of a lien recorded under Section 501.113 ~~[by]~~:

(1) ~~apply~~ ~~[applying]~~ to the ~~department~~ ~~[county assessor-collector]~~ for the assignee to be named as lienholder on the certificate of title ~~[assignment of the lien]~~; and

(2) ~~notify~~ ~~[notifying]~~ the debtor of the assignment.

(c) ~~Failure~~ ~~[(b) A lienholder's failure]~~ to make an application under Subsection (b) or to notify a debtor of an assignment does not create a cause of action against the recorded lienholder or the assignor or the assignee or affect the continuation of the perfected status of the assigned lien in favor of the assignee against transferees from and creditors of the original debtor, including lien creditors, as defined by Section 9.102, Business & Commerce Code.

(d) ~~[(c)]~~ An application under Subsection (b) ~~[(a)]~~ must be acknowledged~~[-]~~.

~~[(1) signed]~~ by the assignee ~~[person]~~ to whom the lien is assigned~~[-]~~, and

~~[(2) accompanied by:~~

~~[(A) the applicable fee;~~

~~[(B) a copy of the assignment agreement executed by the parties; and~~

~~[(C) the certificate of title on which the lien to be assigned is recorded].~~

(e) ~~[(d)]~~ On receipt of the completed application and fee, the department may:

(1) ~~[may]~~ amend the department's records to substitute the assignee ~~[subsequent lienholder]~~ for the recorded ~~[previous]~~ lienholder; and

(2) ~~[shall]~~ issue a new ~~[certificate of]~~ title as provided by this chapter ~~[Section 501.027]~~.

(f) Regardless of whether application is made for the assignee to be named as lienholder on the title, the ~~[(e) The issuance of a certificate of title under Subsection (d) is recordation of the assignment. The]~~ time of the recordation of a lien assigned under this section is considered to be the time the lien was initially recorded under Section 501.113.

(g) Notwithstanding Subsections (a) through (f) and procedures that may be conducted under those subsections, the assignment of a lien does not affect the procedures applicable to the foreclosure of a worker's lien under Chapter 70, Property Code, or the rights of the holder of a worker's lien. Notice given to the last known lienholder of record, as provided by that chapter, is adequate to allow foreclosure under that chapter.

(h) Notwithstanding Subsections (a) through (f) and the procedures that may be conducted under those subsections, the assignment of a lien does not affect the procedures applicable to the release of a holder's lien under Section 348.408, Finance Code.

SECTION 40.052. Section 501.115, Transportation Code, is amended to read as follows:

Sec. 501.115. DISCHARGE OF LIEN. (a) When a debt or claim secured by a lien has been satisfied, the lienholder shall, within a reasonable time not to exceed the maximum time allowed by Section 348.408, Finance Code, execute and deliver to the owner, or the

owner's designee, a discharge of the lien in ~~on~~ a manner ~~form~~ prescribed by the department.

(b) The owner may submit ~~present~~ the discharge and ~~certificate of~~ title to the department for ~~county assessor-collector with an application for a new certificate of title and the department shall issue~~ a new ~~certificate of~~ title.

SECTION 40.053. Section 501.116, Transportation Code, is amended to read as follows:

Sec. 501.116. CANCELLATION OF DISCHARGED LIEN. The department may cancel a discharged lien that has been recorded on a ~~certificate of~~ title for 10 ~~six~~ years or more if the recorded lienholder:

- (1) does not exist; or
- (2) cannot be located for the owner to obtain a release of the lien.

SECTION 40.054. Sections 501.134(a), (b), (c), (d), (g), and (i), Transportation Code, are amended to read as follows:

(a) If a printed ~~certificate of~~ title is lost or destroyed, the owner or lienholder disclosed on the title ~~certificate~~ may obtain, in the manner provided by this section and department rule, a certified copy of the lost or destroyed ~~certificate of~~ title directly from the department by applying in ~~on~~ a manner ~~form~~ prescribed by the department and paying a fee of \$2. A fee collected under this subsection shall be deposited to the credit of the state highway fund and may be spent only as provided by Section 501.138.

(b) If a lien is disclosed on a ~~certificate of~~ title, the department may issue a certified copy of the original ~~certificate of~~ title only to the first lienholder or the lienholder's verified agent.

(c) The department must plainly mark "certified copy" on the face of a certified copy issued under this section ~~[, and each subsequent certificate issued for the motor vehicle until the vehicle is transferred]~~. A subsequent purchaser or lienholder of the vehicle only acquires the rights, title, or interest in the vehicle held by the holder of the certified copy.

(d) A purchaser or lienholder of a motor vehicle having a certified copy issued under this section may at the time of the purchase or establishment of the lien require that the seller or owner indemnify the purchaser or lienholder and all subsequent purchasers of the vehicle against any loss the person may suffer because of a claim presented on the original ~~certificate of~~ title.

(g) The department may issue a certified copy of a ~~certificate of~~ title ~~[before the fourth business day after the date application is made]~~ only if the applicant:

(1) is the registered owner of the vehicle, the holder of a recorded lien against the vehicle, or a verified agent of the owner or lienholder; and

(2) submits personal identification, including a photograph, issued by an agency of this state or the United States.

(i) The department may establish acceptable identification requirements for ~~if~~ an applicant for a certified copy of a certificate of title who is not a person ~~[other than a person]~~ described by Subsection (g)(1) ~~[, the department may issue a certified copy of the certificate of title only by mail]~~.

SECTION 40.055. Section 501.135(a), Transportation Code, is amended to read as follows:

(a) The department shall:

(1) make a record of each report to the department that a motor vehicle registered in this state has been stolen or concealed in violation of Section 32.33, Penal Code; and

(2) note the fact of the report in the department's records ~~[of the vehicle's certificate of title]~~.

SECTION 40.056. Sections 501.138(a), (b), and (b-1), Transportation Code, are amended to read as follows:

(a) An applicant for a ~~certificate of~~ title, other than the state or a political subdivision of the state, must pay ~~the county assessor-collector~~ a fee of:

(1) \$33 if the applicant's residence is a county located within a nonattainment area as defined under Section 107(d) of the federal Clean Air Act (42 U.S.C. Section 7407), as amended, or is an affected county, as defined by Section 386.001, Health and Safety Code; or

(2) \$28 if the applicant's residence is any other county.

(b) The fees [~~county assessor-collector~~] shall be distributed as follows [~~send~~]:

(1) \$5 of the fee to the county treasurer for deposit in the officers' salary fund;

(2) \$8 of the fee to the department:

(A) together with the application within the time prescribed by Section 501.023; or

(B) if the fee is deposited in an interest-bearing account or certificate in the county depository or invested in an investment authorized by Subchapter A, Chapter 2256, Government Code, not later than the 35th day after the date on which the fee is received; and

(3) the following amount to the comptroller at the time and in the manner prescribed by the comptroller:

(A) \$20 of the fee if the applicant's residence is a county located within a nonattainment area as defined under Section 107(d) of the federal Clean Air Act (42 U.S.C. Section 7407), as amended, or is an affected county, as defined by Section 386.001, Health and Safety Code; or

(B) \$15 of the fee if the applicant's residence is any other county.

(b-1) Fees collected under Subsection (b) to be sent to the comptroller shall be deposited [~~as follows~~]:

~~[(1) before September 1, 2008, to the credit of the Texas emissions reduction plan fund; and~~

~~[(2) on or after September 1, 2008,] to the credit of the Texas Mobility Fund, except that \$5 of each fee imposed under Subsection (a)(1) and deposited on or after September 1, 2008, and before September 1, 2015, shall be deposited to the credit of the Texas emissions reduction plan fund.~~

SECTION 40.057. Section 520.031, Transportation Code, as amended by Chapters 836 (H.B. 1743) and 1423 (H.B. 2409), Acts of the 76th Legislature, Regular Session, 1999, is transferred to Subchapter H, Chapter 501, Transportation Code, renumbered as Section 501.145, Transportation Code, and reenacted and amended to read as follows:

Sec. 501.145 [~~520.031~~]. FILING BY PURCHASER [~~TRANSFeree~~]; APPLICATION FOR TRANSFER OF TITLE [~~AND REGISTRATION~~]. (a) Not later than the 30th [~~20th working~~] day after the date of assignment on [~~receiving~~] the documents [~~under Section 520.022 or 520.0225~~], the purchaser [~~transferee~~] of the used motor vehicle shall file with the county assessor-collector:

(1) [~~the license receipt and~~] the certificate of title or other evidence of title; or

(2) if appropriate, a document described by Section 502.457 [~~520.0225(b)(1) or (2)~~] and the [~~certificate of~~] title or other evidence of ownership [~~title~~].

(b) The filing under Subsection (a) is an application for transfer of title as required under this chapter [~~Chapter 501~~] and [~~, if the license receipt is filed,~~] an application for transfer of the registration of the motor vehicle.

(c) [~~In this section, "working day" means any day other than a Saturday, a Sunday, or a holiday on which county offices are closed.~~

~~[(d)]~~ Notwithstanding Subsection (a), if the purchaser [~~transferee~~] is a member of the armed forces of the United States, a member of the Texas National Guard or of the National Guard of another state serving on active duty under an order of the president of the United States, or a member of a reserve component of the armed forces of the United States serving on active duty under an order of the president of the United States, the documents described by Subsection (a) must be filed with the county

assessor-collector not later than the 60th ~~[working]~~ day after the date of assignment of ownership ~~[their receipt by the transferee]~~.

SECTION 40.058. Section 520.023, Transportation Code, is transferred to Subchapter H, Chapter 501, Transportation Code, renumbered as Section 501.146, Transportation Code, and amended to read as follows:

Sec. 501.146 ~~[520.023]~~. ~~[POWERS AND DUTIES OF DEPARTMENT ON TRANSFER OF USED]~~ VEHICLE TRANSFER NOTIFICATION. (a) On receipt of a written notice of transfer from the seller ~~[transferor]~~ of a motor vehicle, the department shall indicate the transfer on the motor vehicle records maintained by the department. As an alternative to a written notice of transfer, the department shall establish procedures that permit the seller ~~[transferor]~~ of a motor vehicle to electronically submit a notice of transfer to the department through the department's Internet website. A notice of transfer provided through the department's Internet website is not required to bear the signature of the seller ~~[transferor]~~ or include the date of signing.

(b) ~~[The department may design the written notice of transfer to be part of the certificate of title for the vehicle.]~~ The notice of transfer ~~[form]~~ shall be provided by the department and must include a place for the seller ~~[transferor]~~ to state:

(1) a complete description of the vehicle as prescribed by the department ~~[identification number of the vehicle]~~;

(2) ~~[the number of the license plate issued to the vehicle, if any,~~

~~[(3)]~~ the full name and address of the seller ~~[transferor]~~;

~~[(4)]~~ the full name and address of the purchaser ~~[transferee]~~;

~~[(5)]~~ the date the seller ~~[transferor]~~ delivered possession of the vehicle to the purchaser ~~[transferee]~~;

~~[(6)]~~ the signature of the seller ~~[transferor]~~; and

~~[(7)]~~ the date the seller ~~[transferor]~~ signed the form.

(c) This subsection applies only if the department receives notice under Subsection (a) before the 30th day after the date the seller ~~[transferor]~~ delivered possession of the vehicle to the purchaser ~~[transferee]~~. After the date of the transfer of the vehicle shown on the records of the department, the purchaser ~~[transferee]~~ of the vehicle shown on the records is rebuttably presumed to be:

(1) the owner of the vehicle; and

(2) subject to civil and criminal liability arising out of the use, operation, or abandonment of the vehicle, to the extent that ownership of the vehicle subjects the owner of the vehicle to criminal or civil liability under another provision of law.

(d) The department may adopt ~~[+]~~

~~[(1)]~~ rules to implement this section ~~[, and~~

~~[(2)] a fee for filing a notice of transfer under this section in an amount not to exceed the lesser of the actual cost to the department of implementing this section or \$5].~~

(e) This section does not impose or establish civil or criminal liability on the owner of a motor vehicle who transfers ownership of the vehicle but does not disclose the transfer to the department.

(f) ~~[This section does not require the department to issue a certificate of title to a person shown on a notice of transfer as the transferee of a motor vehicle.]~~ The department may not issue a ~~[certificate of]~~ title or register ~~[for]~~ the vehicle until the purchaser ~~[transferee]~~ applies for a title to the county assessor-collector as provided by this chapter ~~[Chapter 501]~~.

SECTION 40.059. Section 520.032, Transportation Code, is transferred to Subchapter H, Chapter 501, Transportation Code, renumbered as Section 501.147, Transportation Code, and amended to read as follows:

148-1 Sec. 501.147 [~~520.032~~]. TITLE TRANSFER [~~SEE~~]; LATE FEE.
 148-2 (a) [~~The transferee of a used motor vehicle shall pay, in addition~~
 148-3 ~~to any fee required under Chapter 501 for the transfer of title, a~~
 148-4 ~~transfer fee of \$2.50 for the transfer of the registration of the~~
 148-5 ~~motor vehicle.~~

148-6 [~~(b)~~] If the purchaser [~~transferee~~] does not file the
 148-7 application for the transfer of title during the period provided by
 148-8 Section 501.145 [~~520.031~~], the purchaser [~~transferee~~] is liable for
 148-9 a late fee to be paid to the county assessor-collector when the
 148-10 application is filed. If the seller [~~transferee~~] holds a general
 148-11 distinguishing number issued under Chapter 503 of this code or
 148-12 Chapter 2301, Occupations Code, the seller is liable for the late
 148-13 fee in the amount of [~~the late fee is~~] \$10. If the seller
 148-14 [~~transferee~~] does not hold a general distinguishing number, subject
 148-15 to Subsection (b) [~~(b-1)~~] the amount of the late fee is \$25.

148-16 (b) [~~(b-1)~~] If the application is filed after the 60th [~~31st~~
 148-17 ~~working~~] day after the date the purchaser was assigned ownership of
 148-18 [~~transferee received~~] the documents under Section 501.0721
 148-19 [~~520.022~~], the late fee imposed under Subsection (a) [~~(b)~~] accrues
 148-20 an additional penalty in the amount of \$25 for each subsequent
 148-21 30-day period, or portion of a 30-day period, in which the
 148-22 application is not filed.

148-23 (c) The county assessor-collector and the surety on the
 148-24 county assessor-collector's bond are liable for the late fee if the
 148-25 county assessor-collector does not collect the late fee.

148-26 (d) Subsections (a) and (b) [~~and (b-1)~~] do not apply if the
 148-27 motor vehicle is eligible to be issued:

148-28 (1) classic vehicle license plates under Section
 148-29 504.501; or

148-30 (2) antique vehicle license plates under Section
 148-31 504.502.

148-32 SECTION 40.060. Section 520.033, Transportation Code, is
 148-33 transferred to Subchapter H, Chapter 501, Transportation Code,
 148-34 renumbered as Section 501.148, Transportation Code, and amended to
 148-35 read as follows:

148-36 Sec. 501.148 [~~520.033~~]. ALLOCATION OF FEES. (a) The
 148-37 county assessor-collector may retain as commission for services
 148-38 provided under this subchapter [~~half of each transfer fee~~
 148-39 ~~collected,~~] half of each late fee [~~7~~] and half of each additional
 148-40 penalty collected under Section 501.147 [~~520.032~~].

148-41 (b) The county assessor-collector shall report and remit
 148-42 the balance of the fees collected to the department on Monday of
 148-43 each week as other [~~registration~~] fees are required to be reported
 148-44 and remitted.

148-45 (c) Of each late fee collected from a person who does not
 148-46 hold a general distinguishing number by [~~that~~] the department
 148-47 [~~receives~~] under Subsection (b), \$10 may be used only to fund a
 148-48 statewide public awareness campaign designed to inform and educate
 148-49 the public about the provisions of this chapter.

148-50 SECTION 40.061. Section 501.152(b), Transportation Code,
 148-51 is amended to read as follows:

148-52 (b) It is not a violation of this section for the beneficial
 148-53 owner of a vehicle to sell or offer to sell a vehicle without having
 148-54 possession of the certificate of title to the vehicle if the sole
 148-55 reason he or she does not have possession of the certificate of
 148-56 title is that the title is in the possession of a lienholder who has
 148-57 not complied with the terms of Section 501.115(a) [~~of this code~~].

148-58 SECTION 40.062. Section 501.153, Transportation Code, is
 148-59 amended to read as follows:

148-60 Sec. 501.153. APPLICATION FOR TITLE FOR STOLEN OR CONCEALED
 148-61 VEHICLE. A person commits an offense if the person applies for a
 148-62 [~~certificate of~~] title for a motor vehicle that the person knows is
 148-63 stolen or concealed in violation of Section 32.33, Penal Code.

148-64 SECTION 40.063. Section 501.154, Transportation Code, is
 148-65 amended to read as follows:

148-66 Sec. 501.154. ALTERATION OF CERTIFICATE OR RECEIPT. A
 148-67 person commits an offense if the person alters a manufacturer's [~~or~~
 148-68 ~~importer's~~] certificate, a title receipt, or a certificate of
 148-69 title.

SECTION 40.064. Section 501.155(a), Transportation Code, is amended to read as follows:

(a) A person commits an offense if the person knowingly provides false or incorrect information or without legal authority signs the name of another person on:

- (1) an application for a ~~[certificate of]~~ title;
- (2) an application for a certified copy of an original ~~[certificate of]~~ title;
- (3) an assignment of title for a motor vehicle;
- (4) a discharge of a lien on a title for a motor vehicle; or
- (5) any other document required by the department or necessary to the transfer of ownership of a motor vehicle.

SECTION 40.065. The heading to Section 501.158, Transportation Code, is amended to read as follows:

Sec. 501.158. SEIZURE OF STOLEN VEHICLE OR VEHICLE WITH ALTERED VEHICLE IDENTIFICATION ~~[SERIAL]~~ NUMBER.

SECTION 40.066. Section 520.035, Transportation Code, is transferred to Subchapter H, Chapter 501, Transportation Code, renumbered as Section 501.161, Transportation Code, and amended to read as follows:

Sec. 501.161 ~~[520.035]~~. EXECUTION OF TRANSFER DOCUMENTS; PENALTY. (a) A person who transfers a motor vehicle in this state shall complete ~~[execute]~~ in full and date as of the date of the transfer all documents relating to the transfer of registration or ~~[certificate of]~~ title. A person who transfers a vehicle commits an offense if the person fails to execute the documents in full.

(b) A person commits an offense if the person:

- (1) accepts a document described by Subsection (a) that does not contain all of the required information; or
- (2) alters or mutilates such a document.

(c) An offense under this section is a misdemeanor punishable by a fine of not less than \$50 and not more than \$200.

SECTION 40.067. Subchapter H, Chapter 501, Transportation Code, is amended by adding Sections 501.162 and 501.163 to read as follows:

Sec. 501.162. MOTOR NUMBER REQUIRED FOR REGISTRATION; PENALTY. A person commits an offense if the person violates Section 501.0331. An offense under this section is a misdemeanor punishable by a fine of not less than \$50 and not more than \$100.

Sec. 501.163. APPLICATION FOR MOTOR NUMBER RECORD; PENALTY. A person who fails to comply with Section 501.0332 commits an offense. An offense under this section is a misdemeanor punishable by a fine of not less than \$10 and not more than \$100.

SECTION 40.068. Chapter 501, Transportation Code, is amended by adding Subchapter I to read as follows:

SUBCHAPTER I. ELECTRONIC TITLING SYSTEM

Sec. 501.171. APPLICATION OF SUBCHAPTER. This subchapter applies only if the department implements a titling system under Section 501.173.

Sec. 501.172. DEFINITIONS. In this subchapter:

(1) "Document" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(2) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

(3) "Electronic document" means a document that is in an electronic form.

(4) "Electronic signature" means an electronic sound, symbol, or process attached to or logically associated with a document and executed or adopted by a person with the intent to sign the document.

(5) "Paper document" means a document that is in printed form.

Sec. 501.173. ELECTRONIC TITLING SYSTEM. (a) The department by rule may implement an electronic titling system.

(b) A record of title maintained electronically by the department in the titling system is the official record of vehicle

ownership unless the owner requests that the department issue a printed title.

Sec. 501.174. VALIDITY OF ELECTRONIC DOCUMENTS. (a) If this chapter requires that a document be an original, be on paper or another tangible medium, or be in writing, the requirement is met by an electronic document that complies with this subchapter.

(b) If a law requires that a document be signed, the requirement is satisfied by an electronic signature.

(c) A requirement that a document or a signature associated with a document be notarized, acknowledged, verified, witnessed, or made under oath is satisfied if the electronic signature of the person authorized to perform that act, and all other information required to be included, is attached to or logically associated with the document or signature. A physical or electronic image of a stamp, impression, or seal is not required to accompany an electronic signature.

Sec. 501.175. RECORDING OF DOCUMENTS. (a) Under the titling system, the department may:

(1) receive, index, store, archive, and transmit electronic documents;

(2) provide for access to, and for search and retrieval of, documents and information by electronic means; and

(3) convert into electronic form:

(A) paper documents that it accepts for the titling of a motor vehicle; and

(B) information recorded and documents that were accepted for the titling of a motor vehicle before the titling system was implemented.

(b) The department shall continue to accept paper documents after the titling system is implemented.

Sec. 501.176. PAYMENT OF FEES BY ELECTRONIC FUNDS TRANSFER OR CREDIT CARD. (a) The department may accept payment by electronic funds transfer, credit card, or debit card of any title or registration fee that the department is required or authorized to collect under this chapter.

(b) The department may collect a fee for processing a title or registration payment by electronic funds transfer, credit card, or debit card. The amount of the fee must be reasonably related to the expense incurred by the department in processing the payment by electronic funds transfer, credit card, or debit card and may not be more than five percent of the amount of the registration and titling fee being paid.

(c) In addition to the fee authorized by Subsection (b), the department may collect from a person making payment by electronic funds transfer, credit card, or debit card an amount equal to the amount of any registration and titling transaction fee charged to the department by a vendor providing services in connection with payments made by electronic funds transfer, credit card, or debit card. The limitation prescribed by Subsection (b) on the amount of a fee does not apply to a fee collected under this subsection.

(d) Online electronic commerce must be processed in accordance with Chapter 2054, Government Code.

Sec. 501.177. SERVICE CHARGE. If, for any reason, the payment of a fee under this chapter by electronic funds transfer, credit card, or debit card is not honored by the funding institution, or by the electronic funds transfer, credit card, or debit card company on which the funds are drawn, the department may collect from the person who owes the fee being collected a registration and titling service charge that is for the collection of that original amount and is in addition to the original fee. The amount of the service charge must be reasonably related to the expense incurred by the department in collecting the original amount.

Sec. 501.178. DISPOSITION OF FEES. All fees collected under this subchapter shall be deposited to the credit of the state highway fund.

Sec. 501.179. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT. This subchapter modifies, limits, and supersedes the federal Electronic Signatures in Global and National

Commerce Act (15 U.S.C. Section 7001 et seq.) but does not modify, limit, or supersede Section 101(c) of that Act (15 U.S.C. Section 7001(c)) or authorize electronic delivery of any of the notices described in Section 103(b) of that Act (15 U.S.C. Section 7003(b)).

SECTION 40.069. Section 502.001, Transportation Code, is amended to read as follows:

Sec. 502.001. DEFINITIONS. In this chapter:

(1) "All-terrain vehicle" means a motor vehicle that is:

(A) equipped with a saddle, bench, or bucket seats for the use of:

(i) the rider; and

(ii) a passenger, if the motor vehicle is designed by the manufacturer to transport a passenger;

(B) designed to propel itself with three or more tires in contact with the ground;

(C) designed by the manufacturer for off-highway use; and

(D) not designed by the manufacturer primarily for farming or lawn care.

(2) "Apportioned license plate" means a license plate issued in lieu of a truck license plate or combination license plate to a motor carrier in this state who proportionally registers a vehicle owned by the carrier in one or more other states.

(3) "Combination license plate" means a license plate issued for a truck or truck-tractor that is used or intended to be used in combination with a semitrailer that has a gross weight of more than 6,000 pounds.

(4) "Combined gross weight" means the empty weight of the truck-tractor or commercial motor vehicle combined with the empty weight of the heaviest semitrailer used or to be used in combination with the truck-tractor or commercial motor vehicle plus the heaviest net load to be carried on the combination during the registration year.

(4-a) "Commercial fleet" has the meaning assigned by Section 501.002.

(5) "Commercial motor vehicle" means a commercial motor vehicle as defined by Section 644.001 [~~, other than a motorcycle, designed or used primarily to transport property. The term includes a passenger car reconstructed and used primarily for delivery purposes. The term does not include a passenger car used to deliver the United States mail.~~].

(6) "Construction machinery" means a vehicle that:

(A) is used for construction;

(B) is built from the ground up;

(C) is not mounted or affixed to another vehicle such as a trailer;

(D) was originally and permanently designed as machinery;

(E) was not in any way originally designed to transport persons or property; and

(F) does not carry a load, including fuel.

(7) "Credit card" has the meaning assigned by Section 501.002.

(8) "Debit card" has the meaning assigned by Section 501.002.

(9) [~~(3)~~] "Department" means the Texas Department of Transportation.

(10) "Electric bicycle" has the meaning assigned by Section 541.201.

(11) "Electric personal assistive mobility device" has the meaning assigned by Section 551.201.

(12) "Empty weight" means the unladen weight of the truck-tractor or commercial motor vehicle and semitrailer combination fully equipped, as certified by a public weigher or license and weight inspector of the Department of Public Safety.

(13) [~~(4)~~] "Farm trailer" or "farm semitrailer" means a vehicle [~~semitrailer~~] designed and used primarily as a farm

vehicle.

(14) ~~[(5)]~~ "Farm tractor" has the meaning assigned by Section 541.201 ~~[means a motor vehicle designed and used primarily as a farm implement for drawing other implements of husbandry]~~.

(15) "Forestry vehicle" ~~[(6) "Farm trailer"]~~ means a vehicle ~~[trailer designed and]~~ used exclusively for transporting forest products in their natural state, including logs, debarked logs, untreated ties, stave bolts, plywood bolts, pulpwood billets, wood chips, stumps, sawdust, moss, bark, and wood shavings, and property used in production of those products ~~[primarily as a farm vehicle]~~.

(16) ~~[(7)]~~ "Golf cart" means a motor vehicle designed by the manufacturer primarily for transporting persons on a golf course.

(17) "Gross vehicle weight" has the meaning assigned by Section 541.401.

(18) ~~[(8)]~~ "Implements of husbandry" has the meaning assigned by Section 541.201 ~~[means farm implements, machinery, and tools as used in tilling the soil, including self-propelled machinery specifically designed or adapted for applying plant food materials or agricultural chemicals but not specifically designed or adapted for the sole purpose of transporting the materials or chemicals. The term does not include a passenger car or truck]~~.

(19) ~~[(9)]~~ "Light truck" has the meaning assigned by Section 541.201 ~~[means a commercial motor vehicle that has a manufacturer's rated carrying capacity of one ton or less]~~.

(20) ~~[(10)]~~ "Moped" has the meaning assigned by Section 541.201.

(21) ~~[(11)]~~ "Motor bus" includes every vehicle used to transport persons on the public highways for compensation, other than:

(A) a vehicle operated by muscular power; or

(B) a municipal bus.

(22) ~~[(12)]~~ "Motorcycle" has the meaning assigned by Section 541.201 ~~[means a motor vehicle designed to propel itself with not more than three wheels in contact with the ground. The term does not include a tractor]~~.

(23) ~~[(13)]~~ "Motor vehicle" means a vehicle that is self-propelled.

(24) "Motorized mobility device" has the meaning assigned by Section 542.009.

(25) ~~[(14)]~~ "Municipal bus" includes every vehicle, other than a passenger car, used to transport persons for compensation exclusively within the limits of a municipality or a suburban addition to the municipality.

(26) "Net carrying capacity" is the heaviest net load to be carried on the vehicle, but not less than the manufacturer's rated carrying capacity.

(27) "Oil well servicing, cleanout, or drilling machinery":

(A) has the meaning assigned by Section 623.149;

or

(B) means:

(i) a mobile crane that is an unladen, self-propelled vehicle constructed as a machine and used solely to raise, shift, or lower heavy weights by means of a projecting, swinging mast with an engine for power on a chassis permanently constructed or assembled for such purpose; and

(ii) for which the owner has secured a permit from the department under Section 623.142.

(28) ~~[(15)]~~ "Operate temporarily on the highways" means to travel between:

(A) different farms;

(B) a place of supply or storage and a farm; or

(C) an owner's farm and the place at which the owner's farm produce is prepared for market or is marketed.

(29) ~~[(16)]~~ "Owner" means a person who:

(A) holds the legal title of a vehicle;

(B) has the legal right of possession of a

vehicle; or

(C) has the legal right of control of a vehicle.

(30) ~~[(17)]~~ "Passenger car" has the meaning assigned by Section 541.201 [means a motor vehicle, other than a motorcycle, golf cart, light truck, or bus, designed or used primarily for the transportation of persons].

(31) "Power sweeper" means an implement, with or without motive power, designed for the removal by a broom, vacuum, or regenerative air system of debris, dirt, gravel, litter, or sand from asphaltic concrete or cement concrete surfaces, including surfaces of parking lots, roads, streets, highways, and warehouse floors. The term includes a vehicle on which the implement is permanently mounted if the vehicle is used only as a power sweeper.

(32) "Private bus" means a bus that:

(A) is not operated for hire; and

(B) is not classified as a municipal bus or a motor bus.

(33) ~~[(18)]~~ "Public highway" includes a road, street, way, thoroughfare, or bridge:

(A) that is in this state;

(B) that is for the use of vehicles;

(C) that is not privately owned or controlled; and

(D) over which the state has legislative jurisdiction under its police power.

(34) ~~[(19)]~~ "Public property" means property owned or leased by this state or a political subdivision of this state.

(35) ~~[(20)]~~ "Road tractor" means a vehicle designed for the purpose of mowing the right-of-way of a public highway or a motor vehicle designed or used for drawing another vehicle or a load and not constructed to carry:

(A) an independent load; or

(B) a part of the weight of the vehicle and load to be drawn.

(36) ~~[(21)]~~ "Semitrailer" means a vehicle designed or used with a motor vehicle so that part of the weight of the vehicle and its load rests on or is carried by another vehicle.

(37) "Token trailer" means a semitrailer that:

(A) has a gross weight of more than 6,000 pounds; and

(B) is operated in combination with a truck or a truck-tractor that has been issued:

(i) an apportioned license plate;

(ii) a combination license plate; or

(iii) a forestry vehicle license plate.

(38) "Tow truck" means a motor vehicle adapted or used to tow, winch, or otherwise move another motor vehicle.

(39) ~~[(22)]~~ "Trailer" means a vehicle that:

(A) is designed or used to carry a load wholly on its own structure; and

(B) is drawn or designed to be drawn by a motor vehicle.

(40) "Travel trailer" has the meaning assigned by Section 501.002.

(41) ~~[(23)]~~ "Truck-tractor" means a motor vehicle:

(A) designed and used primarily for drawing another vehicle; and

(B) not constructed to carry a load other than a part of the weight of the vehicle and load to be drawn.

(42) ~~[(24)]~~ "Vehicle" means a device in or by which a person or property is or may be transported or drawn on a public highway, other than a device used exclusively on stationary rails or tracks.

SECTION 40.070. Section 502.0021, Transportation Code, is amended to read as follows:

Sec. 502.0021. RULES AND FORMS. (a) The department may adopt rules to administer this chapter.

(b) The department shall post on the Internet or ~~[(1) prescribe forms determined by the department to~~

~~be necessary for the administration of this chapter, and~~
~~[(2)] provide each county assessor-collector with a~~
~~sufficient [an adequate] supply of any [each form] necessary forms~~
~~[for the performance of a duty under this chapter by the~~
~~assessor-collector].~~

SECTION 40.071. Section 502.052, Transportation Code, is transferred to Subchapter A, Chapter 502, Transportation Code, renumbered as Section 502.00211, Transportation Code, and amended to read as follows:

Sec. 502.00211 ~~[502.052]~~. DESIGN OF ~~[LICENSE PLATES AND]~~ REGISTRATION INSIGNIA ~~[, REFLECTORIZED MATERIAL]~~. ~~[(a)]~~ The department shall prepare the designs and specifications ~~[of license plates and devices selected by the Texas Transportation Commission]~~ to be used as the registration insignia.

~~[(b)] The department shall design each license plate to include a design at least one-half inch wide that represents in silhouette the shape of Texas and that appears between letters and numerals. The department may omit the silhouette of Texas from specially designed license plates.~~

~~[(c)] To promote highway safety, each license plate shall be made with a reflectORIZED material that provides effective and dependable brightness for the period for which the plate is issued. The purchase of reflectORIZED material shall be submitted to the comptroller for approval.]~~

SECTION 40.072. Section 502.0022, Transportation Code, is amended to read as follows:

Sec. 502.0022. CONSOLIDATED REGISTRATION OF ~~[FLEET]~~ VEHICLES. (a) The department shall develop and implement a system of registration so that an owner of more than one motor vehicle or trailer that is subject to registration under this chapter ~~[a fleet of motor vehicles]~~ may consolidate the registration of the motor vehicles ~~[in the fleet]~~ as an alternative to the separate registration of each motor vehicle ~~[in the fleet]~~. The owner may designate an initial or a renewal registration period for a vehicle or trailer so that the registration period expires on the same date as the registration period for another vehicle or trailer previously registered by that owner.

(b) A system of consolidated registration under this section must allow the owner of the ~~[a fleet of]~~ motor vehicles to register:

(1) all ~~[an entire fleet of]~~ motor vehicles in the county of the owner's residence or principal place of business; or

(2) ~~[those vehicles in a fleet of]~~ vehicles that are operated most regularly in the same county by registering the vehicles in that county.

(c) With the consent of the ~~[The]~~ department, the registration shall be issued in accordance with Section 502.044 ~~[by rule shall define "fleet" for purposes of this section.]~~

~~[(d)] The department may adopt rules to administer this section].~~

SECTION 40.073. (a) Subchapter A, Chapter 502, Transportation Code, is amended by adding Section 502.0023 to read as follows:

Sec. 502.0023. EXTENDED REGISTRATION OF COMMERCIAL FLEET VEHICLES. (a) The department shall develop and implement a system of registration to allow an owner of a commercial fleet to register the motor vehicles in the commercial fleet for an extended registration period of not less than one year or more than eight years. The owner may select the number of years for registration under this section within that range and register the commercial fleet for that period. Payment for the entire registration period selected is due at the time of registration.

(b) In addition to the registration fees prescribed by Subchapter D, an owner registering a commercial fleet under this section shall pay:

(1) an annual commercial fleet registration fee of \$10 per motor vehicle; and

(2) a one-time license plate manufacturing fee of \$1.50 for each issued motor vehicle license plate.

(c) A license plate issued under this section may, at the registered owner's option, include on the legend the name or logo of the business entity that owns the vehicle. The license plates shall conform in all respects to the provisions of this chapter, except as specified in this section.

(d) For a commercial fleet registered under this section, payment of all registration license taxes and fees under this chapter must be paid in advance for the extended registration period selected under Subsection (a). On payment of all registration license taxes and fees, no annual validation window insignia is required for the entire period paid for in advance. A registration card must be issued for the period elected only for vehicles that exceed 10,000 pounds in weight.

(e) Failure to comply with this section may result in suspension or termination from the commercial fleet program.

(f) The department shall adopt rules to implement this section.

(g) The department and the counties in their budgeting processes shall consider any temporary increases and resulting decreases in revenue that will result from the use of the process provided by this section.

(b) The Texas Department of Transportation shall adopt the rules and establish the system required under Section 502.0023, Transportation Code, as added by this section, not later than September 1, 2010.

(c) This section takes effect September 1, 2009.

SECTION 40.074. Section 502.185, Transportation Code, is transferred to Subchapter A, Chapter 502, Transportation Code, renumbered as Section 502.010, Transportation Code, and amended to read as follows:

Sec. 502.010 ~~[502.185].~~ COUNTY SCOFFLAW ~~[REFUSAL TO REGISTER VEHICLE IN CERTAIN COUNTIES]~~. (a) A county assessor-collector or the department may refuse to register a motor vehicle if the assessor-collector or the department receives information that the owner of the vehicle owes the county money for a fine, fee, or tax that is past due.

(b) A county may contract with the department to provide information to the department necessary to make a determination under Subsection (a).

(c) A county that has a contract under Subsection (b) shall notify the department regarding a person for whom the county assessor-collector or the department has refused to register a motor vehicle on:

(1) the person's payment or other means of discharge of the past due fine, fee, or tax; or

(2) perfection of an appeal of the case contesting payment of the fine, fee, or tax.

(d) After notice is received under Subsection (c), the county assessor-collector or the department may not refuse to register the motor vehicle under Subsection (a).

(e) A contract under Subsection (b) must be entered into in accordance with Chapter 791, Government Code, and is subject to the ability of the parties to provide or pay for the services required under the contract.

(f) A county that has a contract under Subsection (b) may impose an additional fee to a person paying a fine, fee, or tax to the county after it is past due. The additional fee may be used only to reimburse the department or the county for its expenses for providing services under the contract.

(g) In this section:

(1) a fine, fee, or tax is considered past due if it is unpaid 90 or more days after the date it is due; and

(2) registration of a motor vehicle includes renewal of the registration of the vehicle.

(h) This section does not apply to the registration of a motor vehicle under Section 501.0234, unless the vehicle is titled and registered in the name of a person who holds a general distinguishing number.

SECTION 40.075. The heading to Subchapter B, Chapter 502,

Transportation Code, is amended to read as follows:

SUBCHAPTER B. REGISTRATION REQUIREMENTS [~~STATE ADMINISTRATION~~]

SECTION 40.076. Section 502.002, Transportation Code, is transferred to Subchapter B, Chapter 502, Transportation Code, renumbered as Section 502.040, Transportation Code, and amended to read as follows:

Sec. 502.040 [~~502.002~~]. REGISTRATION REQUIRED; GENERAL RULE. (a) The owner of a motor vehicle, trailer, or semitrailer shall apply for the registration of the vehicle for:

(1) each registration year in which the vehicle is used or to be used on a public highway; and

(2) if the vehicle is unregistered for a registration year that has begun and that applies to the vehicle and if the vehicle is used or to be used on a public highway, the remaining portion of that registration year.

(b) The application must be made in a manner prescribed by [~~to~~] the department through the county assessor-collector of the county in which the owner resides.

(c) A provision of this chapter that conflicts with this section prevails over this section to the extent of the conflict.

(d) A county assessor-collector, a deputy county assessor-collector, or a person acting on behalf of a county assessor-collector is not liable to any person for:

(1) refusing to register a motor vehicle because of the person's failure to submit evidence of residency that complies with the department's rules; or

(2) registering a motor vehicle under this section.

SECTION 40.077. Section 502.157, Transportation Code, is transferred to Subchapter B, Chapter 502, Transportation Code, renumbered as Section 502.041, Transportation Code, and amended to read as follows:

Sec. 502.041 [~~502.157~~]. INITIAL REGISTRATION. (a) Notwithstanding Section 502.040 [~~502.002~~], [~~when a motor vehicle must be registered before an application for a certificate of title will be accepted,~~] the owner of a [~~the~~] vehicle may concurrently apply for a [~~certificate of~~] title and for registration through the county assessor-collector of the county in which:

(1) the owner resides; or

(2) the vehicle is purchased or encumbered.

(b) The first time an owner applies for registration of a vehicle, the owner may demonstrate compliance with Section 502.046(a) [~~502.153(a)~~] as to the vehicle by showing proof of financial responsibility in any manner specified in Section 502.046(c) [~~502.153(c)~~] as to:

(1) any vehicle of the owner; or

(2) any vehicle used as part of the consideration for the purchase of the vehicle the owner applies to register.

SECTION 40.078. Section 502.152, Transportation Code, is transferred to Subchapter B, Chapter 502, Transportation Code, renumbered as Section 502.042, Transportation Code, and amended to read as follows:

Sec. 502.042 [~~502.152~~]. [~~CERTIFICATE OF~~] TITLE REQUIRED FOR REGISTRATION. [~~(a)~~] The department may not register or renew the registration of a motor vehicle for which a [~~certificate of~~] title is required under Chapter 501 unless the owner:

(1) obtains a [~~certificate of~~] title for the vehicle; or

(2) presents satisfactory evidence that a [~~certificate of~~] title was previously issued to the owner by the department or another jurisdiction.

[~~(b) This section does not apply to an automobile that was purchased new before January 1, 1936.~~]

SECTION 40.079. Section 502.151, Transportation Code, is transferred to Subchapter B, Chapter 502, Transportation Code, renumbered as Section 502.043, Transportation Code, and amended to read as follows:

Sec. 502.043 [~~502.151~~]. APPLICATION FOR REGISTRATION.

(a) An application for vehicle registration must:

(1) be made in a manner prescribed and include the

information required ~~[on a form furnished]~~ by the department by rule; and

(2) contain a ~~[the]~~ full description ~~[name and address of the owner]~~ of the vehicle as required by department rule ~~[+ (3) contain a brief description of the vehicle, (4) contain any other information required by the department, and (5) be signed by the owner].~~

(b) ~~[For a new motor vehicle, the description of the vehicle must include the vehicle's:~~

~~[(1) trade name, (2) year model, (3) style and type of body, (4) weight, if the vehicle is a passenger car, (5) net carrying capacity and gross weight, if the vehicle is a commercial motor vehicle, (6) vehicle identification number, and (7) date of sale by the manufacturer or dealer to the applicant.~~

~~[(c)]~~ An applicant for registration of a commercial motor vehicle, truck-tractor, trailer, or semitrailer must show acceptable proof ~~[deliver]~~ to the county assessor-collector of ~~[an affidavit showing]~~ the weight of the vehicle, the maximum load to be carried on the vehicle, and the gross weight for which the vehicle is to be registered. ~~[The assessor-collector shall keep the affidavit on file.]~~

(c) ~~[(d)]~~ In lieu of filing an application during a year as provided by Subsection (a), the owner of a vehicle registered in any state for that year or the preceding year may present the registration receipt and transfer receipt, if any. The county assessor-collector shall accept the receipt as an application for renewal of the registration if the receipt indicates the applicant owns the vehicle. This section allows issuance for registration purposes only but does not authorize the department to issue a certificate of title or record of title.

~~[(e)] If an owner or claimed owner has lost or misplaced the registration receipt or transfer receipt for the vehicle, the county assessor-collector shall register the vehicle on the person's furnishing to the assessor-collector satisfactory evidence, by affidavit or otherwise, that the person owns the vehicle.~~

~~[(f)] A county assessor-collector shall date each registration receipt issued for a vehicle with the date on which the application for registration is made.]~~

SECTION 40.080. Section 502.158, Transportation Code, is transferred to Subchapter B, Chapter 502, Transportation Code, renumbered as Section 502.044, Transportation Code, and amended to read as follows:

Sec. 502.044 ~~[502.158]~~. REGISTRATION PERIOD ~~[YEAR]~~. (a) The department shall designate a vehicle registration year of 12 consecutive months to begin on the first day of a calendar month and end on the last day of the 12th calendar month.

(b) The department shall designate vehicle registration years so as to distribute the work of the department and the county assessor-collectors as uniformly as possible throughout the year. The department may establish separate registration years for any vehicle or classification of vehicle and may adopt rules to administer the year-round registration system.

(c) The department may designate a registration period of less than 12 months to be ~~[. The registration fee for a registration period of less than 12 months is]~~ computed at a rate of one-twelfth the annual registration fee multiplied by the number of months in the registration period. The department, by rule, may allow payment of ~~[may not designate a registration period of more than 12 months, but:]~~

~~[(1) with the consent of the department, an owner may pay] registration fees for a designated period not to exceed 96 ~~[of more than 12]~~ months ~~[, and~~~~

~~[(2) an owner of a vehicle may pay registration fees~~

~~for a designated period of 12, 24, or 36 months.~~

~~[(d) An application for registration shall be made during the two months preceding the date on which the registration expires.~~

~~[(e) The fee to be paid for renewing a registration is the fee that will be in effect on the first day of the vehicle registration year].~~

~~(d) [(g)] The department shall issue [the applicant for registration who pays registration fees for a designated period of 24 or 36 months] a registration receipt and registration insignia that are valid until the expiration of the designated period.~~

SECTION 40.081. Section 502.176, Transportation Code, is transferred to Subchapter B, Chapter 502, Transportation Code, renumbered as Section 502.045, Transportation Code, and amended to read as follows:

Sec. 502.045 ~~[502.176]~~. DELINQUENT REGISTRATION. (a) A registration fee ~~[prescribed by this chapter]~~ for a vehicle becomes delinquent immediately if the vehicle is used on a public highway without the fee having been paid in accordance with this chapter.

(b) ~~An [A county assessor-collector that determines that an] applicant for registration who provides [for which payment of the registration fee is delinquent has provided]~~ evidence acceptable to the assessor-collector ~~[sufficient]~~ to establish good reason for delinquent registration and who ~~[that the application]~~ complies with the other requirements for registration under this chapter may ~~[shall]~~ register the vehicle for a 12-month period that ends on the last day of the 11th month after the month in which the registration occurs under this subsection. The registration period for vehicles registered in accordance with Sections 502.255, 502.431, 502.435, 502.454, 504.401, 504.505, 504.515, and 504.613 ~~[502.164, 502.167, 502.203, 502.255, 502.267, 502.277, 502.278, 502.293, as added by Chapter 1222, Acts of the 75th Legislature, Regular Session, 1997, and 502.295, as added by Chapter 625, Acts of the 75th Legislature, Regular Session, 1997,]~~ will end on the annual registration date, and the registration fees will be prorated.

(c) A county assessor-collector that determines that an applicant for registration who ~~[that]~~ is delinquent and has not provided evidence acceptable ~~[to the assessor-collector sufficient]~~ to establish good reason for delinquent registration but who ~~[that the application]~~ complies with the other requirements for registration under this chapter shall register the vehicle for a 12-month period without changing the initial month of registration.

(d) A person who has been arrested or received a citation for a violation of Section 502.472 ~~[502.402]~~ may register the vehicle being operated at the time of the offense ~~[with the county assessor-collector]~~ for a 12-month period without change to the initial month of registration only if the person:

(1) meets the other requirements for registration under this chapter; and

(2) pays an additional charge equal to 20 percent of the prescribed fee.

(e) The department by rule ~~[county assessor-collector]~~ shall adopt a list of evidentiary items sufficient to establish good reason for delinquent registration under Subsection (b) and provide for the ~~[forms of]~~ evidence that may be used to establish good reason under that subsection. ~~[The list of evidentiary items adopted under this section must allow for delinquent registration under Subsection (b) because of:]~~

~~[(1) extensive repairs on the vehicle,~~

~~[(2) the absence of the owner of the vehicle from this country,~~

~~[(3) seasonal use of the vehicle, or~~

~~[(4) any other reason determined by the assessor-collector to be a valid explanation for the delinquent registration.]~~

(f) The department by rule shall adopt procedures to implement this section in connection with the delinquent

registration of a vehicle registered directly with the department.

SECTION 40.082. Section 502.153, Transportation Code, is transferred to Subchapter B, Chapter 502, Transportation Code, renumbered as Section 502.046, Transportation Code, and amended to read as follows:

Sec. 502.046 ~~[502.153]~~. EVIDENCE OF FINANCIAL RESPONSIBILITY. (a) ~~Evidence [Except as provided by Subsection (j), the owner of a motor vehicle, other than a trailer or semitrailer, for which evidence]~~ of financial responsibility ~~as [is]~~ required by Section 601.051 ~~other than for a trailer or semitrailer [or a person who represents the owner for purposes of registering a motor vehicle]~~ shall be submitted ~~[submit evidence of financial responsibility]~~ with the application for registration under Section 502.043 ~~[502.151]~~. A county assessor-collector may not register the motor vehicle unless the owner or the owner's representative submits the evidence of financial responsibility.

(b) The county assessor-collector shall examine the evidence of financial responsibility to determine whether it complies with Subsection (c). After examination, ~~[examining]~~ the evidence ~~[, the assessor-collector]~~ shall be returned ~~[return the evidence]~~ unless it is in the form of a photocopy or an electronic submission.

(c) In this section, evidence of financial responsibility may be:

(1) a document listed under Section 601.053(a) or verified in compliance with Section 601.452, as added by Chapter 892, Acts of the 79th Legislature, Regular Session, 2005;

(2) a liability self-insurance or pool coverage document issued by a political subdivision or governmental pool under the authority of Chapter 791, Government Code, Chapter 119, Local Government Code, or other applicable law in at least the minimum amounts required by Chapter 601;

(3) a photocopy of a document described by Subdivision (1) or (2); or

(4) an electronic submission of a document or the information contained in a document described by Subdivision (1) or (2).

(d) A personal automobile policy used as evidence of financial responsibility under this section must comply with Section 1952.052 et seq. and Sections 2301.051 through 2301.055 ~~[Article 5.06 or 5.145]~~, Insurance Code.

(e) At the time of registration, the county assessor-collector shall provide to a person registering a motor vehicle a ~~[separate]~~ statement that the motor vehicle ~~[being registered]~~ may not be operated in this state unless:

(1) liability insurance coverage for the motor vehicle in at least the minimum amounts required by law remains in effect to insure against potential losses; or

(2) the motor vehicle is exempt from the insurance requirement because the person has established financial responsibility in a manner described by Sections ~~[Section]~~ 601.051(2)-(5) or is exempt under Section 601.052.

(f) A county assessor-collector is not liable to any person for refusing to register a motor vehicle to which this section applies because of the person's failure to submit evidence of financial responsibility that complies with Subsection (c).

(g) A county, a county assessor-collector, a deputy county assessor-collector, a person acting for or on behalf of a county or a county assessor-collector, or a person acting on behalf of an owner for purposes of registering a motor vehicle is not liable to any person for registering a motor vehicle under this section.

(h) This section does not prevent a person from registering a motor vehicle by mail or through an electronic submission.

(i) To be valid under this section, an electronic submission must be in a format that is:

(1) submitted by electronic means, including a telephone, facsimile machine, or computer;

(2) approved by the department; and

(3) authorized by the commissioners court for use in

the county.

(j) This section does not apply to a vehicle registered pursuant to Section 501.0234.

SECTION 40.083. Section 502.009, Transportation Code, is transferred to Subchapter B, Chapter 502, Transportation Code, renumbered as Section 502.047, Transportation Code, and amended to read as follows:

Sec. 502.047 ~~[502.009]~~. MOTOR VEHICLE EMISSIONS INSPECTION AND MAINTENANCE REQUIREMENTS. (a) The Department of Public Safety shall ensure compliance with the motor vehicle emissions inspection and maintenance program through a vehicle inspection sticker-based enforcement system except as provided by this section or Section 548.3011. Subsections (b)-(e) apply only if the United States Environmental Protection Agency determines that the state has not demonstrated, as required by 40 C.F.R. Section 51.361, that sticker-based enforcement of the program is more effective than registration-based enforcement and gives the Texas ~~[Natural Resource Conservation]~~ Commission on Environmental Quality or the governor written notification that the reregistration-based enforcement of the program, as described by those subsections, will be required. If Subsections (b)-(e) are made applicable as provided by this subsection, the department shall terminate reregistration-based enforcement of the program under those subsections on the date the United States Environmental Protection Agency gives the Texas ~~[Natural Resource Conservation]~~ Commission on Environmental Quality or a person the commission designates written notification that reregistration-based enforcement is not required for the state implementation plan.

(b) ~~A [The department may not register a]~~ motor vehicle may not be registered if the department receives from the Texas ~~[Natural Resource Conservation]~~ Commission on Environmental Quality or the Department of Public Safety notification that the registered owner of the vehicle has not complied with Subchapter F, Chapter 548.

(c) ~~A motor vehicle [The county tax assessor-collector] may not be registered if the [register a] vehicle was denied registration under Subsection (b) unless [the tax assessor-collector has] verification is received that the registered vehicle owner is in compliance with Subchapter F, Chapter 548.~~

(d) The department, the Texas ~~[Natural Resource Conservation]~~ Commission on Environmental Quality, and the Department of Public Safety shall enter an agreement regarding the responsibilities for costs associated with implementing this section.

(e) A county tax assessor-collector is not liable to any person for refusing to register a motor vehicle because of the person's failure to provide verification of the person's compliance with Subchapter F, Chapter 548.

SECTION 40.084. Section 502.005, Transportation Code, is transferred to Subchapter B, Chapter 502, Transportation Code, renumbered as Section 502.048, Transportation Code, and amended to read as follows:

Sec. 502.048 ~~[502.005]~~. REFUSAL TO REGISTER UNSAFE VEHICLE. ~~[(a)]~~ The department may refuse to register a motor vehicle and may cancel, suspend, or revoke a registration if the department determines that a motor vehicle is unsafe, improperly equipped, or otherwise unfit to be operated on a public highway.

~~[(b) The department may refuse to register a motorcycle and may suspend or revoke the registration of a motorcycle if the department determines that the motorcycle's braking system does not comply with Section 547.403.]~~

SECTION 40.085. Section 502.055(b), Transportation Code, is amended to read as follows:

(b) The department may require an applicant for registration under this chapter to provide the department with evidence of:

(1) the manufacturer's rated carrying capacity for the vehicle; or

161-1 (2) ~~[the nominal tonnage rating of the vehicle,~~
 161-2 ~~[or~~ ~~(3)]~~ the gross vehicle weight rating ~~[of the vehicle,~~
 161-3 ~~or~~
 161-4 ~~[(4) any combination of information described in~~
 161-5 ~~Subdivisions (1)-(3)].~~

161-6 SECTION 40.086. Section 502.178, Transportation Code, is
 161-7 transferred to Subchapter B, Chapter 502, Transportation Code,
 161-8 renumbered as Section 502.057, Transportation Code, and amended to
 161-9 read as follows:

161-10 Sec. 502.057 ~~[502.178]~~. REGISTRATION RECEIPT. ~~[(a)]~~ The
 161-11 department shall issue or require to be issued to the owner of a
 161-12 vehicle registered under this chapter a registration receipt
 161-13 showing the information required by rule ~~[+]~~

161-14 ~~[(1) the date of issuance,~~
 161-15 ~~[(2) the license number assigned to the vehicle,~~
 161-16 ~~[(3) the name and address of the owner, and~~
 161-17 ~~[(4) other information as determined by the~~
 161-18 ~~department.~~

161-19 ~~[(b) The registration receipt issued for a commercial motor~~
 161-20 ~~vehicle, truck-tractor, trailer, or semitrailer must show the gross~~
 161-21 ~~weight for which the vehicle is registered].~~

161-22 SECTION 40.087. Section 502.179, Transportation Code, is
 161-23 transferred to Subchapter B, Chapter 502, Transportation Code,
 161-24 renumbered as Section 502.058, Transportation Code, and amended to
 161-25 read as follows:

161-26 Sec. 502.058 ~~[502.179]~~. DUPLICATE REGISTRATION RECEIPT.
 161-27 (a) The owner of a vehicle for which the registration receipt has
 161-28 been lost or destroyed may obtain a duplicate receipt from the
 161-29 department or the county assessor-collector who issued the original
 161-30 receipt by paying a fee of \$2.

161-31 (b) The office issuing a duplicate receipt shall retain the
 161-32 fee received ~~[as a fee of office]~~.

161-33 SECTION 40.088. Section 502.180, Transportation Code, is
 161-34 transferred to Subchapter B, Chapter 502, Transportation Code,
 161-35 renumbered as Section 502.059, Transportation Code, and amended to
 161-36 read as follows:

161-37 Sec. 502.059 ~~[502.180]~~. ISSUANCE OF ~~[LICENSE PLATE OR]~~
 161-38 REGISTRATION INSIGNIA. (a) On payment of the prescribed fee ~~[,~~
 161-39 ~~the department shall issue to]~~ an applicant for motor vehicle
 161-40 registration shall be issued a ~~[license plate or set of plates or a~~
 161-41 ~~device that, when attached to the vehicle as prescribed by the~~
 161-42 ~~department, is the]~~ registration insignia ~~[for the period for which~~
 161-43 ~~it was issued]~~.

161-44 (b) ~~[Subject to Subchapter I, the department shall issue~~
 161-45 ~~only one license plate or set of plates for a vehicle during a~~
 161-46 ~~five-year period.~~

161-47 ~~[(c)]~~ On application and payment of the prescribed fee for a
 161-48 renewal of the registration of a vehicle through the seventh ~~[for~~
 161-49 ~~the first, second, third, or fourth]~~ registration year after the
 161-50 issuance of a license plate or set of plates for the vehicle, the
 161-51 department shall issue a registration insignia for the validation
 161-52 of the license plate or plates to be attached as provided by
 161-53 Subsection (c) ~~[(d)]~~.

161-54 (c) ~~[(a)]~~ Except as provided by Subsection (f) ~~[(h)]~~, the
 161-55 registration insignia for validation of a license plate shall be
 161-56 attached to the inside of the vehicle's windshield, if the vehicle
 161-57 has a windshield, within six inches of the place where the motor
 161-58 vehicle inspection sticker is required to be placed. If the vehicle
 161-59 does not have a windshield, the owner, when applying for
 161-60 registration or renewal of registration, shall notify the
 161-61 department, and the department shall issue a distinctive device for
 161-62 attachment to the rear license plate of the vehicle.

161-63 (d) Department ~~[(e)]~~ ~~The department shall adopt rules for~~
 161-64 ~~the issuance and use of license plates and registration insignia~~
 161-65 ~~issued under this chapter. The]~~ rules may provide for the use of an
 161-66 automated registration process, including:

161-67 (1) the automated on-site production of registration
 161-68 insignia; and
 161-69 (2) automated on-premises and off-premises

self-service registration.

(e) Subsection (c) does ~~[(f) Subsections (b)-(d) do]~~ not apply to:

(1) the issuance of specialized license plates as designated by the department, including state official license plates, exempt plates for governmental entities, and temporary registration plates; or

(2) the issuance or validation of replacement license plates, except as provided by Chapter 504 ~~[Section 502.184]~~.

~~(f) [(g) The department shall provide a separate and distinctive tab to be affixed to the license plate of an automobile, pickup, or recreational vehicle that is offered for rent, as a business, to any part of the public.~~

~~[(h)]~~ The registration insignia ~~[for validation of a license plate]~~ shall be attached to the rear license plate of the vehicle, if the vehicle is:

(1) a motorcycle;

(2) machinery used exclusively to drill water wells or construction machinery for which a distinguishing license plate has been issued under Section 502.146 ~~[504.504]~~; or

(3) oil well servicing, oil clean out, or oil well drilling machinery or equipment for which a distinguishing license plate has been issued under Subchapter G, Chapter 623.

SECTION 40.089. Section 502.184, Transportation Code, is transferred to Subchapter B, Chapter 502, Transportation Code, renumbered as Section 502.060, Transportation Code, and amended to read as follows:

Sec. 502.060 ~~[502.184]~~. REPLACEMENT OF ~~[LOST, STOLEN, OR MUTILATED LICENSE PLATE OR]~~ REGISTRATION INSIGNIA. (a) The owner of a registered motor vehicle may obtain from the department through the county assessor-collector ~~[replacement license plates or]~~ a replacement registration insignia by:

(1) certifying ~~[filing with the assessor-collector a statement:~~

~~[(A) showing]~~ that ~~[one or both of the license plates or]~~ the registration insignia to be replaced has been lost, stolen, or mutilated~~+~~ and

~~[(B) stating]~~ that the replacement ~~[no license plate or]~~ registration insignia ~~[to be replaced]~~ will not be used on any other vehicle owned or operated by the person making the statement;

(2) paying a fee of \$5 plus the fees required by Sections 502.356(a) ~~[502.170(a)]~~ and 502.360 ~~[502.1705(a)]~~ for ~~[each set of replacement license plates or]~~ each replacement registration insignia, unless specified in other law ~~[except as provided by Subsection (b), (c), or (i)]~~; and

(3) returning ~~[to]~~ the ~~[assessor-collector each replaced plate or]~~ registration insignia in the owner's possession.

(b) A ~~[No]~~ fee is not required under this section if the replacement fee has been paid under Section 504.008. ~~[for the replacement of lost, stolen, or mutilated specialized license plates issued under Sections 504.308 and 504.315(c) and (f). The fee for replacement of certain specialized license plates is:~~

[License plates issued under:	Fee:
[Section 504.411	\$2
[Section 504.409	\$9]

(c) The fee for replacement of a registration insignia of all other specialized license plates issued under this chapter ~~[Section 504.507]~~ is the amount prescribed by the department as necessary to recover the cost of providing the replacement ~~[plates]~~.

~~(d) [If license plates approved under Section 504.501(b) or 504.502(c) are lost, stolen, or mutilated, the owner of the vehicle may obtain approval of another set of license plates as provided by Section 504.501 or 504.502, respectively. The fee for approval of replacement license plates is \$5.~~

~~[(e)]~~ A county assessor-collector may not issue ~~[replacement license plates or a]~~ replacement registration insignia without complying with this section.

(e) ~~[(f)]~~ A county assessor-collector shall retain \$2.50 of each fee collected under this section and shall report and send the remainder to the department ~~[as provided by Sections 502.102 and 502.105]~~.

~~[(g) Replacement license plates may be used in the registration year in which the plates are issued and during each succeeding year of the five-year period as prescribed by Section 502.180(b) if the registration insignia is properly attached.~~

~~[(h) Subsection (g) does not apply to the issuance of specialized license plates as designated by the department, including state official license plates, exempt plates for governmental entities, and temporary registration plates.~~

~~[(i) The owner of a vehicle listed in Section 502.180(h) may obtain replacement plates and a replacement registration insignia by paying a fee of \$5 plus the fees required by Sections 502.170(a) and 502.1705(a).]~~

SECTION 40.090. The heading to Subchapter C, Chapter 502, Transportation Code, is amended to read as follows:

SUBCHAPTER C. SPECIAL REGISTRATIONS ~~[COUNTY ADMINISTRATION]~~

SECTION 40.091. Section 502.0025, Transportation Code, is transferred to Subchapter C, Chapter 502, Transportation Code, and renumbered as Section 502.090, Transportation Code, to read as follows:

Sec. 502.090 ~~[502.0025]~~. EFFECT OF CERTAIN MILITARY SERVICE ON REGISTRATION REQUIREMENT. (a) This section applies only to a motor vehicle that is owned by a person who:

(1) is a resident of this state;

(2) is on active duty in the armed forces of the United States;

(3) is stationed in or has been assigned to another nation under military orders; and

(4) has registered the vehicle or been issued a license for the vehicle under the applicable status of forces agreement by:

(A) the appropriate branch of the armed forces of the United States; or

(B) the nation in which the person is stationed or to which the person has been assigned.

(b) Unless the registration or license issued for a vehicle described by Subsection (a) is suspended, canceled, or revoked by this state as provided by law:

(1) Section 502.040(a) ~~[502.002(a)]~~ does not apply; and

(2) the registration or license issued by the armed forces or host nation remains valid and the motor vehicle may be operated in this state under that registration or license for a period of not more than 90 days after the date on which the vehicle returns to this state.

SECTION 40.092. Section 502.054, Transportation Code, is transferred to Subchapter C, Chapter 502, Transportation Code, renumbered as Section 502.091, Transportation Code, and amended to read as follows:

Sec. 502.091 ~~[502.054]~~. INTERNATIONAL REGISTRATION PLAN ~~[AGREEMENTS WITH OTHER JURISDICTIONS, OFFENSE]~~. (a) The

department, through its director, may enter into an agreement with an authorized officer of another jurisdiction, including another state of the United States, a foreign country or a state, province, territory, or possession of a foreign country, to provide for:

(1) the registration of vehicles by residents of this state and nonresidents on an allocation or mileage apportionment plan, as under the International Registration Plan; and

(2) the exemption from payment of registration fees by nonresidents if residents of this state are granted reciprocal exemptions.

(b) The department may adopt and enforce rules to carry out the International Registration Plan or other agreement under this section.

(c) To carry out the International Registration Plan or other agreement under this section, the department shall direct

that fees collected for other jurisdictions under the agreement be deposited to the credit of the proportional registration distributive fund in the state treasury and distributed to the appropriate jurisdiction through that fund.

(d) This section prevails to the extent of conflict with another law relating to the subject of this section.

(e) A person commits an offense if the person owns or operates a vehicle not registered in this state in violation of:

- (1) an agreement under this section; or
- (2) the applicable registration laws of this state, in the absence of an agreement under this section.

(f) An offense under Subsection (e) is a misdemeanor punishable by a fine not to exceed \$200.

SECTION 40.093. Section 502.355, Transportation Code, is transferred to Subchapter C, Chapter 502, Transportation Code, renumbered as Section 502.092, Transportation Code, and amended to read as follows:

Sec. 502.092 [~~502.355~~]. NONRESIDENT-OWNED VEHICLES USED TO TRANSPORT FARM PRODUCTS [~~, OFFENSE~~]. (a) The department may issue to a nonresident owner a permit for a truck, truck-tractor, trailer, or semitrailer that:

- (1) is registered in the owner's home state or country; and

- (2) will be used to transport:
 - (A) farm products produced in this state from the place of production to a place of market or storage or a railhead that is not more than 75 miles from the place of production;

- (B) machinery used to harvest farm products produced in this state; or

- (C) farm products produced outside this state from the point of entry into this state to a place of market, storage, or processing or a railhead or seaport that is not more than 80 miles from the point of entry.

(b) The department shall issue a distinguishing insignia for a vehicle issued a permit under this section. The insignia must be attached to the vehicle in lieu of regular license plates and must show the permit expiration date. A permit issued under this section is valid until the earlier of:

- (1) the date the vehicle's registration in the owner's home state or country expires; or
- (2) the 30th day after the date the permit is issued.

(c) A person may obtain a permit under this section by:

- (1) applying to the department as [~~on a form~~]

- (2) paying a fee equal to 1/12 the registration fee prescribed by this chapter for the vehicle;

- (3) furnishing satisfactory evidence that the motor vehicle is insured under an insurance policy that complies with Section 601.072 and that is written by:

- (A) an insurance company or surety company authorized to write motor vehicle liability insurance in this state; or

- (B) with the department's approval, a surplus lines insurer that meets the requirements of Chapter 981, Insurance Code, and rules adopted by the commissioner of insurance under that chapter, if the applicant is unable to obtain insurance from an insurer described by Paragraph (A); and

- (4) furnishing evidence that the vehicle has been inspected as required under Chapter 548.

(d) A nonresident owner may not obtain more than three permits under this section during a registration year.

(e) A vehicle for which a permit is issued under this section may not be operated in this state after the permit expires unless the owner:

- (1) obtains another temporary permit; or
- (2) registers the vehicle under Section 502.253, 502.254, 502.256 [~~502.162~~, ~~502.165~~, ~~502.166~~], or 502.255 [~~502.167~~], as appropriate, for the remainder of the registration year.

(f) A vehicle for which a permit is issued under this section may not be registered under Section 502.433 ~~[502.163]~~.

(g) A mileage referred to in this section is a state highway mileage.

~~[(h) A person operating a vehicle under a permit issued under this section commits an offense if the person:~~

~~[(1) transports farm products to a place of market, storage, or processing or a railhead or seaport that is farther from the place of production or point of entry, as appropriate, than the distance provided for in the permit; or~~

~~[(2) follows a route other than that prescribed by the Texas Transportation Commission.~~

~~[(i) An offense under Subsection (h) is a misdemeanor punishable by a fine of not less than \$25 or more than \$200.]~~

SECTION 40.094. Section 502.353, Transportation Code, is transferred to Subchapter C, Chapter 502, Transportation Code, renumbered as Section 502.093, Transportation Code, and amended to read as follows:

Sec. 502.093 ~~[502.353]~~. ~~[FOREIGN COMMERCIAL VEHICLES,]~~ ANNUAL PERMITS ~~[, OFFENSE]~~. (a) The department may issue an annual permit in lieu of registration to a foreign commercial motor vehicle, trailer, or semitrailer that ~~[+]~~

~~[(1)]~~ is subject to registration in this state ~~[+]~~ and ~~[(2)]~~ is not authorized to travel on a public highway because of the lack of registration in this state or the lack of reciprocity with the state or country in which the vehicle is registered.

(b) A permit issued under this section ~~[+]~~ ~~[(1) is in lieu of registration; and~~ ~~[(2)]~~ is valid for a vehicle registration year to begin on the first day of a calendar month designated by the department and end on the last day of the last calendar month of the registration year.

(c) A permit may not be issued under this section for the importation of citrus fruit into this state from a foreign country except for foreign export or processing for foreign export.

(d) A person may obtain a permit under this section by:

(1) applying in the manner prescribed by ~~[+]~~ the department;

(2) paying a registration fee in the amount required by Subsection (e) in the manner prescribed by the department, including a service charge for a credit card payment or escrow account ~~[cash or by postal money order or certified check]~~; and

(3) furnishing evidence of financial responsibility for the motor vehicle that complies with Sections 502.046(c) ~~[502.153(c)]~~ and 601.168(a), the policies to be written by an insurance company or surety company authorized to write motor vehicle liability insurance in this state.

(e) The fee for a permit under this section is the fee that would be required for registering the vehicle under Section 502.253 ~~[502.162]~~ or 502.255 ~~[502.167]~~, except as provided by Subsection (f).

(f) A vehicle registered under this section is exempt from the token fee and is not required to display the associated distinguishing license plate if the vehicle:

(1) is a semitrailer that has a gross weight of more than 6,000 pounds; and

(2) is used or intended to be used in combination with a truck tractor or commercial motor vehicle with a gross vehicle weight ~~[manufacturer's rated carrying capacity]~~ of more than 10,000 pounds ~~[one ton]~~.

(g) A vehicle registered under this section is not subject to the fee required by Section 502.401 ~~[502.172]~~ or 502.403 ~~[502.173]~~.

~~[(h) The department may:~~

~~[(1) adopt rules to administer this section; and~~

~~[(2) prescribe an application for a permit and other forms under this section.~~

~~[(i) A person who violates this section commits an offense.~~

~~An offense under this section is a misdemeanor punishable by a fine not to exceed \$200.]~~

SECTION 40.095. Section 502.352, Transportation Code, is transferred to Subchapter C, Chapter 502, Transportation Code, renumbered as Section 502.094, Transportation Code, and amended to read as follows:

Sec. 502.094 ~~[502.352]~~. 72- OR 144-HOUR PERMITS [FOREIGN COMMERCIAL VEHICLES]. (a) The department may issue a temporary registration permit in lieu of registration for a commercial motor vehicle, trailer, semitrailer, or motor bus that:

(1) is owned by a resident of the United States, Canada, or the United Mexican States;

(2) is subject to registration in this state; and

(3) is not authorized to travel on a public highway because of the lack of registration in this state or the lack of reciprocity with the state or province in which the vehicle is registered.

(b) A permit issued under this section ~~[+]~~

~~[(1) is in lieu of registration; and~~

~~[(2)]~~ is valid for the period stated on the permit, effective from the date and time shown on the receipt issued as evidence of registration under this section.

(c) A person may obtain a permit under this section by:

(1) applying to the county assessor-collector, the department, or the department's wire service agent, if the department has a wire service agent;

(2) paying a fee of \$25 for a 72-hour permit or \$50 for a 144-hour permit in the manner prescribed by the department that may include a registration service charge for a credit card payment or escrow account ~~[+]~~

~~[(A) in cash;~~

~~[(B) by postal money order;~~

~~[(C) by certified check;~~

~~[(D) by wire transfer through the department's wire service agent, if any;~~

~~[(E) by an escrow account; or~~

~~[(F) where the service is provided, by a credit card issued by:~~

~~[(i) a financial institution chartered by a state or the United States; or~~

~~[(ii) a nationally recognized credit organization approved by the Texas Transportation Commission;~~

~~[(3) paying a discount or service charge for a credit card payment or escrow account, in addition to the fee]; and~~

(3) ~~[(4)]~~ furnishing to the county assessor-collector, the department, or the department's wire service agent, evidence of financial responsibility for the vehicle that complies with Sections 502.046(c) ~~[502.153(c)]~~ and 601.168(a) ~~[and is written by an insurance company or surety company authorized to write motor vehicle liability insurance in this state].~~

(d) A county assessor-collector shall report and send a fee collected under this section in the manner provided by Section 502.198 ~~[Sections 502.102 and 502.105]~~. Each week, a wire service agent shall send to the department a report of all permits issued by the agent during the previous week. The department by rule shall prescribe the format ~~[form]~~ and content of a report required by this subsection.

(e) ~~[The department may:~~

~~[(1) adopt rules to administer this section; and~~

~~[(2) prescribe an application for a permit and other forms under this section.~~

~~[(f)]~~ A vehicle issued a permit under this section is subject to Subchapters B and F, Chapter 548, unless the vehicle:

(1) is registered in another state of the United States, in a province of Canada, or in a state of the United Mexican States; or

(2) is mobile drilling or servicing equipment used in the production of gas, crude petroleum, or oil, including a mobile

crane or hoisting equipment, mobile lift equipment, forklift, or tug.

(f) ~~[(g)]~~ A commercial motor vehicle, trailer, semitrailer, or motor bus apprehended for violating a registration law of this state:

(1) may not be issued a permit under this section; and
(2) is immediately subject to registration in this state.

(g) ~~[(h)]~~ A person who operates a commercial motor vehicle, trailer, or semitrailer with an expired permit issued under this section is considered to be operating an unregistered vehicle subject to each penalty prescribed by law.

(h) ~~[(i)]~~ The department may establish one or more escrow accounts in the state highway fund for the prepayment of a 72-hour permit or a 144-hour permit. Any fee established by the department for the administration of this subsection shall be administered as required by an agreement entered into by the department.

(i) The department may refuse and may instruct a county assessor-collector to refuse to issue a temporary registration for any vehicle if, in the department's opinion, the vehicle or the owner of the vehicle has been involved in operations that constitute an abuse of the privilege granted by this section. A registration issued after notice of the involvement is received is void.

SECTION 40.096. Section 502.354, Transportation Code, is transferred to Subchapter C, Chapter 502, Transportation Code, renumbered as Section 502.095, Transportation Code, and amended to read as follows:

Sec. 502.095 ~~[502.354]~~. ONE-TRIP ~~[SINGLE]~~ OR 30-DAY TRIP PERMITS ~~[, OFFENSE]~~. (a) The department may issue a temporary permit in lieu of registration for a vehicle ~~[that]~~

~~[(1) is]~~ subject to registration in this state that ~~[+]~~ and

~~[(2)]~~ is not authorized to travel on a public highway because of the lack of registration in this state or the lack of reciprocity with the state or country in which the vehicle is registered.

(b) A permit issued under this section ~~[+]~~ ~~[(1) is in lieu of registration, and]~~ ~~[(2)]~~ is valid for:

(1) ~~[(A)]~~ one trip, as provided by Subsection (c); or
(2) ~~[(B)]~~ 30 days, as provided by Subsection (d).

(c) A one-trip permit is valid for one trip between the points of origin and destination and those intermediate points specified in the application and registration receipt. Unless the vehicle is a bus operating under charter that is not covered by a reciprocity agreement with the state or country in which the bus is registered, a one-trip permit is for the transit of the vehicle only, and the vehicle may not be used for the transportation of any passenger or property. A one-trip permit may not be valid for longer than 15 days from the effective date of registration.

(d) A 30-day permit may be issued only to a passenger vehicle, a private bus, a trailer or semitrailer with a gross weight of not more than 10,000 pounds, a light truck, or a light commercial vehicle with a gross vehicle weight ~~[manufacturer's rated carrying capacity]~~ of more than 10,000 pounds ~~[one ton]~~ that will operate unladen. A person may obtain multiple 30-day permits. The department may issue a single registration receipt to apply to all of the periods for which the vehicle is registered.

(e) A person may obtain a permit under this section by:

(1) applying as ~~[on a form]~~ provided by the department to:

(A) the county assessor-collector of the county in which the vehicle will first be operated on a public highway; or

(B) the department in Austin or at one of the department's vehicle title and registration regional offices;

(2) paying a fee, in the manner prescribed by the department including a registration service charge for a credit card payment or escrow account ~~[cash or by postal money order or]~~

~~certified check,~~] of:

- (A) \$5 for a one-trip permit; or
- (B) \$25 for each 30-day period; and
- (3) furnishing evidence of financial responsibility for the vehicle in a form listed under Section 502.046(c) ~~[502.153(c)]~~.

(f) A registration receipt ~~[and temporary tag]~~ shall be carried in the vehicle at all times during the period in which it is valid [issued on forms provided by the department]. The temporary tag must contain all pertinent information required by this section and must be displayed in the rear window of the vehicle so that the tag is clearly visible and legible when viewed from the rear of the vehicle. If the vehicle does not have a rear window, the temporary tag must be attached on or carried in the vehicle to allow ready inspection. The registration receipt must be carried in the vehicle at all times during the period in which it is valid.

(g) The department may refuse and may instruct a county assessor-collector to refuse to issue a temporary registration for any vehicle if, in the department's opinion, the vehicle or the owner of the vehicle has been involved in operations that constitute an abuse of the privilege granted by this section. A registration issued after notice to a county assessor-collector under this subsection is void.

~~[(h) A person issued a temporary registration under this section who operates a vehicle in violation of Subsection (f) commits an offense. An offense under this subsection is a Class C misdemeanor.]~~

~~[(i) The department may:~~
~~(1) adopt rules to administer this section; and~~
~~(2) prescribe an application for a permit and other forms under this section.]~~

SECTION 40.097. The heading to Subchapter D, Chapter 502, Transportation Code, is amended to read as follows:

SUBCHAPTER D. VEHICLES NOT ISSUED REGISTRATION ~~[PROCEDURES AND FEES]~~

SECTION 40.098. Section 502.006, Transportation Code, is transferred to Subchapter D, Chapter 502, Transportation Code, renumbered as Section 502.140, Transportation Code, and amended to read as follows:

Sec. 502.140 ~~[502.006]~~. ALL-TERRAIN VEHICLES. (a) Except as provided by Subsection (b), a person may not register an all-terrain vehicle, with or without design alterations, for operation on a public highway.

(b) The state, a county, or a municipality may register an all-terrain vehicle for operation on a public beach or highway to maintain public safety and welfare.

(c) ~~[(c)]~~ Section 502.401 ~~[502.172]~~ does not apply to an all-terrain vehicle.

(d) Operation in compliance with Section 663.037 does not require registration.

SECTION 40.099. Section 502.0071, Transportation Code, is transferred to Subchapter D, Chapter 502, Transportation Code, renumbered as Section 502.141, Transportation Code, and amended to read as follows:

Sec. 502.141 ~~[502.0071]~~. GOLF CARTS. A [An owner of a] golf cart may be operated on a public highway without registration [is not required to register the golf cart] if:

(1) the operation of the golf cart occurs in the daytime, as defined by Section 541.401; and

(2) the operation:
 (A) does not exceed a distance of two miles from the point of origin to the destination if driven to and from a golf course;

(B) occurs entirely within a master planned community with a uniform set of restrictive covenants that has had a plat approved by a county or a municipality; or

(C) occurs on a public or private beach.

SECTION 40.100. Section 502.0072, Transportation Code, is transferred to Subchapter D, Chapter 502, Transportation Code, and

renumbered as Section 502.142, Transportation Code, to read as follows:

Sec. 502.142 [~~502.0072~~]. MANUFACTURED HOUSING. Manufactured housing, as defined by Section 1201.003, Occupations Code, is not a vehicle subject to this chapter.

SECTION 40.101. Section 502.0073, Transportation Code, is transferred to Subchapter D, Chapter 502, Transportation Code, renumbered as Section 502.143, Transportation Code, and amended to read as follows:

Sec. 502.143 [~~502.0073~~]. OTHER VEHICLES [~~POWER SWEEPERS~~]. [~~(a)~~] An owner [~~of a power sweeper~~] is not required to register the following vehicles for operation on a public highway:

- (1) power sweepers;
- (2) motorized mobility devices;
- (3) electric personal assistive mobility devices; and
- (4) electric bicycles [~~sweeper~~].

[~~(b)~~] In this section, "power sweeper" means an implement, with or without motive power, designed for the removal by broom, vacuum, or regenerative air system of debris, dirt, gravel, litter, or sand from asphaltic concrete or cement concrete surfaces, including surfaces of parking lots, roads, streets, highways, and warehouse floors. The term includes a vehicle on which the implement is permanently mounted if the vehicle is used only as a power sweeper.]

SECTION 40.102. Section 502.0078, Transportation Code, is transferred to Subchapter D, Chapter 502, Transportation Code, and renumbered as Section 502.144, Transportation Code, to read as follows:

Sec. 502.144 [~~502.0078~~]. VEHICLES OPERATED ON PUBLIC HIGHWAY SEPARATING REAL PROPERTY UNDER VEHICLE OWNER'S CONTROL. Where a public highway separates real property under the control of the owner of a motor vehicle, the operation of the motor vehicle by the owner or the owner's agent or employee across the highway is not a use of the motor vehicle on the public highway.

SECTION 40.103. Section 502.0079, Transportation Code, is transferred to Subchapter D, Chapter 502, Transportation Code, renumbered as Section 502.145, Transportation Code, and amended to read as follows:

Sec. 502.145 [~~502.0079~~]. VEHICLES OPERATED BY CERTAIN NONRESIDENTS. (a) [~~A nonresident owner of a motor vehicle, trailer, or semitrailer that is registered in the state or country in which the person resides may operate the vehicle to transport persons or property for compensation without being registered in this state, if the person does not exceed two trips in a calendar month and each trip does not exceed four days.~~

[~~(b)~~] A nonresident owner of a privately owned vehicle that is not registered in this state may not make more than five occasional trips in any calendar month into this state using the vehicle. Each occasional trip into this state may not exceed five days.

[~~(c)~~] A nonresident owner of a privately owned passenger car that is registered in the state or country in which the person resides and that is not operated for compensation may operate the car in this state for the period in which the car's license plates are valid. In this subsection, "nonresident" means a resident of a state or country other than this state whose presence in this state is as a visitor and who does not engage in gainful employment or enter into business or an occupation, except as may otherwise be provided by any reciprocal agreement with another state or country.

(b) [~~(a)~~] This section does not prevent:

(1) a nonresident owner of a motor vehicle from operating the vehicle in this state for the sole purpose of marketing farm products raised exclusively by the person; or

(2) a resident of an adjoining state or country from operating in this state a privately owned and registered vehicle to go to and from the person's place of regular employment and to make trips to purchase merchandise, if the vehicle is not operated for compensation.

(c) [~~(e)~~] The privileges provided by this section may be

allowed only if, under the laws of the appropriate state or country, similar privileges are granted to vehicles registered under the laws of this state and owned by residents of this state.

(d) ~~[(f)]~~ This section does not affect the right or status of a vehicle owner under any reciprocal agreement between this state and another state or country.

SECTION 40.104. Section 504.504, Transportation Code, is transferred to Subchapter D, Chapter 502, Transportation Code, renumbered as Section 502.146, Transportation Code, and amended to read as follows:

Sec. 502.146 ~~[504.504]~~. CERTAIN FARM VEHICLES AND DRILLING AND CONSTRUCTION EQUIPMENT. (a) The department shall issue specialty license plates to a vehicle described by Subsection (b) or (c). The fee for the license plates is \$5.

(b) An owner is not required to register a vehicle that is used only temporarily on the highways if the vehicle is:

(1) a farm trailer or farm semitrailer with a gross weight of more than 4,000 pounds but not more than 34,000 pounds that is used exclusively to transport:

(A) seasonally harvested agricultural products or livestock from the place of production to the place of processing, market, or storage; or

(B) farm supplies from the place of loading to the farm;

(2) machinery used exclusively for the purpose of drilling water wells; ~~[or]~~

(3) oil well servicing or drilling machinery; or

(4) construction machinery ~~[that is not designed to transport persons or property on a public highway]~~.

(c) An owner is not required to register a vehicle that is:

(1) a farm trailer or farm semitrailer owned by a cotton gin and used exclusively to transport agricultural products without charge from the place of production to the place of processing, market, or storage;

(2) a trailer used exclusively to transport fertilizer without charge from a place of supply or storage to a farm; or

(3) a trailer used exclusively to transport cottonseed without charge from a place of supply or storage to a farm or place of processing.

(d) A vehicle described by Subsection (b) is exempt from the inspection requirements of Subchapters B and F, Chapter 548.

(e) This section does not apply to a farm trailer or farm semitrailer that:

(1) is used for hire;

(2) has metal tires operating in contact with the highway;

(3) is not equipped with an adequate hitch pinned or locked so that it will remain securely engaged to the towing vehicle while in motion; or

(4) is not operated and equipped in compliance with all other law.

(f) A vehicle to which this section applies that is operated on a public highway in violation of this section is considered to be operated while unregistered and is immediately subject to the applicable registration fees and penalties prescribed by this chapter ~~[Chapter 502]~~.

(g) In this section, the gross weight of a trailer or semitrailer is the combined weight of the vehicle and the load carried on the highway.

SECTION 40.105. The heading to Subchapter E, Chapter 502, Transportation Code, is amended to read as follows:

SUBCHAPTER E. ADMINISTRATION OF FEES ~~[SPECIALLY DESIGNATED LICENSE PLATES; EXEMPTIONS FOR GOVERNMENTAL AND QUASI-GOVERNMENTAL VEHICLES]~~

SECTION 40.106. Section 502.159, Transportation Code, is transferred to Subchapter E, Chapter 502, Transportation Code, renumbered as Section 502.190, Transportation Code, and amended to read as follows:

Sec. 502.190 ~~[502.159]~~. SCHEDULE OF REGISTRATION FEES.

The department shall post ~~[compile and furnish to each county assessor-collector]~~ a complete schedule of registration fees on the Internet ~~[to be collected on the various makes, models, and types of vehicles]~~.

SECTION 40.107. Section 502.004, Transportation Code, is transferred to Subchapter E, Chapter 502, Transportation Code, renumbered as Section 502.191, Transportation Code, and amended to read as follows:

Sec. 502.191 ~~[502.004]~~. COLLECTION OF FEES. (a) A person may not collect a registration fee under this chapter unless the person is:

- (1) an officer or employee of the department; or
- (2) a county assessor-collector or a deputy county assessor-collector.

(b) The department may accept electronic payment by electronic funds transfer, credit card, or debit card of any fee that the department is authorized to collect under this chapter.

(c) The department may collect a fee for processing a payment by electronic funds transfer, credit card, or debit card. The amount of the fee must be reasonably related to the expense incurred by the department in processing the payment by electronic funds transfer, credit card, or debit card and may not be more than five percent of the amount of the registration fee being paid.

(d) In addition to the fee authorized by Subsection (c), the department may collect from a person making payment by electronic funds transfer, credit card, or debit card an amount equal to the amount of any registration transaction fee charged to the department by a vendor providing services in connection with payments made by electronic funds transfer, credit card, or debit card. The limitation prescribed by Subsection (c) on the amount of a fee does not apply to a fee collected under this subsection.

(e) If, for any reason, the payment of a fee under this chapter by electronic funds transfer, credit card, or debit card is not honored by the funding institution or by the electronic funds transfer, credit card, or debit card company on which the funds are drawn, the department may collect from the person who owes the fee being collected a service charge that is for the collection of that original amount and is in addition to the original fee. The amount of the service charge must be reasonably related to the expense incurred by the department in collecting the original amount.

SECTION 40.108. Subchapter E, Chapter 502, Transportation Code, is amended by adding Section 502.192 to read as follows:

Sec. 502.192. TRANSFER FEE. The purchaser of a used motor vehicle shall pay, in addition to any fee required under Chapter 501 for the transfer of title, a transfer fee of \$2.50 for the transfer of the registration of the motor vehicle. The county assessor-collector may retain as commission for services provided under this subchapter half of each transfer fee collected.

SECTION 40.109. Section 502.181, Transportation Code, is transferred to Subchapter E, Chapter 502, Transportation Code, renumbered as Section 502.193, Transportation Code, and amended to read as follows:

Sec. 502.193 ~~[502.181]~~. PAYMENT ~~[OF REGISTRATION FEE]~~ BY CHECK DRAWN AGAINST INSUFFICIENT FUNDS. (a) A county assessor-collector who receives from any person a check or draft for ~~[drawn on a bank or trust company in]~~ payment of a registration fee for a registration year that has not ended ~~[on a motor vehicle, trailer, or motorcycle sidecar]~~ that is returned unpaid because of insufficient funds or no funds in the bank or trust company to the credit of the drawer of the check or draft shall immediately certify the fact to the sheriff or a constable or highway patrol officer in the county. The certification must:

- (1) be under the assessor-collector's official seal;
 - (2) include the name and address of the person who gave ~~[the assessor-collector]~~ the check or draft;
 - (3) include the license plate number and make of the vehicle; and
 - (4) be accompanied by the check or draft.
- (b) On receiving a complaint under Subsection (a) from the

county assessor-collector, the sheriff, constable, or highway patrol officer shall find the person who gave ~~the assessor-collector~~ the check or draft, if the person is in the county, and demand immediate redemption of the check or draft from the person. If the person fails or refuses to redeem the check or draft, the sheriff, constable, or highway patrol officer shall:

(1) seize and remove the license plates and registration insignia from the vehicle; and

(2) return the license plates and registration insignia to the county assessor-collector.

SECTION 40.110. Section 502.182, Transportation Code, is transferred to Subchapter E, Chapter 502, Transportation Code, renumbered as Section 502.194, Transportation Code, and amended to read as follows:

Sec. 502.194 ~~[502.182]~~. CREDIT FOR REGISTRATION FEE PAID ON MOTOR VEHICLE SUBSEQUENTLY DESTROYED. (a) The owner of a motor vehicle that is destroyed to the extent that it cannot afterwards be operated on a public highway is entitled to a registration fee credit if the prorated portion of the registration fee for the remainder of the registration year is more than \$15. The owner must claim the credit by ~~+~~

~~[(1)] sending the registration fee receipt [and the license plates] for the vehicle to the department [+, and~~

~~[(2) executing a statement on a form provided by the department showing that the license plates have been surrendered to the department].~~

(b) The department, on satisfactory proof that the vehicle is destroyed, shall issue a registration fee credit slip to the owner in an amount equal to the prorated portion of the registration fee for the remainder of the registration year. The owner, during the same or the next registration year, may use the registration fee credit slip as payment or part payment for the registration of another vehicle to the extent of the credit.

~~[(c) A statement executed under Subsection (a)(2) shall be delivered to a purchaser of the destroyed vehicle. The purchaser may surrender the statement to the department in lieu of the vehicle license plates.~~

~~[(d) The department shall adopt rules to administer this section.]~~

SECTION 40.111. Section 502.183, Transportation Code, is transferred to Subchapter E, Chapter 502, Transportation Code, renumbered as Section 502.195, Transportation Code, and amended to read as follows:

Sec. 502.195 ~~[502.183]~~. REFUND OF OVERCHARGED REGISTRATION FEE. (a) The owner of a motor vehicle ~~[that is required to be registered]~~ who pays an annual registration fee in excess of the statutory amount is entitled to a refund of the overcharge.

(b) The county assessor-collector who collects the excessive fee shall refund an overcharge on presentation to the assessor-collector of satisfactory evidence of the overcharge~~[- The owner must make a claim for a refund of an overcharge]~~ not later than the first ~~[fifth]~~ anniversary of the date the excessive registration fee was paid.

(c) A refund shall be paid from the fund in which the county's share of registration fees is deposited.

SECTION 40.112. Section 502.051, Transportation Code, is transferred to Subchapter E, Chapter 502, Transportation Code, and renumbered as Section 502.196, Transportation Code, to read as follows:

Sec. 502.196 ~~[502.051]~~. DEPOSIT OF REGISTRATION FEES IN STATE HIGHWAY FUND. Except as otherwise provided by this chapter, the Texas Transportation Commission and the department shall deposit all money received from registration fees in the state treasury to the credit of the state highway fund.

SECTION 40.113. Section 502.101, Transportation Code, is transferred to Subchapter E, Chapter 502, Transportation Code, and renumbered as Section 502.197, Transportation Code, to read as follows:

173-1 Sec. 502.197 [~~502.101~~]. REGISTRATION BY MAIL OR
 173-2 ELECTRONIC MEANS; SERVICE CHARGE. (a) A county
 173-3 assessor-collector may collect a service charge of \$1 from each
 173-4 applicant registering a vehicle by mail. The service charge shall
 173-5 be used to pay the costs of handling and postage to mail the
 173-6 registration receipt and insignia to the applicant.

173-7 (b) With the approval of the commissioners court of a
 173-8 county, a county assessor-collector may contract with a private
 173-9 entity to enable an applicant for registration to use an electronic
 173-10 off-premises location. A private entity may charge an applicant
 173-11 not more than \$1 for the service provided.

173-12 (c) The department may adopt rules to cover the timely
 173-13 application for and issuance of registration receipts and insignia
 173-14 by mail or through an electronic off-premises location.

173-15 SECTION 40.114. Section 502.102, Transportation Code, is
 173-16 transferred to Subchapter E, Chapter 502, Transportation Code,
 173-17 renumbered as Section 502.198, Transportation Code, and amended to
 173-18 read as follows:

173-19 Sec. 502.198 [~~502.102~~]. DISPOSITION OF FEES GENERALLY.
 173-20 (a) Except as provided by Section 502.1982 [~~Sections 502.103 and~~
 173-21 ~~502.104~~], this section applies to all fees collected by a county
 173-22 assessor-collector under this chapter.

173-23 (b) Each Monday, a county assessor-collector shall credit
 173-24 to the county road and bridge fund an amount equal to the net
 173-25 collections made during the preceding week until the amount so
 173-26 credited for the calendar year equals the total of:

173-27 (1) \$60,000;
 173-28 (2) \$350 for each mile of county road maintained by the
 173-29 county, according to the most recent information available from the
 173-30 department, not to exceed 500 miles; and

173-31 (3) an additional amount of fees equal to the amount
 173-32 calculated under Section 502.1981 [~~502.1025~~].

173-33 (c) After the credits to the county road and bridge fund
 173-34 equal the total computed under Subsection (b), each Monday the
 173-35 county assessor-collector shall:

173-36 (1) credit to the county road and bridge fund an amount
 173-37 equal to 50 percent of the net collections made during the preceding
 173-38 week, until the amount so credited for the calendar year equals
 173-39 \$125,000; and

173-40 (2) send to the department an amount equal to 50
 173-41 percent of those collections.

173-42 (d) After the credits to the county road and bridge fund
 173-43 equal the total amounts computed under Subsections (b) and (c)(1),
 173-44 each Monday the county assessor-collector shall send to the
 173-45 department all collections made during the preceding week.

173-46 [~~(e) Each Monday the county assessor-collector shall send~~
 173-47 ~~to the department a copy of each receipt issued the previous week~~
 173-48 ~~for a registration fee under this chapter.~~]

173-49 SECTION 40.115. Section 502.1025, Transportation Code, is
 173-50 transferred to Subchapter E, Chapter 502, Transportation Code,
 173-51 renumbered as Section 502.1981, Transportation Code, and amended to
 173-52 read as follows:

173-53 Sec. 502.1981 [~~502.1025~~]. CALCULATION OF ADDITIONAL FEE
 173-54 AMOUNTS RETAINED BY A COUNTY. (a) The county tax
 173-55 assessor-collector each calendar year shall calculate five percent
 173-56 of the tax and penalties collected by the county tax
 173-57 assessor-collector under Chapter 152, Tax Code, in the preceding
 173-58 calendar year. In addition, the county tax assessor-collector
 173-59 shall calculate each calendar year an amount equal to five percent
 173-60 of the tax and penalties that the comptroller:

173-61 (1) collected under Section 152.047, Tax Code, in the
 173-62 preceding calendar year; and

173-63 (2) determines are attributable to sales in the
 173-64 county.

173-65 (b) A county tax assessor-collector shall retain under
 173-66 Section 502.198(b) [~~502.102(b)~~] fees based on the following
 173-67 percentage of the amounts calculated under Subsection [~~subsection~~]

173-68 (a) during each of the following fiscal years:

173-69 (1) [~~in fiscal year 2006, 90 percent,~~

174-1 ~~[(2) in fiscal year 2007, 80 percent,~~
 174-2 ~~[(3) in fiscal year 2008, 70 percent,~~
 174-3 ~~[(4) in fiscal year 2009, 60 percent,~~
 174-4 ~~[(5) in fiscal year 2010, 50 percent,~~
 174-5 ~~[(6) in fiscal year 2011, 40 percent,~~
 174-6 ~~[(7) in fiscal year 2012, 30 percent,~~
 174-7 ~~[(8)] in fiscal year 2013, 20 percent;~~
 174-8 (2) ~~[(9)]~~ in fiscal year 2014, 10 percent;
 174-9 (3) ~~[(10)]~~ in fiscal year 2015 and succeeding years, 0
 174-10 percent.

174-11 (c) The county shall credit the amounts retained under
 174-12 Subsection (b) to the county road and bridge fund. Money credited
 174-13 to the fund under this section may only be used for:

174-14 (1) county road construction, maintenance, and
 174-15 repair;
 174-16 (2) bridge construction, maintenance, and repair;
 174-17 (3) the purchase of right-of-way for road or highway
 174-18 purposes; or
 174-19 (4) the relocation of utilities for road or highway
 174-20 purposes.

174-21 SECTION 40.116. Section 502.103, Transportation Code, is
 174-22 transferred to Subchapter E, Chapter 502, Transportation Code,
 174-23 renumbered as Section 502.1982, Transportation Code, and amended to
 174-24 read as follows:

174-25 Sec. 502.1982 ~~[502.103]~~. DISPOSITION OF OPTIONAL COUNTY
 174-26 ROAD AND BRIDGE FEE. Each Monday a county assessor-collector shall
 174-27 apportion the collections for the preceding week for a fee imposed
 174-28 under Section 502.401 ~~[502.172]~~ by:

174-29 (1) crediting an amount equal to 97 percent of the
 174-30 collections to the county road and bridge fund; and
 174-31 (2) sending to the department an amount equal to three
 174-32 percent of the collections to defray the department's costs of
 174-33 administering Section 502.401 ~~[502.172]~~.

174-34 SECTION 40.117. Section 502.106, Transportation Code, is
 174-35 transferred to Subchapter E, Chapter 502, Transportation Code,
 174-36 renumbered as Section 502.1983, Transportation Code, and amended to
 174-37 read as follows:

174-38 Sec. 502.1983 ~~[502.106]~~. DEPOSIT OF FEES IN
 174-39 INTEREST-BEARING ACCOUNT. (a) Except as provided by Section
 174-40 502.1982 ~~[Sections 502.103 and 502.104]~~, a county
 174-41 assessor-collector may:

174-42 (1) deposit the fees in an interest-bearing account or
 174-43 certificate in the county depository; and
 174-44 (2) send the fees to the department not later than the
 174-45 34th day after the date the fees are due ~~[under Section 502.104]~~.

174-46 (b) The county owns all interest earned on fees deposited
 174-47 under this section. The county treasurer shall credit the interest
 174-48 to the county general fund.

174-49 SECTION 40.118. Section 502.107, Transportation Code, is
 174-50 transferred to Subchapter E, Chapter 502, Transportation Code, and
 174-51 renumbered as Section 502.1984, Transportation Code, to read as
 174-52 follows:

174-53 Sec. 502.1984 ~~[502.107]~~. INTEREST ON FEES. (a) A fee
 174-54 required to be sent to the department under this chapter bears
 174-55 interest for the benefit of the state highway fund at an annual rate
 174-56 of 10 percent beginning on the 60th day after the date the county
 174-57 assessor-collector collects the fee.

174-58 (b) The department shall audit the registration and
 174-59 transfer fees collected and disbursed by each county
 174-60 assessor-collector and shall determine the exact amount of interest
 174-61 due on any fee not sent to the department.

174-62 (c) The state has a claim against a county
 174-63 assessor-collector and the sureties on the assessor-collector's
 174-64 official bond for the amount of interest due on a fee.

174-65 SECTION 40.119. Section 502.108, Transportation Code, is
 174-66 transferred to Subchapter E, Chapter 502, Transportation Code,
 174-67 renumbered as Section 502.1985, Transportation Code, and amended to
 174-68 read as follows:

174-69 Sec. 502.1985 ~~[502.108]~~. USE OF REGISTRATION FEES

175-1 RETAINED BY COUNTY. (a) Money credited to the county road and
 175-2 bridge fund under Section 502.198 [~~502.102~~] or 502.1982 [~~502.103~~]
 175-3 may not be used to pay the compensation of the county judge or a
 175-4 county commissioner. The money may be used only for the
 175-5 construction and maintenance of lateral roads in the county, under
 175-6 the supervision of the county engineer.

175-7 (b) If there is not a county engineer, the commissioners
 175-8 court of the county may require the services of the department's
 175-9 district engineer or resident engineer to supervise the
 175-10 construction and surveying of lateral roads in the county.

175-11 (c) A county may use money allocated to it under this
 175-12 chapter to:

175-13 (1) pay obligations issued in the construction or
 175-14 improvement of any roads, including state highways in the county;

175-15 (2) improve the roads in the county road system; or

175-16 (3) construct new roads.

175-17 (d) To the maximum extent possible, contracts for roads
 175-18 constructed by a county using funds provided under this chapter
 175-19 should be awarded by competitive bids.

175-20 SECTION 40.120. Section 502.110, Transportation Code, is
 175-21 transferred to Subchapter E, Chapter 502, Transportation Code, and
 175-22 renumbered as Section 502.1986, Transportation Code, to read as
 175-23 follows:

175-24 Sec. 502.1986 [~~502.110~~]. CONTINGENT PROVISION FOR
 175-25 DISTRIBUTION OF FEES BETWEEN STATE AND COUNTIES. If the method of
 175-26 distributing vehicle registration fees collected under this
 175-27 chapter between the state and counties is declared invalid because
 175-28 of inequality of collection or distribution of those fees, 60
 175-29 percent of each fee shall be distributed to the county collecting
 175-30 the fee and 40 percent shall be sent to the state in the manner
 175-31 provided by this chapter.

175-32 SECTION 40.121. The heading to Subchapter F, Chapter 502,
 175-33 Transportation Code, is amended to read as follows:

175-34 SUBCHAPTER F. REGULAR REGISTRATION FEES [~~SPECIALIZED LICENSE~~
 175-35 ~~PLATES, EXEMPTIONS FOR PRIVATELY OWNED VEHICLES~~]

175-36 SECTION 40.122. Section 502.160, Transportation Code, is
 175-37 transferred to Subchapter F, Chapter 502, Transportation Code,
 175-38 renumbered as Section 502.251, Transportation Code, and amended to
 175-39 read as follows:

175-40 Sec. 502.251 [~~502.160~~]. FEE: MOTORCYCLE OR MOPED. The
 175-41 fee for a registration year for registration of a motorcycle or
 175-42 moped is \$30.

175-43 SECTION 40.123. Section 502.161, Transportation Code, is
 175-44 transferred to Subchapter F, Chapter 502, Transportation Code,
 175-45 renumbered as Section 502.252, Transportation Code, and amended to
 175-46 read as follows:

175-47 Sec. 502.252 [~~502.161~~]. FEE: PASSENGER CAR, MUNICIPAL
 175-48 BUS, PRIVATE BUS, PRIVATELY OWNED FORMER MILITARY VEHICLE OR FIRE
 175-49 TRUCK. (a) The fee for a registration year for registration of a
 175-50 passenger car, a municipal bus, or a private bus that weighs 6,000
 175-51 pounds or less is:

175-52 (1) \$40.50 for a vehicle the model year of which is
 175-53 more than six years before the year in which the registration year
 175-54 begins;

175-55 (2) \$50.50 for a vehicle the model year of which is
 175-56 more than three years but is six years or less before the year in
 175-57 which the registration year begins; or

175-58 (3) \$58.50 for a vehicle the model year of which is
 175-59 three years or less before the year in which the registration year
 175-60 begins.

175-61 (b) The fee for a registration year for registration of a
 175-62 passenger car, a municipal bus, or a private bus that weighs more
 175-63 than 6,000 pounds is \$25 plus 60 cents for each 100 pounds.

175-64 (c) For registration purposes, the weight of a passenger
 175-65 car, a municipal bus, or a private bus is the weight generally
 175-66 accepted as its correct shipping weight plus 100 pounds.

175-67 (d) The fee for a registration year for registration of a
 175-68 privately owned former military vehicle or fire truck, including
 175-69 the plate, is \$15, unless eligible for the fee in accordance with

Section 504.502.
(1) In this section:
(A) "Fire truck" means a vehicle originally designed to assist in fighting fires, by transporting firefighters to the scene, and providing them with access to the fire, water, or other equipment.
(B) "Former military vehicle" has the meaning assigned by Section 504.502.
(C) "Privately owned" means being owned by a person other than a governmental entity. ~~[In this section, "private bus" has the meaning assigned by Section 502.294.]~~

SECTION 40.124. Section 502.162, Transportation Code, is transferred to Subchapter F, Chapter 502, Transportation Code, renumbered as Section 502.253, Transportation Code, and amended to read as follows:

Sec. 502.253 ~~[502.162]~~. FEE: COMMERCIAL MOTOR VEHICLE OR TRUCK-TRACTOR. ~~[(a)]~~ The fee for a registration year for registration of a commercial motor vehicle or truck-tractor is \$25 plus an amount determined according to the vehicle's gross weight and tire equipment, as follows:

Gross weight in pounds	Fee for each 100 pounds or fraction of 100 pounds	
	Equipped with pneumatic tires	Equipped with solid tires
1-6,000	\$0.44	\$0.55
6,001-8,000	0.495	0.66
8,001-10,000	0.605	0.77
10,001-17,000	0.715	0.88
17,001-24,000	0.77	0.99
24,001-31,000	0.88	1.10
31,001 and over	0.99	1.32

~~[(b) The gross weight of a vehicle is the actual weight of the vehicle, fully equipped with a body and other equipment, as certified by a public weigher or a license and weight inspector of the Department of Public Safety, plus its net carrying capacity.]~~

~~[(c) The net carrying capacity of a vehicle other than a bus is the heaviest net load to be carried on the vehicle, but not less than the manufacturer's rated carrying capacity.]~~

~~[(d) The net carrying capacity of a bus is computed by multiplying its seating capacity by 150 pounds. The seating capacity of a bus is:~~

~~[(1) the manufacturer's rated seating capacity, excluding the operator's seat; or~~

~~[(2) if the manufacturer has not rated the vehicle for seating capacity, a number computed by allowing one passenger for each 16 inches of seating on the bus, excluding the operator's seat.]~~

SECTION 40.125. Section 502.166, Transportation Code, is transferred to Subchapter F, Chapter 502, Transportation Code, renumbered as Section 502.254, Transportation Code, and amended to read as follows:

Sec. 502.254 ~~[502.166]~~. FEE: TRAILER OR SEMITRAILER. ~~[(a)]~~ The fee for a registration year for registration of a trailer or semitrailer is \$25 plus an amount determined according to the vehicle's gross weight and tire equipment, as follows:

Gross weight in pounds	Fee for each 100 pounds or fraction of 100 pounds
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	Equipped with pneumatic tires	Equipped with solid tires
1-6,000	\$0.33	\$0.44
6,001-8,000	0.44	0.55
8,001-10,000	0.55	0.66
10,001-17,000	0.66	0.88
17,001 and over	0.715	0.99

~~[(b) The gross weight of a trailer or semitrailer is the actual weight of the vehicle, as certified by a public weigher or a license and weight inspector of the Department of Public Safety, plus its net carrying capacity.~~

~~[(c) The net carrying capacity of a vehicle is the heaviest net load to be carried on the vehicle, but not less than the manufacturer's rated carrying capacity.~~

~~[(d) The department may issue specially designed license plates for rental trailers and travel trailers that include, as appropriate, the words "rental trailer" or "travel trailer."~~

~~[(e) In this section:~~

~~[(1) "Rental fleet" means five or more vehicles that are:~~

~~[(A) owned by the same owner,~~

~~[(B) offered for rent or rented without drivers,~~

~~and~~

~~[(C) designated by the owner in the manner prescribed by the department as a rental fleet.~~

~~[(2) "Rental trailer" means a utility trailer that:~~

~~[(A) has a gross weight of 4,000 pounds or less,~~

~~and~~

~~[(B) is part of a rental fleet.~~

~~[(3) "Travel trailer" means a house trailer-type vehicle or a camper trailer that is:~~

~~[(A) less than eight feet in width or 40 feet in length, exclusive of any hitch installed on the vehicle; and~~

~~[(B) designed primarily for use as temporary living quarters in connection with recreational, camping, travel, or seasonal use and not as a permanent dwelling; provided that "travel trailer" shall not include a utility trailer, enclosed trailer, or other trailer not having human habitation as its primary purpose.]~~

SECTION 40.126. Section 502.167, Transportation Code, is transferred to Subchapter F, Chapter 502, Transportation Code, renumbered as Section 502.255, Transportation Code, and amended to read as follows:

Sec. 502.255 [502.167]. TRUCK-TRACTOR OR COMMERCIAL MOTOR VEHICLE COMBINATION FEE; SEMITRAILER TOKEN FEE. (a) This section applies only to a truck-tractor or commercial motor vehicle with a gross vehicle weight [manufacturer's rated carrying capacity] of more than 18,000 pounds [one ton] that is used or is to be used in combination with a semitrailer that has a gross weight of more than 6,000 pounds.

(b) Notwithstanding Section 502.253 [502.162], the fee for a registration year for registration of a truck-tractor or commercial motor vehicle is \$40 plus an amount determined according to the combined gross weight of the vehicles, as follows:

	Fee for each 100 pounds or fraction of 100 pounds
Combined gross weight in pounds	
18,000-36,000	\$0.60
36,001-42,000	0.75
42,001-62,000	0.90
62,001 and over	1.00

(c) Notwithstanding Section 502.254 [502.166], the fee for a registration year for registration of a semitrailer used in the

manner described by Subsection (a), regardless of the date the semitrailer is registered, is:

(1) \$30, for a semitrailer being propelled by a power unit for which a permit under Section 623.011 has been issued; or

(2) \$15, for a semitrailer being propelled by a power unit for which a permit under Section 623.011 has not been issued.

(d) A registration made under Subsection (c) is valid only when the semitrailer is used in the manner described by Subsection (a).

(e) For registration purposes, a semitrailer converted to a trailer by means of an auxiliary axle assembly retains its status as a semitrailer.

(f) A combination of vehicles may not be registered under this section for a combined gross weight of less than 18,000 pounds.

(g) This section does not apply to:

(1) a combination of vehicles that includes a vehicle that has a distinguishing license plate under Section 502.146 [~~504.504~~];

(2) a truck-tractor or commercial motor vehicle registered or to be registered with \$5 distinguishing license plates for which the vehicle is eligible under this chapter;

(3) a truck-tractor or commercial motor vehicle used exclusively in combination with a semitrailer of the travel trailer [~~house trailer~~] type; or

(4) a vehicle registered or to be registered:

(A) with a temporary registration permit;

(B) under Section 502.433 [~~502.163~~]; or

(C) under Section 502.435 [~~502.188~~].

(h) The department may adopt rules to administer this section.

(i) The department may issue specially designed license plates for token trailers.

(j) A person may register a semitrailer under this section for a registration period of five consecutive years if the person:

(1) applies to the department for the five-year registration;

(2) provides proof of the person's eligibility to register the vehicle under this subsection as required by the department; and

(3) pays a fee of \$15, plus any applicable fee under Section 502.401 [~~502.172~~], for each year included in the registration period.

(k) If during the five-year registration period for a vehicle registered under Subsection (j) the amount of a fee imposed under that subsection is increased, the owner of the vehicle is liable to the department for the amount of the increase. If the amount of a fee is decreased, the owner of the vehicle is not entitled to a refund.

~~[(1) In this section:~~

~~[(1) "Combined gross weight" means the empty weight of the truck-tractor or commercial motor vehicle combined with the empty weight of the heaviest semitrailer used or to be used in combination with the truck-tractor or commercial motor vehicle plus the heaviest net load to be carried on the combination during the registration year.~~

~~[(2) "Empty weight" means the unladen weight of the truck-tractor or commercial motor vehicle and semitrailer combination fully equipped, as certified by a public weigher or license and weight inspector of the Department of Public Safety.~~

~~[(3) "Token trailer" means a semitrailer that:~~

~~[(A) has a gross weight of more than 6,000 pounds; and~~

~~[(B) is operated in combination with a truck or a truck-tractor that has been issued:~~

~~[(i) an apportioned license plate;~~

~~[(ii) a combination license plate; or~~

~~[(iii) a forestry vehicle license plate.~~

~~[(4) "Apportioned license plate" means a license plate issued in lieu of truck license plates or combination license~~

~~plates to a motor carrier in this state who proportionally registers a vehicle owned by the carrier in one or more other states.~~

~~[(5) "Combination license plate" means a license plate issued for a truck or truck tractor that:~~

~~[(A) has a manufacturer's rated carrying capacity of more than one ton; and~~

~~[(B) is used or intended to be used in combination with a semitrailer that has a gross weight of more than 6,000 pounds.]~~

SECTION 40.127. Section 502.165, Transportation Code, is transferred to Subchapter F, Chapter 502, Transportation Code, and renumbered as Section 502.256, Transportation Code, to read as follows:

Sec. 502.256 ~~[502.165]~~. FEE: ROAD TRACTOR. The fee for a registration year for registration of a road tractor is \$25 plus an amount determined according to the vehicle's weight as certified by a public weigher or a license and weight inspector of the Department of Public Safety, as follows:

Gross weight in pounds	Fee for each 100 pounds or fraction of 100 pounds
1-4,000	\$0.275
4,001-6,000	0.55
6,001-8,000	0.66
8,001-10,000	0.825
10,001 and over	1.10

SECTION 40.128. The heading to Subchapter G, Chapter 502, Transportation Code, is amended to read as follows:

SUBCHAPTER G. ADDITIONAL FEES ~~[TEMPORARY REGISTRATION]~~

SECTION 40.129. Section 502.1705, Transportation Code, is transferred to Subchapter G, Chapter 502, Transportation Code, renumbered as Section 502.356, Transportation Code, and amended to read as follows:

Sec. 502.356 ~~[502.1705]~~. ~~[ADDITIONAL FEE FOR]~~ REGISTRATION AND TITLING ~~[TITLE]~~ SYSTEM. (a) In addition to other registration fees for a license plate or set of license plates or other device used as the registration insignia, a fee of \$1 shall be collected.

(b) The department may use money collected under this section to enhance and provide ~~[perform one or more of the following:~~

~~[(1) enhancing the department's automated registration and title system;~~

~~[(2) providing for the automated on-site production of registration insignia; or~~

~~[(3) providing] for automated on-premises and off-premises [self-service] registration and titling related services.~~

(c) This section applies only in a county in which the department's automated registration and title system has been implemented and in which 50,000 or more motor vehicles were registered during the preceding year.

SECTION 40.130. Section 502.1715, Transportation Code, as amended by Chapters 892 (S.B. 1670) and 1108 (H.B. 2337), Acts of the 79th Legislature, Regular Session, 2005, is transferred to Subchapter G, Chapter 502, Transportation Code, renumbered as Section 502.357, Transportation Code, and reenacted and amended to read as follows:

Sec. 502.357 ~~[502.1715]~~. FINANCIAL RESPONSIBILITY ~~[ADDITIONAL FEE FOR CERTAIN DEPARTMENT]~~ PROGRAMS. (a) In addition to other fees imposed for registration of a motor vehicle, at the time of application for registration or renewal of registration of a motor vehicle for which the owner is required to submit evidence of financial responsibility under Section 502.046 ~~[502.153]~~, the applicant shall pay a fee of \$1. In addition to other fees imposed for registration of a motor vehicle, at the time of

application for registration of a motor vehicle that is subject to Section 501.0234, the applicant shall pay a fee of \$1. Fees collected under this section shall be remitted weekly to the department.

(b) Fees collected under this section shall be deposited to the credit of the state highway fund. Subject to appropriations, the money shall be used by the Department of Public Safety to:

(1) support the Department of Public Safety's reengineering of the driver's license system to provide for the issuance by the Department of Public Safety of a driver's license or personal identification certificate, to include use of image comparison technology;

(2) establish and maintain a system to support the driver responsibility program under Chapter 708; and

(3) make lease payments to the master lease purchase program for the financing of the driver's license reengineering project.

(c) Fees collected under this section shall be deposited to the credit of the state highway fund. Subject to appropriation, the money may be used by the Department of Public Safety, the Texas Department of Insurance, the Department of Information Resources, and the department to carry out Subchapter N, Chapter 601.

(d) The Department of Public Safety, the Texas Department of Insurance, the Department of Information Resources, and the department shall jointly adopt rules and develop forms necessary to administer this section.

SECTION 40.131. Section 502.1675, Transportation Code, is transferred to Subchapter G, Chapter 502, Transportation Code, renumbered as Section 502.358, Transportation Code, and amended to read as follows:

Sec. 502.358 [~~502.1675~~]. TEXAS EMISSIONS REDUCTION PLAN SURCHARGE. (a) In addition to the registration fees charged under Section 502.255 [~~502.167~~], a surcharge is imposed on the registration of a truck-tractor or commercial motor vehicle under that section in an amount equal to 10 percent of the total fees due for the registration of the truck-tractor or commercial motor vehicle under that section.

(b) The county tax assessor-collector shall remit the surcharge collected under this section to the comptroller at the time and in the manner prescribed by the comptroller for deposit in the Texas emissions reduction plan fund.

(c) This section expires August 31, 2013.

SECTION 40.132. Section 502.171, Transportation Code, is transferred to Subchapter G, Chapter 502, Transportation Code, renumbered as Section 502.359, Transportation Code, and amended to read as follows:

Sec. 502.359 [~~502.171~~]. ADDITIONAL FEE FOR CERTAIN VEHICLES USING DIESEL MOTOR. (a) The registration fee under this chapter for a motor vehicle other than a passenger car, a truck with a gross vehicle weight [~~manufacturer's rated carrying capacity~~] of 18,000 pounds [~~two tons~~] or less, or a vehicle registered in combination under Section 502.255 [~~502.167~~] is increased by 11 percent if the vehicle has a diesel motor.

(b) ~~The [A county assessor-collector shall show on the]~~ registration receipt for a motor vehicle, other than a passenger car or a truck with a gross vehicle weight [~~manufacturer's rated carrying capacity~~] of 18,000 pounds [~~two tons~~] or less, must show that the vehicle has a diesel motor.

(c) The department may adopt rules to administer this section.

SECTION 40.133. Section 502.170, Transportation Code, is transferred to Subchapter G, Chapter 502, Transportation Code, and renumbered as Section 502.360, Transportation Code, to read as follows:

Sec. 502.360 [~~502.170~~]. ADDITIONAL FEE FOR REFLECTORIZED LICENSE PLATES. (a) In addition to the other registration fees for a license plate or set of license plates or other device used as the registration insignia, 30 cents shall be collected.

(b) The department shall use money collected under this

section to purchase equipment and material for the production and manufacture of reflectorized license plates.

SECTION 40.134. The heading to Subchapter H, Chapter 502, Transportation Code, is amended to read as follows:

SUBCHAPTER H. OPTIONAL FEES [~~OFFENSES AND PENALTIES~~]

SECTION 40.135. Section 502.172, Transportation Code, is transferred to Subchapter H, Chapter 502, Transportation Code, renumbered as Section 502.401, Transportation Code, and amended to read as follows:

Sec. 502.401 [~~502.172~~]. OPTIONAL COUNTY FEE FOR ROAD AND BRIDGE FUND. (a) The commissioners court of a county by order may impose an additional fee, not to exceed \$10, for registering a vehicle in the county.

(b) A vehicle that may be registered under this chapter without payment of a registration fee may be registered in a county imposing a fee under this section without payment of the additional fee.

(c) A fee imposed under this section may take effect only on January 1 of a year. The county must adopt the order and notify the department not later than September 1 of the year preceding the year in which the fee takes effect.

(d) A fee imposed under this section may be removed. The removal may take effect only on January 1 of a year. A county may remove the fee only by:

(1) rescinding the order imposing the fee; and

(2) notifying the department not later than September 1 of the year preceding the year in which the removal takes effect.

(e) The county assessor-collector of a county imposing a fee under this section shall collect the additional fee for a vehicle when other fees imposed under this chapter are collected.

(f) The department shall collect the additional fee on a vehicle that is owned by a resident of a county imposing a fee under this section [~~and~~] that [~~, under this chapter,~~] must be registered directly with the department. The department shall send all fees collected for a county under this subsection to the county treasurer to be credited to the county road and bridge fund.

(g) The department shall adopt rules [~~and develop forms~~] necessary to administer registration [~~by mail~~] for a vehicle being registered in a county imposing a fee under this section.

SECTION 40.136. Section 502.1725, Transportation Code, is transferred to Subchapter H, Chapter 502, Transportation Code, renumbered as Section 502.402, Transportation Code, and amended to read as follows:

Sec. 502.402 [~~502.1725~~]. OPTIONAL COUNTY FEE FOR TRANSPORTATION PROJECTS. (a) This section applies only to a county:

(1) that borders the United Mexican States;

(2) that has a population of more than 300,000; and

(3) in which the largest municipality has a population of less than 300,000.

(b) The commissioners court of a county by order may impose an additional fee, not to exceed \$10, for [~~registering~~] a vehicle registered in the county.

(c) A vehicle that may be registered under this chapter without payment of a registration fee may be registered [~~in a county imposing a fee~~] under this section without payment of the additional fee.

(d) A fee imposed under this section may take effect [~~only on January 1 of a year. The county must adopt the order~~] and [~~notify the department not later than September 1 of the year preceding the year in which the fee takes effect.~~]

[~~(e) A fee imposed under this section may~~] be removed in accordance with Section 502.401 requirements [~~. The removal may take effect only on January 1 of a year. A county may remove the fee only by:~~]

[~~(1) rescinding the order imposing the fee; and~~]

[~~(2) notifying the department not later than September 1 of the year preceding the year in which the removal takes effect.~~].

(e) [~~(f)~~] The [~~county assessor-collector of a county~~]

~~imposing a fee under this section shall collect the]~~ additional fee shall be collected for a vehicle when other fees imposed under this chapter are collected. The ~~[county shall send the]~~ fee revenue collected shall be sent to the regional mobility authority of the county to fund long-term transportation projects in the county.

~~(f) [(g) The department shall collect the additional fee on a vehicle that is owned by a resident of a county imposing a fee under this section and that, under this chapter, must be registered directly with the department. The department shall send all fees collected for a county under this subsection to the regional mobility authority of the county to fund long-term transportation projects in the county.]~~

~~[(h)]~~ The department shall adopt rules ~~[and develop forms]~~ necessary to administer registration ~~[by mail]~~ for a vehicle being registered in a county imposing a fee under this section.

SECTION 40.137. Section 502.173, Transportation Code, is transferred to Subchapter H, Chapter 502, Transportation Code, renumbered as Section 502.403, Transportation Code, and amended to read as follows:

Sec. 502.403 ~~[502.173]~~. OPTIONAL COUNTY FEE FOR CHILD SAFETY. (a) The commissioners court of a county that has a population greater than 1.3 million and in which a municipality with a population of more than one million is primarily located may impose by order an additional fee of not less than 50 cents or more than \$1.50 for ~~[registering]~~ a vehicle registered in the county. The commissioners court of any other county may impose by order an additional fee of not more than \$1.50 for registering a vehicle in the county.

(b) A vehicle that may be registered under this chapter without payment of a registration fee may be registered ~~[in a county imposing a fee under this section]~~ without payment of the additional fee.

(c) A fee imposed under this section may take effect ~~[only on January 1 of a year. The county must adopt the order] and [notify the department not later than September 10 of the year preceding the year in which the fee takes effect.]~~

~~[(d) A fee imposed under this section may] be removed in accordance with the provisions of Section 502.401[. The removal may take effect only on January 1 of a year. A county may remove the fee only by:]~~

~~[(1) rescinding the order imposing the fee; and [(2) notifying the department not later than September 1 of the year preceding the year in which the removal takes effect].~~

~~(d) [(e)]~~ The ~~[county assessor-collector of a county imposing a fee under this section shall collect the]~~ additional fee shall be collected for a vehicle when other fees imposed under this chapter are collected.

~~(e) [(f)]~~ A county imposing a fee under this section may deduct for administrative costs an amount of not more than 10 percent of the revenue it receives from the fee. The county may also deduct from the fee revenue an amount proportional to the percentage of county residents who live in unincorporated areas of the county. After making the deductions provided for by this subsection, the county shall send the remainder of the fee revenue to the municipalities in the county according to their population.

~~(f) [(g)]~~ A municipality with a population greater than 850,000 shall deposit revenue from a fee imposed under this subsection to the credit of the child safety trust fund created under Section 106.001, Local Government Code. A municipality with a population less than 850,000 shall use revenue from a fee imposed under this section in accordance with Subsection (f), Article 102.014, Code of Criminal Procedure.

~~(g) [(h)]~~ After deducting administrative costs, a county may use revenue from a fee imposed under this section only for a purpose permitted by Subsection (g), Article 102.014, Code of Criminal Procedure.

SECTION 40.138. Section 502.174, Transportation Code, is transferred to Subchapter H, Chapter 502, Transportation Code, renumbered as Section 502.404, Transportation Code, and amended to

read as follows:

Sec. 502.404 [~~502.174~~]. VOLUNTARY ASSESSMENT FOR YOUNG FARMER LOAN GUARANTEES. (a) When a person registers a commercial motor vehicle under Section 502.433 [~~502.163~~], the person shall pay a voluntary assessment of \$5.

(b) The county assessor-collector shall send an assessment collected under this section to the comptroller, at the time and in the manner prescribed by the Texas Agricultural Finance Authority, for deposit in the Texas agricultural fund to the credit of the young farmer loan guarantee account.

(c) The Texas Agricultural Finance Authority shall prescribe procedures under which an assessment collected under this section may be refunded. The county assessor-collector of the county in which an assessment is collected shall:

- (1) implement the refund procedures; and
- (2) provide notice of those procedures to a person paying an assessment at the time of payment.

SECTION 40.139. Section 502.1745, Transportation Code, is transferred to Subchapter H, Chapter 502, Transportation Code, renumbered as Section 502.405, Transportation Code, and amended to read as follows:

Sec. 502.405 [~~502.1745~~]. DONOR EDUCATION, AWARENESS, AND REGISTRY PROGRAM [~~VOLUNTARY FEE~~]. (a) The department shall provide to each county assessor-collector the educational materials for prospective donors provided as required by the Donor Education, Awareness, and Registry Program of Texas under Chapter 49, Health and Safety Code. ~~The [A county assessor-collector shall make the]~~ educational materials shall be made available in each office authorized to accept applications for registration of motor vehicles.

(b) A person may elect to pay ~~[county assessor-collector shall collect]~~ an additional fee of \$1 for the registration or renewal of registration of a motor vehicle to pay the costs of the Donor Education, Awareness, and Registry Program of Texas, established under Chapter 49, Health and Safety Code, and of the Texas Organ, Tissue, and Eye Donor Council, established under Chapter 113, Health and Safety Code ~~[, if the person registering or renewing the registration of a motor vehicle opts to pay the additional fee]~~. Notwithstanding any other provision of this chapter, the county assessor-collector shall remit all fees collected under this subsection to the comptroller, who shall maintain the identity of the source of the fees.

(c) Three percent of all money collected under this section may be appropriated only to the department to administer this section.

SECTION 40.140. The heading to Subchapter I, Chapter 502, Transportation Code, is amended to read as follows:

SUBCHAPTER I. ALTERNATE REGISTRATION FEES [~~TRANSFER AND REMOVAL OF LICENSE PLATES FOR THE SALE OR TRANSFER OF USED VEHICLES~~]

SECTION 40.141. Section 502.164, Transportation Code, is transferred to Subchapter I, Chapter 502, Transportation Code, and renumbered as Section 502.431, Transportation Code, to read as follows:

Sec. 502.431 [~~502.164~~]. FEE: MOTOR VEHICLE USED EXCLUSIVELY TO TRANSPORT AND SPREAD FERTILIZER. The fee for a registration year for registration of a motor vehicle designed or modified and used exclusively to transport to the field and spread fertilizer, including agricultural limestone, is \$75.

SECTION 40.142. Section 502.1586, Transportation Code, is transferred to Subchapter I, Chapter 502, Transportation Code, renumbered as Section 502.432, Transportation Code, and amended to read as follows:

Sec. 502.432 [~~502.1586~~]. [~~REGISTRATION PERIOD FOR TRUCK-TRACTOR OR COMMERCIAL MOTOR~~] VEHICLE TRANSPORTING SEASONAL AGRICULTURAL PRODUCTS. (a) The department shall provide for a monthly registration period for a truck-tractor or a commercial motor vehicle that:

- (1) is used exclusively to transport a seasonal agricultural product; and

(2) would otherwise be registered for a vehicle registration year.

(b) The department shall ~~[adopt forms for registration under this section. An applicant must indicate the number of months registration is applied for.]~~

~~[(c) The department shall design,]~~ prescribe ~~[, and furnish]~~ a registration receipt that is valid until the expiration of the designated registration period.

(c) ~~[(d)]~~ The registration fee for a registration under this section is computed at a rate of one-twelfth the annual registration fee under Section 502.253 ~~[502.162]~~, 502.433 ~~[502.163]~~, or 502.255 ~~[502.167]~~, as applicable, multiplied by the number of months in the registration period specified in the application for the registration, which may not be less than one month or longer than six months.

~~[(d) [(e) A person issued a registration under this section commits an offense if the person, during the registration period for the truck-tractor or commercial motor vehicle, uses the truck-tractor or commercial motor vehicle for a purpose other than to transport a seasonal agricultural product.]~~

~~[(f) A truck-tractor or commercial motor vehicle may not be registered under this section for a registration period that is less than one month or longer than six months.]~~

~~[(g)]~~ For purposes of this section, "to transport a seasonal agricultural product" includes any transportation activity necessary for the production, harvest, or delivery of an agricultural product that is produced seasonally.

SECTION 40.143. Section 502.163, Transportation Code, is transferred to Subchapter I, Chapter 502, Transportation Code, renumbered as Section 502.433, Transportation Code, and amended to read as follows:

Sec. 502.433 ~~[502.163]~~. FEE: COMMERCIAL FARM MOTOR VEHICLE ~~[USED PRIMARILY FOR FARM PURPOSES, OFFENSE]~~. (a) The registration fee for a commercial motor vehicle as a farm vehicle is 50 percent of the applicable fee under Section 502.253 ~~[502.162]~~ if the vehicle's owner will use the vehicle for commercial purposes only to transport:

(1) the person's own poultry, dairy, livestock, livestock products, timber in its natural state, or farm products to market or another place for sale or processing;

(2) laborers from their place of residence to the owner's farm or ranch; or

(3) without charge, materials, tools, equipment, or supplies from the place of purchase or storage to the owner's farm or ranch exclusively for the owner's use or for use on the farm or ranch.

(b) A commercial motor vehicle may be registered under this section despite its use for transporting without charge the owner or a member of the owner's family:

(1) to attend church or school;

(2) to visit a doctor for medical treatment or supplies; or

(3) for other necessities of the home or family.

(c) Subsection (b) does not permit the use of a vehicle registered under this section in connection with gainful employment other than farming or ranching.

(d) The department shall provide distinguishing license plates for a vehicle registered under this section.

(e) The owner of a commercial motor vehicle registered under this section commits an offense if the person uses or permits to be used the vehicle for a purpose other than one permitted by this section. Each use or permission for use in violation of this section is a separate offense.

~~[(f) An offense under this section is a misdemeanor punishable by a fine of not less than \$25 or more than \$200.]~~

SECTION 40.144. Section 502.351, Transportation Code, is transferred to Subchapter I, Chapter 502, Transportation Code, renumbered as Section 502.434, Transportation Code, and amended to read as follows:

185-1 Sec. 502.434 [~~502.351~~]. FARM VEHICLES: EXCESS WEIGHT. (a)
 185-2 The owner of a registered commercial motor vehicle, truck-tractor,
 185-3 trailer, or semitrailer may obtain a short-term permit to haul
 185-4 loads of a weight more than that for which the vehicle is registered
 185-5 by paying an additional fee before the additional weight is hauled
 185-6 to transport:

185-7 (1) the person's own seasonal agricultural products to
 185-8 market or another point for sale or processing;

185-9 (2) seasonal laborers from their place of residence to
 185-10 a farm or ranch; or

185-11 (3) materials, tools, equipment, or supplies, without
 185-12 charge, from the place of purchase or storage to a farm or ranch
 185-13 exclusively for use on the farm or ranch.

185-14 (b) A permit may not be issued under this section for a
 185-15 period that is less than one month or that:

185-16 (1) is greater than one year; or

185-17 (2) extends beyond the expiration of the registration
 185-18 year for the vehicle.

185-19 (c) A permit issued under this section for a quarter must be
 185-20 for a calendar quarter.

185-21 (d) The fee for a permit under this section is a percentage
 185-22 of the difference between the registration fee otherwise prescribed
 185-23 [~~by this chapter~~] for the vehicle and the annual fee for the desired
 185-24 weight, as follows:

185-25 One month (30 consecutive days)	10 percent
185-26 One quarter	30 percent
185-27 Two quarters	60 percent
185-28 Three quarters	90 percent

185-29 (e) The department shall design, prescribe, and furnish a
 185-30 sticker, plate, or other means of indicating the additional weight
 185-31 and the registration period for each vehicle registered under this
 185-32 section.

185-33 SECTION 40.145. Section 502.188, Transportation Code, is
 185-34 transferred to Subchapter I, Chapter 502, Transportation Code,
 185-35 renumbered as Section 502.435, Transportation Code, and amended to
 185-36 read as follows:

185-37 Sec. 502.435 [~~502.188~~]. CERTAIN SOIL CONSERVATION
 185-38 EQUIPMENT. (a) The owner of a truck-tractor, semitrailer, or
 185-39 low-boy trailer used on a highway exclusively to transport the
 185-40 owner's soil conservation machinery or equipment used in clearing
 185-41 real property, terracing, or building farm ponds, levees, or
 185-42 ditches may register the vehicle for a fee equal to 50 percent of
 185-43 the fee otherwise prescribed by this chapter for the vehicle.

185-44 (b) An owner may register only one truck-tractor and only
 185-45 one semitrailer or low-boy trailer under this section.

185-46 (c) An owner [~~applying for registration under this section~~]
 185-47 must certify [~~submit a statement~~] that the vehicle is to be used
 185-48 only as provided by Subsection (a).

185-49 (d) The registration receipt issued for a vehicle
 185-50 registered under this section must be carried in or on the vehicle
 185-51 and [~~shall~~] state the nature of the operation for which the vehicle
 185-52 may be used. [~~The receipt must be carried at all times in or on the~~
 185-53 ~~vehicle to permit ready inspection.~~]

185-54 (e) A vehicle to which this section applies that is operated
 185-55 on a public highway in violation of this section is considered to be
 185-56 operated while unregistered and is immediately subject to the
 185-57 applicable registration fees and penalties prescribed by this
 185-58 chapter.

185-59 SECTION 40.146. Chapter 502, Transportation Code, is
 185-60 amended by adding Subchapter J to read as follows:

185-61 SUBCHAPTER J. REGISTRATIONS EXEMPT FROM FEES

185-62 SECTION 40.147. Section 502.201, Transportation Code, is
 185-63 transferred to Subchapter J, Chapter 502, Transportation Code, as
 185-64 added by this Act, renumbered as Section 502.451, Transportation
 185-65 Code, and amended to read as follows:

185-66 Sec. 502.451 [~~502.201~~]. [~~LICENSE PLATES FOR~~] EXEMPT
 185-67 VEHICLES. (a) Before license plates are issued or delivered to
 185-68 the owner of a vehicle that is exempt by law from payment of
 185-69 registration fees, the department must approve the application for

186-1 registration. The department may not approve an application if
 186-2 there is the appearance that:

186-3 (1) the vehicle was transferred to the owner or
 186-4 purported owner:

186-5 (A) for the sole purpose of evading the payment
 186-6 of registration fees; or

186-7 (B) in bad faith; or

186-8 (2) the vehicle is not being used in accordance with
 186-9 the exemption requirements.

186-10 (b) The department shall revoke the registration of a
 186-11 vehicle issued license plates under this section and may recall the
 186-12 plates if the vehicle is no longer:

186-13 (1) owned and operated by the person whose ownership
 186-14 of the vehicle qualified the vehicle for the exemption; or

186-15 (2) used in accordance with the exemption
 186-16 requirements.

186-17 (c) The owner of a vehicle described by Subsection (b) shall
 186-18 return the license plates and registration receipt to the
 186-19 department for cancellation.

186-20 (d) The department shall provide by rule for the issuance of
 186-21 specially designated license plates for vehicles that are exempt by
 186-22 law. Except as provided by Subsection (g), the license plates must
 186-23 bear the word "exempt."

186-24 (e) A license plate under Subsection (d) is not issued
 186-25 annually, but remains on the vehicle until:

186-26 (1) the registration is revoked as provided by
 186-27 Subsection (b); or

186-28 (2) the plate is lost, stolen, or mutilated.

186-29 (f) A person who operates on a public highway a vehicle
 186-30 after the registration has been revoked is liable for the penalties
 186-31 for failing to register a vehicle.

186-32 (g) The department shall provide by rule for the issuance of
 186-33 regularly designed license plates not bearing the word "exempt" for
 186-34 a vehicle that is exempt by law and that is:

186-35 (1) a law enforcement vehicle, if the agency certifies
 186-36 to the department that the vehicle will be dedicated to law
 186-37 enforcement activities;

186-38 (2) a vehicle exempt from inscription requirements
 186-39 under a rule adopted as provided by Section 721.003; or

186-40 (3) a vehicle exempt from inscription requirements
 186-41 under an order or ordinance adopted by a governing body of a
 186-42 municipality or commissioners court of a county as provided by
 186-43 Section 721.005, if the applicant presents a copy of the order or
 186-44 ordinance.

186-45 SECTION 40.148. Section 502.2015, Transportation Code, is
 186-46 transferred to Subchapter J, Chapter 502, Transportation Code, as
 186-47 added by this Act, renumbered as Section 502.452, Transportation
 186-48 Code, and amended to read as follows:

186-49 Sec. 502.452 [~~502.2015~~]. LIMITATION ON ISSUANCE OF EXEMPT
 186-50 LICENSE PLATES; SEIZURE OF CERTAIN VEHICLES. (a) The department
 186-51 may not issue exempt license plates for a vehicle owned by the
 186-52 United States, this state, or a political subdivision of this state
 186-53 unless when application is made for registration of the vehicle,
 186-54 the person who under Section 502.453 [~~502.202~~] has authority to
 186-55 certify to the department that the vehicle qualifies for
 186-56 registration under that section also certifies in writing to the
 186-57 department that there is printed on each side of the vehicle, in
 186-58 letters that are at least two inches high or in an emblem that is at
 186-59 least 100 square inches in size, the name of the agency, department,
 186-60 bureau, board, commission, or officer of the United States, this
 186-61 state, or the political subdivision of this state that has custody
 186-62 of the vehicle. The letters or emblem must be of a color
 186-63 sufficiently different from the body of the vehicle to be clearly
 186-64 legible from a distance of 100 feet.

186-65 (b) The department may not issue exempt license plates for a
 186-66 vehicle owned by a person other than the United States, this state,
 186-67 or a political subdivision of this state unless, when application
 186-68 is made for registration of the vehicle, the person who under
 186-69 Section 502.453 [~~502.202~~] has authority to certify to the

department that the vehicle qualifies for registration under that section also certifies in writing to the department that the name of the owner of the vehicle is printed on the vehicle in the manner prescribed by Subsection (a).

(c) A peace officer listed in Article 2.12, Code of Criminal Procedure, may seize a motor vehicle displaying exempt license plates if the vehicle is:

(1) operated on a public highway; and
 (2) not identified in the manner prescribed by Subsection (a) or (b), unless the vehicle is covered by Subsection (f).

(d) A peace officer who seizes a motor vehicle under Subsection (c) may require that the vehicle be:

(1) moved to the nearest place of safety off the main-traveled part of the highway; or

(2) removed and placed in the nearest vehicle storage facility designated or maintained by the law enforcement agency that employs the peace officer.

(e) To obtain the release of the vehicle, in addition to any other requirement of law, the owner of a vehicle seized under Subsection (c) must:

(1) remedy the defect by identifying the vehicle as required by Subsection (a) or (b); or

(2) agree in writing with the law enforcement agency to provide evidence to that agency, before the 10th day after the date the vehicle is released, that the defect has been remedied by identifying the vehicle as required by Subsection (a) or (b).

(f) Subsections (a) and (b) do not apply to a vehicle to which Section 502.451(g) [~~502.201(g) or 502.206~~] applies.

(g) For purposes of this section, an exempt license plate is a license plate issued by the department that is plainly marked with the word "exempt."

SECTION 40.149 Section 502.202, Transportation Code, is transferred to Subchapter J, Chapter 502, Transportation Code, as added by this Act, renumbered as Section 502.453, Transportation Code, and amended to read as follows:

Sec. 502.453 [~~502.202~~]. GOVERNMENT-OWNED VEHICLES; PUBLIC SCHOOL BUSES; FIRE-FIGHTING VEHICLES; COUNTY MARINE LAW ENFORCEMENT VEHICLES. (a) The owner of a motor vehicle, trailer, or semitrailer may annually apply for registration under Section 502.451 [~~502.201~~] and is exempt from the payment of a registration fee under this chapter if the vehicle is:

(1) owned by and used exclusively in the service of:
 (A) the United States;
 (B) this state; or
 (C) a county, municipality, or school district in this state;

(2) owned by a commercial transportation company and used exclusively to provide public school transportation services to a school district under Section 34.008, Education Code;

(3) designed and used exclusively for fire fighting;

(4) owned by a volunteer fire department and used exclusively in the conduct of department business; [~~or~~]

(5) privately owned and used by a volunteer exclusively in county marine law enforcement activities, including rescue operations, under the direction of the sheriff's department; or

(6) used by law enforcement under an alias for covert criminal investigations.

(b) An application for registration under this section must be made by a person having the authority to certify that the vehicle meets the exemption requirements prescribed by Subsection (a). An application for registration under this section of a fire-fighting vehicle described by Subsection (a)(3) must include a reasonable description of the vehicle and of any fire-fighting equipment mounted on the vehicle. An application for registration under this section of a vehicle described by Subsection (a)(5) must include a statement signed by a person having the authority to act for a sheriff's department that the vehicle is used exclusively in marine

law enforcement activities under the direction of the sheriff's department.

SECTION 40.150. Section 502.203, Transportation Code, is transferred to Subchapter J, Chapter 502, Transportation Code, as added by this Act, renumbered as Section 502.454, Transportation Code, and amended to read as follows:

Sec. 502.454 [~~502.203~~]. VEHICLES USED BY NONPROFIT DISASTER RELIEF ORGANIZATIONS. (a) The owner of a commercial motor vehicle, trailer, or semitrailer may apply for registration under Section 502.451 [~~502.201~~] and is exempt from the payment of the registration fee that would otherwise be required by this chapter if the vehicle is owned and used exclusively for emergencies by a nonprofit disaster relief organization.

(b) An application for registration under this section must include:

(1) a statement by the owner of the vehicle that the vehicle is used exclusively for emergencies and has not been used for any other purpose;

(2) a statement signed by an officer of the nonprofit disaster relief organization that the vehicle has not been used for any purpose other than emergencies and qualifies for registration under this section; and

(3) a reasonable description of the vehicle and the emergency equipment included in the vehicle.

(c) An applicant for registration under this section must pay a fee of \$5.

(d) A commercial motor vehicle registered under this section must display the name of the organization that owns it on each front door.

(e) A vehicle registered under this section must display at all times an appropriate license plate showing the vehicle's status.

(f) A vehicle registered under this section that is used for any purpose other than an emergency may not again be registered under this section.

SECTION 40.151. Section 502.2035, Transportation Code, is transferred to Subchapter J, Chapter 502, Transportation Code, as added by this Act, and renumbered as Section 502.455, Transportation Code, to read as follows:

Sec. 502.455 [~~502.2035~~]. TRAILERS AND SEMITRAILERS OWNED BY RELIGIOUS ORGANIZATIONS. (a) A trailer or semitrailer may be registered without payment if the trailer or semitrailer is:

(1) owned by an organization that qualifies as a religious organization under Section 11.20, Tax Code; and

(2) used primarily for the purpose of transporting property in connection with the charitable activities and functions of the organization.

(b) An application for registration under this section must include a statement signed by an officer of the religious organization stating that the trailer or semitrailer qualifies for registration under this section.

SECTION 40.152. Section 502.204, Transportation Code, is transferred to Subchapter J, Chapter 502, Transportation Code, as added by this Act, renumbered as Section 502.456, Transportation Code, and amended to read as follows:

Sec. 502.456 [~~502.204~~]. EMERGENCY SERVICES VEHICLES. (a) A vehicle may be registered without payment if:

(1) the vehicle is owned or leased by an emergency medical services provider that:

(A) is a nonprofit entity; or

(B) is created and operated by:

(i) a county;

(ii) a municipality; or

(iii) any combination of counties and municipalities through a contract, joint agreement, or other method provided by Chapter 791, Government Code, or other law authorizing counties and municipalities to provide joint programs; and

(2) the vehicle:

(A) is authorized under an emergency medical

services provider license issued by the Department of State [Texas Board of] Health Services under Chapter 773, Health and Safety Code, and is used exclusively as an emergency medical services vehicle; or

(B) is an emergency medical services chief or supervisor vehicle and is used exclusively as an emergency services vehicle.

(b) A vehicle may be registered without payment of a registration fee if the vehicle:

(1) is owned by the Civil Air Patrol, Texas Wing; and

(2) is used exclusively as an emergency services vehicle by members of the Civil Air Patrol, Texas Wing.

(c) An application for registration under Subsection (a) must be accompanied by a copy of the license issued by the Department of State [Texas Board of] Health Services. An application for registration of an emergency medical services vehicle must include a statement signed by an officer of the emergency medical services provider that the vehicle is used exclusively as an emergency response vehicle and qualifies for registration under this section. An application for registration of an emergency medical services chief or supervisor vehicle must include a statement signed by an officer of the emergency medical services provider stating that the vehicle qualifies for registration under this section.

(d) An application for registration under Subsection (b) must include a statement signed by an officer of the Civil Air Patrol, Texas Wing, that the vehicle is used exclusively as an emergency services vehicle by members of the Civil Air Patrol, Texas Wing.

(e) The department must approve an application for registration under this section as provided by Section 502.451 [~~502.201~~].

SECTION 40.153. Section 520.0225, Transportation Code, is transferred to Subchapter J, Chapter 502, Transportation Code, as added by this Act, renumbered as Section 502.457, Transportation Code, and amended to read as follows:

Sec. 502.457 [~~520.0225~~]. PERSONS ON ACTIVE DUTY IN ARMED FORCES OF UNITED STATES. (a) This section applies only to a used motor vehicle that is owned by a person who:

(1) is on active duty in the armed forces of the United States;

(2) is stationed in or has been assigned to another nation under military orders; and

(3) has registered the vehicle or been issued a license for the vehicle under the applicable status of forces agreement by:

(A) the appropriate branch of the armed forces of the United States; or

(B) the nation in which the person is stationed or to which the person has been assigned.

(b) The requirement [~~in Section 520.021~~] that a used vehicle be registered under the law of this state does not apply to a vehicle described by Subsection (a). In lieu of delivering the license receipt to the transferee of the vehicle, as required by Section 501.0721 [~~520.022~~], the person selling, trading, or otherwise transferring a used motor vehicle described by Subsection (a) shall deliver to the transferee:

(1) a letter written on official letterhead by the owner's unit commander attesting to the registration of the vehicle under Subsection (a)(3); or

(2) the registration receipt issued by the appropriate branch of the armed forces or host nation.

(c) A registration receipt issued by a host nation that is not written in the English language must be accompanied by:

(1) a written translation of the registration receipt in English; and

(2) an affidavit, in English and signed by the person translating the registration receipt, attesting to the person's ability to translate the registration receipt into English.

SECTION 40.154. Chapter 502, Transportation Code, is amended by adding Subchapter K to read as follows:

SUBCHAPTER K. OFFENSES AND PENALTIES

SECTION 40.155. Section 502.401, Transportation Code, is transferred to Subchapter K, Chapter 502, Transportation Code, as added by this Act, renumbered as Section 502.471, Transportation Code, and amended to read as follows:

Sec. 502.471 ~~[502.401]~~. GENERAL PENALTY. (a) A person commits an offense if the person violates a provision of this chapter and no other penalty is prescribed for the violation.

(b) ~~Unless otherwise specified, an [This section does not apply to a violation of Section 502.003, 502.101, 502.109, 502.112, 502.113, 502.114, 502.152, 502.164, or 502.282.]~~

~~[(c) An]~~ offense under this section is a misdemeanor punishable by a fine not to exceed \$200.

SECTION 40.156. Section 502.402, Transportation Code, is transferred to Subchapter K, Chapter 502, Transportation Code, as added by this Act, renumbered as Section 502.472, Transportation Code, and amended to read as follows:

Sec. 502.472 ~~[502.402]~~. OPERATION OF VEHICLE UNDER IMPROPER REGISTRATION ~~[UNREGISTERED MOTOR VEHICLE]~~. ~~[(a)]~~ A person commits an offense if the person operates a motor vehicle that has not been registered or registered for a class other than that to which the vehicle belongs as required by law. ~~[An offense under this subsection is a misdemeanor punishable by a fine not to exceed \$200.]~~

SECTION 40.157. Section 502.404, Transportation Code, is transferred to Subchapter K, Chapter 502, Transportation Code, as added by this Act, renumbered as Section 502.473, Transportation Code, and amended to read as follows:

Sec. 502.473 ~~[502.404]~~. OPERATION OF VEHICLE WITHOUT ~~[LICENSE PLATE OR]~~ REGISTRATION INSIGNIA. (a) A person commits an offense if the person operates on a public highway during a registration period a passenger car, ~~[or]~~ commercial motor vehicle, road tractor, motorcycle, trailer, or semitrailer that does not display a ~~[two license plates, at the front and rear of the vehicle, that have been:~~

~~[(1) assigned by the department for the period; or~~
~~[(2)] validated [by a] registration insignia issued by the department that establishes that the vehicle is registered [for the period].~~

(b) ~~Subsection [A person commits an offense if the person operates on a public highway during a registration period a passenger car or commercial motor vehicle, other than a vehicle assigned license plates for the registration period, that does not properly display the registration insignia issued by the department that establishes that the license plates have been validated for the period.]~~

~~[(c) A person commits an offense if the person operates on a public highway during a registration period a road tractor, motorcycle, trailer, or semitrailer that does not display a license plate, attached to the rear of the vehicle, that has been:~~

~~[(1) assigned by the department for the period; or~~
~~[(2) validated by a registration insignia issued by the department that establishes that the vehicle is registered for the period.]~~

~~[(d) Subsections] (a) does [and (b) do] not apply to a dealer operating a vehicle as provided by law.~~

(c) ~~[(c) An offense under this section is a misdemeanor punishable by a fine not to exceed \$200.]~~

~~[(f)]~~ A court may dismiss a charge brought under Subsection (a) if the defendant:

(1) remedies the defect before the defendant's first court appearance; or [and]

(2) ~~[pays an administrative fee not to exceed \$10.]~~

~~[(g) A court may dismiss a charge brought under Subsection (b) if the defendant:~~

~~[(1)]~~ shows that ~~[+]~~

~~[(A)]~~ the passenger car or commercial ~~[motor]~~

vehicle was issued a registration insignia by the department that
 was attached to the passenger car or commercial vehicle that
 establishes that the vehicle was registered for the period during
 which the offense was committed; and

~~(3) [(B) the registration insignia described in~~
~~Paragraph (A) was attached to the passenger car or commercial motor~~
~~vehicle before the defendant's first court appearance; and~~

~~[(2)]~~ pays an administrative fee not to exceed \$10.

SECTION 40.158. Subchapter K, Chapter 502, Transportation
 Code, as added by this Act, is amended by adding Section 502.474 to
 read as follows:

Sec. 502.474. OPERATION OF ONE-TRIP PERMIT VEHICLE. A
person commits an offense if the person operates a vehicle for which
a one-trip permit is required without the registration receipt and
properly displayed temporary tag.

SECTION 40.159. Section 502.409, Transportation Code, as
 amended by Chapters 30 (S.B. 369) and 1027 (H.B. 1623), Acts of the
 80th Legislature, Regular Session, 2007, is transferred to
 Subchapter K, Chapter 502, Transportation Code, as added by this
 Act, renumbered as Section 502.475, Transportation Code, and
 amended to read as follows:

Sec. 502.475 ~~[502.409]~~. WRONG, FICTITIOUS, ALTERED, OR
 OBSCURED INSIGNIA ~~[LICENSE PLATE]~~. (a) A person commits an offense
 if the person attaches to or displays on a motor vehicle ~~[a number~~
~~plate or]~~ registration insignia that:

(1) is assigned to a different motor vehicle;
 (2) is assigned to the vehicle under any other motor
 vehicle law other than by the department;

(3) is assigned for a registration period other than
 the registration period in effect; or

(4) is fictitious ~~[+]~~
~~[(5) has blurring or reflective matter that~~
~~significantly impairs the readability of the name of the state in~~
~~which the vehicle is registered or the letters or numbers of the~~
~~license plate number at any time;~~

~~[(6) has an attached illuminated device or sticker,~~
~~decal, emblem, or other insignia that is not authorized by law and~~
~~that interferes with the readability of the letters or numbers of~~
~~the license plate number or the name of the state in which the~~
~~vehicle is registered; or~~

~~[(7) has a coating, covering, protective material, or~~
~~other apparatus that:~~

~~[(A) distorts angular visibility or~~
~~detectability;~~

~~[(B) alters or obscures one-half or more of the~~
~~name of the state in which the vehicle is registered; or~~

~~[(C) alters or obscures the letters or numbers of~~
~~the license plate number or the color of the plate].~~

(b) An ~~[Except as provided by Subsection (f), an]~~ offense
 under Subsection (a) is a misdemeanor punishable by a fine of not
 more than \$200, unless it is shown at the trial of the offense that
 the owner knowingly altered or made illegible the letters, numbers,
 and other identification marks, in which case the offense is a Class
 B misdemeanor.

~~[(c) Subsection (a)(7) may not be construed to apply to:~~

~~[(1) a trailer hitch installed on a vehicle in a normal~~
~~or customary manner;~~

~~[(2) a transponder, as defined by Section 228.057,~~
~~that is attached to a vehicle in the manner required by the issuing~~
~~authority;~~

~~[(3) a wheelchair lift or wheelchair carrier that is~~
~~attached to a vehicle in a normal or customary manner;~~

~~[(4) a trailer being towed by a vehicle; or~~

~~[(5) a bicycle rack that is attached to a vehicle in a~~
~~normal or customary manner.~~

~~[(c) A court may dismiss a charge brought under Subsection~~
~~(a)(3), (5), (6), or (7) if the defendant:~~

~~[(1) remedies the defect before the defendant's first~~
~~court appearance; and~~

~~[(2) pays an administrative fee not to exceed \$10.~~
~~[(f) An offense under Subsection (a)(4) is a Class B misdemeanor.]~~

SECTION 40.160. Subchapter K, Chapter 502, Transportation Code, as added by this Act, is amended by adding Sections 502.476, 502.477, 502.478, and 502.479 to read as follows:

Sec. 502.476. FOREIGN COMMERCIAL REGISTRATION; OFFENSE. A person who violates Section 502.093 commits an offense.

Sec. 502.477. NONRESIDENT-OWNED VEHICLES USED TO TRANSPORT AGRICULTURAL PRODUCT; OFFENSE. (a) A person operating a vehicle under a permit issued under Section 502.092 commits an offense if the person:

(1) transports farm products to a place of market, storage, or processing or a railhead or seaport that is farther from the place of production or point of entry, as appropriate, than the distance provided for in the permit; or

(2) follows a route other than that prescribed by the department.

(b) An offense under this section is a misdemeanor punishable by a fine of not less than \$25 or more than \$200.

Sec. 502.478. COMMERCIAL MOTOR VEHICLE USED PRIMARILY FOR AGRICULTURAL PURPOSES; OFFENSE. An offense under Section 502.432 is a misdemeanor punishable by a fine of not less than \$25 or more than \$200.

Sec. 502.479. SEASONAL AGRICULTURAL VEHICLE; OFFENSE. A person issued a registration under Section 502.432 commits an offense if the person, during the registration period, uses the truck-tractor or commercial motor vehicle for a purpose other than to transport a seasonal agricultural product.

SECTION 40.161. Section 520.014, Transportation Code, is transferred to Subchapter K, Chapter 502, Transportation Code, as added by this Act, renumbered as Section 502.480, Transportation Code, and amended to read as follows:

Sec. 502.480 [520.014]. VIOLATION BY COUNTY ASSESSOR-COLLECTOR; PENALTY. (a) A county assessor-collector commits an offense if the county assessor-collector knowingly accepts an application for the registration of a motor vehicle that:

(1) has had the original motor number or vehicle identification number removed, erased, or destroyed; and

(2) does not bear a motor number or vehicle identification number assigned by the department.

(b) An offense under this section is a misdemeanor punishable by a fine of not less than \$10 and not more than \$50.

SECTION 40.162. Chapter 502, Transportation Code, is amended by adding Subchapter L to read as follows:

SUBCHAPTER L. REGISTRATION AND TRANSFER OF USED VEHICLES

SECTION 40.163. Section 502.451, Transportation Code, is transferred to Subchapter L, Chapter 502, Transportation Code, as added by this Act, renumbered as Section 502.491, Transportation Code, and amended to read as follows:

Sec. 502.491 [502.451]. TRANSFER OF VEHICLE REGISTRATION [AND REMOVAL OF LICENSE PLATES]. (a) On the sale or transfer of a motor vehicle [to a dealer], [as defined by Section 503.001, who holds a general distinguishing number issued under Chapter 503, the dealer shall remove each license plate and] the registration insignia issued for the motor vehicle shall be removed.

[(a-1) On a sale or transfer of a motor vehicle to a person that does not hold a general distinguishing number issued under Chapter 503, the seller or transferor may remove each license plate and the registration insignia issued for the motor vehicle.]

(b) [A license plate removed from a motor vehicle under Subsection (a) or (a-1) must be:

[(1) disposed of in the manner specified by the department; or

[(2) transferred to another vehicle owned by the seller or transferor as provided by Section 502.452.

[(c)] The part of the registration period remaining at the time of the sale or transfer shall continue with the vehicle being

193-1 sold or transferred and does not transfer with the license plates or
 193-2 registration validation insignia. To continue the remainder of
 193-3 the registration period, the purchaser or transferee must file the
 193-4 documents required under Section 501.145 ~~[520.031]~~.

193-5 SECTION 40.164. Section 502.454, Transportation Code, is
 193-6 transferred to Subchapter L, Chapter 502, Transportation Code, as
 193-7 added by this Act, renumbered as Section 502.492, Transportation
 193-8 Code, and amended to read as follows:

193-9 Sec. 502.492 ~~[502.454]~~. TEMPORARY PERMIT FOR A VEHICLE
 193-10 PURCHASED ~~[IN A PRIVATE PARTY TRANSACTION]~~. (a) A purchaser ~~[or~~
 193-11 ~~transferee]~~ may obtain from the department a temporary
 193-12 ~~[single-trip]~~ permit to operate a motor vehicle:

- 193-13 (1) that is subject to registration in this state;
- 193-14 (2) from which the license plates and the registration
 193-15 insignia have been removed as authorized by Section 502.491
 193-16 ~~[502.451(a-1)]~~; and
- 193-17 (3) that is not authorized to travel on a public
 193-18 roadway because the required license plates and the registration
 193-19 insignia are not attached to the vehicle.

193-20 (b) The department may issue the permit in accordance with
 193-21 this section.

193-22 (c) A permit issued under this section is valid for one trip
 193-23 between the point of origin and the destination and those
 193-24 intermediate points specified in the permit.

193-25 (d) A permit issued under this section may not be valid for
 193-26 longer than a five-day period.

193-27 (e) A person may obtain a permit under this section by
 193-28 applying, as ~~[on a form]~~ provided by the department, to the
 193-29 department. Application may be made using the department's
 193-30 Internet website.

193-31 (f) A person is eligible to receive only one permit under
 193-32 this section for a motor vehicle.

193-33 (g) A permit receipt issued under this section must be in
 193-34 ~~[on]~~ a manner ~~[form]~~ provided by the department. The receipt must
 193-35 contain the information required by this section and shall be
 193-36 carried in the vehicle at all times during which it is valid.

193-37 (h) The department may refuse to issue a permit under this
 193-38 section for any vehicle if in the department's opinion the
 193-39 applicant has been involved in operations that constitute an abuse
 193-40 of the privilege granted under this section.

193-41 SECTION 40.165. Section 504.001(a), Transportation Code,
 193-42 is amended to read as follows:

193-43 (a) In this chapter:
 193-44 (1) ~~[]~~ "commission" and "director" have the meanings
 193-45 assigned by Section 201.001; and
 193-46 (2) "seller" and "purchaser" have the meanings
 193-47 assigned by Section 501.002.

193-48 SECTION 40.166. Section 504.004, Transportation Code, is
 193-49 renumbered as Section 504.0011, Transportation Code, and amended to
 193-50 read as follows:

193-51 Sec. 504.0011 ~~[504.004]~~. RULES ~~[AND FORMS]~~. The
 193-52 commission may adopt rules ~~[and the department may issue forms]~~ to
 193-53 implement and administer this chapter.

193-54 SECTION 40.167. Section 504.002, Transportation Code, is
 193-55 amended to read as follows:

193-56 Sec. 504.002. ~~[PROVISIONS OF]~~ GENERAL PROVISIONS
 193-57 ~~[APPLICABILITY]~~. Unless expressly provided by this chapter or by
 193-58 department rule:

193-59 (1) except for license plates specified as exempt,
 193-60 ~~[any vehicle is eligible to be issued specialty license plates,
 193-61 ~~provided that the department may vary the design of a license plate~~
 193-62 ~~to accommodate or reflect its use on a motor vehicle other than a~~
 193-63 ~~passenger car or light truck,~~~~

193-64 ~~[(2) an application for specialty license plates must~~
 193-65 ~~be submitted in the manner specified by the department, provided~~
 193-66 ~~that if issuance of a specialty license plate is limited to~~
 193-67 ~~particular persons or motor vehicles, the application must be~~
 193-68 ~~accompanied by evidence satisfactory to the department that the~~
 193-69 ~~applicant or the applicant's vehicle is eligible,~~

~~[(3)]~~ the fee for issuance of a ~~[specialty]~~ license plate, including replacement plates, is in addition to each other fee that is paid for ~~[or]~~ at the time of the registration of the motor vehicle and shall be deposited to the credit of the state highway fund;

~~(2) [(4)] each fee described by this chapter is an annual fee, provided that the department may prorate the fee for a specialty license plate fee on a monthly basis to align the license plate fee to the registration period for the motor vehicle for which the license plate was issued, and if a fee is prorated the allocation of the fee by this chapter to an account or fund shall be prorated in proportion;~~

~~[(5)]~~ the department is the exclusive owner of the design of each ~~[specialty]~~ license plate;

~~(3) [(6)] the director may refuse to issue a specialty license plate with a design or alphanumeric pattern that the director considers potentially objectionable to one or more members of the public and the director's refusal may not be overturned in the absence of an abuse of discretion;~~

~~[(7)] for each specialty license plate that is issued through a county tax assessor-collector and for which the department is allocated a portion of a fee for administrative costs, the department shall credit 50 cents from its administrative costs to the county treasurer of the applicable county, who shall credit the money to the general fund of the county to defray the costs to the county of administering this chapter;~~

~~[(8)] if a [specialty] license plate is lost, stolen, or mutilated, an application for a replacement plate must be accompanied by the fee prescribed by Section 502.060 [502.184(a)(2)];~~

~~[(9)] if the owner of a motor vehicle for which a specialty license plate is issued disposes of the vehicle or for any reason ceases to be eligible for that specialty license plate, the owner shall return the specialty license plate to the department]; and~~

~~(4) the department shall prepare the designs and specifications of license plates [(10) a person who is issued a specialty license plate may not transfer it to another person or vehicle without first receiving approval from the department].~~

SECTION 40.168. Section 504.103, Transportation Code, is transferred to Subchapter A, Chapter 504, Transportation Code, renumbered as Section 504.005, Transportation Code, and amended to read as follows:

Sec. 504.005 ~~[504.103]~~. DESIGN AND ALPHANUMERIC PATTERN. The department has sole control over the design, typeface, color, and alphanumeric pattern for all ~~[a personalized]~~ license plates ~~[plate]~~.

SECTION 40.169. Subchapter A, Chapter 504, Transportation Code, is amended by adding Section 504.006 to read as follows:

Sec. 504.006. DESIGN OF LICENSE PLATES. (a) The department shall prepare the designs and specifications of license plates and devices selected by the commission to be used as a unique identifier.

(b) The department shall design each license plate to include a design at least one-half inch wide that represents in silhouette the shape of Texas and that appears between letters and numerals. The department may omit the silhouette of Texas from specially designed license plates.

(c) To promote highway safety, each license plate shall be made with a reflectorized material that provides effective and dependable brightness for the period for which the plate is issued.

SECTION 40.170. Section 502.053, Transportation Code, is transferred to Subchapter A, Chapter 504, Transportation Code, renumbered as Section 504.007, Transportation Code, and amended to read as follows:

Sec. 504.007 ~~[502.053]~~. COST OF MANUFACTURING ~~[LICENSE PLATES OR REGISTRATION INSIGNIA]~~. (a) The Texas Department of Transportation shall reimburse the Texas Department of Criminal Justice for the cost of manufacturing license plates or

registration insignia as ~~[the license plates or insignia and]~~ the invoices ~~[invoice]~~ for the license plates or insignia are delivered to the Texas Department of Transportation.

(b) When manufacturing is started, the Texas Department of Criminal Justice and ~~[7]~~ the Texas Department of Transportation, ~~[and the comptroller,~~ after negotiation, shall set the price to be paid for each license plate or insignia. The price must be determined from:

- (1) the cost of metal, paint, and other materials purchased;
- (2) the inmate maintenance cost per shift ~~[day]~~;
- (3) overhead expenses;
- (4) miscellaneous charges; and
- (5) a previously agreed upon ~~[approved]~~ amount of profit for the work.

~~[(c) The annual profit received by the Texas Department of Criminal Justice from all contracts for the manufacturing of license plates or related manufacturing may not be less than the profit received by the Texas Department of Corrections for manufacturing license plates for use in 1974.]~~

SECTION 40.171. Subchapter A, Chapter 504, Transportation Code, is amended by adding Sections 504.008 and 504.009 to read as follows:

Sec. 504.008. REPLACEMENT OF LICENSE PLATE. (a) The owner of a registered motor vehicle may obtain replacement license plates through the county assessor-collector by:

(1) certifying that the replacement plates will not be used on any other vehicle owned or operated by the person making the statement;

(2) paying a fee of \$5 plus the fees required by Sections 502.356(a) and 502.360 for each set of replacement license plates, unless otherwise specified by law; and

(3) returning each replaced plate in the owner's possession.

(b) A fee is not required under this section if the replacement fee has been paid under Section 502.060. No fee is required for the replacement of specialized license plates issued under Section 504.202, 504.305, 504.308, 504.315(c), (e), or (f), 504.513, or 504.515.

(c) The owner of a vehicle issued license plates approved under Section 504.501(b) or 504.502(c) may obtain approval of another set of license plates as provided by Section 504.501 or 504.502, respectively. The fee for approval of replacement license plates is \$5.

(d) Replacement license plates may not be issued except in compliance with this section.

(e) A county assessor-collector shall retain \$2.50 of each fee collected under this section and shall report and send the remainder to the department as provided by Section 502.060.

(f) Replacement license plates may be used in the registration year in which the plates are issued and during each succeeding year of the six-year period as prescribed by Section 502.059(b) if the registration insignia is properly displayed on the vehicle.

(g) Subsection (f) does not apply to the issuance of specialized license plates for limited distribution, including state official license plates, exempt plates for governmental entities, and temporary registration plates.

(h) The owner of a vehicle listed in Section 502.059(f) or 504.011(d) may obtain replacement plates and a replacement registration insignia by paying a fee of \$5 plus the fees required by Sections 502.356(a) and 502.360(a).

Sec. 504.009. SPECIALTY LICENSE PLATES. (a) The department shall prepare the designs and specifications of specialty license plates.

(b) Any motor vehicle other than a vehicle manufactured for off-highway use only is eligible to be issued specialty license plates, provided that the department may vary the design of a license plate to accommodate or reflect its use on a motor vehicle

other than a passenger car or light truck.

(c) An application for specialty license plates must be submitted in the manner specified by the department, provided that if issuance of a specialty license plate is limited to particular persons or motor vehicles, the application must be accompanied by evidence satisfactory to the department that the applicant or the applicant's vehicle is eligible.

(d) Each fee described by this chapter is an annual fee, provided that the department may prorate the fee for a specialty license plate fee on a monthly basis to align the license plate fee to the registration month for the motor vehicle for which the license plate was issued, and if a fee is prorated the allocation of the fee by this chapter to an account or fund shall be prorated in proportion.

(e) The director or the director's designee may refuse to issue a specialty license plate with a design or alphanumeric pattern that the director or designee considers potentially objectionable to one or more members of the public and the director or designee's refusal may not be overturned in the absence of an abuse of discretion.

(f) The department is the exclusive owner of the design of each license plate.

(g) For each specialty license plate that is issued by a county assessor-collector and for which the department is allocated a portion of the fee for administrative costs, the department shall credit 50 cents from its administrative costs to the county treasurer of the applicable county, who shall credit the money to the general fund of the county to defray the costs to the county of administering this chapter.

(h) A replacement license plate of a specialty license plate must be accompanied by an application for a replacement plate and the fee prescribed by Section 504.008.

(i) If the owner of a motor vehicle for which a specialty license plate is issued disposes of the vehicle or for any reason ceases to be eligible for that specialty license plate, the owner shall return the specialty license plate to the department.

(j) A person who is issued a specialty license plate may not transfer the plate to another person or vehicle unless the department approves the transfer.

SECTION 40.172. Section 504.003, Transportation Code, is renumbered as Section 504.010, Transportation Code, and amended to read as follows:

Sec. 504.010 [~~504.003~~]. SOUVENIR LICENSE PLATES. (a) The department may issue a souvenir version of any specialty license plate for any vehicle[~~, including a motorcycle~~].

(b) The fee for a single souvenir license plate is \$20. The fee shall be deposited to the credit of the state highway fund unless the souvenir license plate is a replica of a specialty license plate issued under Subchapter G or I for which the fee is deposited to an account other than the state highway fund, in which case:

(1) \$10 of the fee for the souvenir license plate shall be deposited to the credit of the designated account; and

(2) \$10 of the fee for the souvenir license plate shall be deposited to the credit of the state highway fund.

(c) If the souvenir license plate is personalized, the fee for the plate is \$40. Of the fee:

(1) \$20 shall be deposited to the credit of the state highway fund;

(2) \$10 shall be deposited to the credit of the designated account if the souvenir license plate is a replica of a specialty license plate issued under Subchapter G or I for which the fee is deposited to a designated account other than the state highway fund; and

(3) the remainder shall be deposited to the credit of the general revenue fund.

(d) A souvenir license plate may not be used on a motor vehicle[~~, including a motorcycle~~] and is not an insignia of registration for a motor vehicle. Each souvenir license plate must

be identified by the department in a way that identifies it to law enforcement officers and others as a souvenir license plate.

(e) A beneficiary of a specialty license plate issued under Subchapter G or I, as designated by the applicable section of those subchapters, may purchase the specialty license plates, in minimum quantity amounts determined by the department ~~[boxes of 25,]~~ for use or resale by the beneficiary. The beneficiary shall pay the required fee per plate, less the amount of the fee that would be deposited to the credit of the designated account.

SECTION 40.173. Subchapter A, Chapter 504, Transportation Code, is amended by adding Section 504.011 to read as follows:

Sec. 504.011. ISSUANCE OF LICENSE PLATE. (a) On payment of the prescribed fee, an applicant for motor vehicle registration shall be issued a license plate or set of plates.

(b) Subject to Subchapter I, the department shall issue only one license plate or set of plates for a vehicle during a seven-year period.

(c) On application and payment of the prescribed fee for a renewal of the registration of a vehicle for the first through the seventh year the department shall issue a registration insignia for the validation of the license plate or plates to be attached as provided by Chapter 502.

(d) The registration insignia for validation of a license plate shall be attached to the rear license plate of the vehicle, if the vehicle is:

(1) a motorcycle;

(2) machinery used exclusively to drill water wells or construction machinery for which a distinguishing license plate has been issued under Section 502.146; or

(3) oil well servicing, oil clean out, or oil well drilling machinery or equipment for which a distinguishing license plate has been issued under Subchapter G, Chapter 623.

SECTION 40.174. Section 504.101(a), Transportation Code, is amended to read as follows:

(a) The department shall issue personalized license plates. The department may not issue more than one set of license plates with the same alphanumeric pattern. All personalized license plates issued before January 1, 2013, may continue to be renewed in accordance with the law at the time of initial issuance.

SECTION 40.175. Sections 504.201(b), (d), and (g), Transportation Code, are amended to read as follows:

(b) The department shall issue specialty license plates for a motor vehicle that:

(1) has a gross vehicle weight ~~[manufacturer's rated carrying capacity]~~ of 18,000 pounds ~~[two tons]~~ or less; and

(2) is regularly operated for noncommercial use by or for the transportation of a person with a permanent disability.

(d) The initial application for specialty license plates under this section must be accompanied by a written statement from a physician who is licensed to practice medicine in this state or in a state adjacent to this state or who is authorized by applicable law to practice medicine in a hospital or other health facility of the Department of Veterans Affairs. If the applicant has a mobility problem caused by a disorder of the foot, the written statement may be issued by a person licensed to practice podiatry in this state or a state adjacent to this state. In this subsection, "podiatry" has the meaning assigned by Section 681.001. The statement must certify that the person making the application or on whose behalf the application is made is legally blind or has a mobility problem that substantially impairs the person's ability to ambulate. The statement must also certify whether a mobility problem is temporary or permanent. A written statement is not required as acceptable medical proof if:

(1) the person with a disability:

(A) has had a limb, hand, or foot amputated; or

(B) must use a wheelchair; and

(2) the applicant executes a statement ~~[and the county assessor-collector processing the application execute an affidavit]~~ attesting to the person's disability before the county

assessor-collector.

(g) In addition to a license plate issued under this section, an eligible person is entitled to be issued a set of the license plates for each motor vehicle owned by the person that has a gross vehicle weight ~~[carrying capacity]~~ of 18,000 pounds ~~[two tons]~~ or less and is equipped with special equipment that:

(1) is designed to allow a person who has lost the use of one or both of the person's legs to operate the vehicle; and

(2) is not standard equipment on that type of vehicle for use by a person who has use of both legs.

SECTION 40.176. Section 504.202(b), Transportation Code, is amended to read as follows:

(b) A veteran of the United States armed forces is entitled to register, for the person's own use, two motor vehicles under this section if:

(1) the person has suffered, as a result of military service:

(A) at least a 50 percent service-connected disability; or

(B) a 40 percent service-connected disability because of the amputation of a lower extremity;

(2) the person receives compensation from the United States because of the disability; and

(3) the motor vehicle:

(A) is owned by the person; and

(B) has a gross vehicle weight ~~[manufacturer's rated carrying capacity]~~ of 18,000 pounds ~~[two tons]~~ or less.

SECTION 40.177. Section 504.203(b), Transportation Code, is amended to read as follows:

(b) An application for license plates under this section must be accompanied by a written statement ~~acknowledged~~ ~~[signed]~~ by the administrator or manager of the institution, facility, or retirement community certifying that the institution, facility, or retirement community regularly transports, as a part of the services that the institution, facility, or retirement community provides, one or more eligible persons who reside in the institution, facility, or retirement community. The department shall determine the eligibility of the institution, facility, or retirement community on the evidence the applicant provides.

SECTION 40.178. Section 504.3011, Transportation Code, is amended to read as follows:

Sec. 504.3011. DESIGN OF CERTAIN LICENSE PLATES FOR THE MILITARY. ~~[(a) License plates issued under Section 504.303 must at a minimum bear a color depiction of the emblem of the appropriate branch of the United States armed forces.~~

~~[(b) License plates issued under Section 504.308(a) or 504.315(c), (f), or (g) must at a minimum bear a color depiction of the appropriate medal.~~

~~[(c)]~~ The department shall design military license plates that bear a color depiction of the emblem of the appropriate branch of the United States armed forces or a color depiction of the appropriate medal as provided by the United States Department of Defense ~~[to which this section applies in consultation with veterans organizations].~~

SECTION 40.179. Section 504.315(d), Transportation Code, is amended to read as follows:

(d) The department shall issue specialty license plates for survivors of the attack on Pearl Harbor on December 7, 1941. The license plates must include the words "Pearl Harbor Survivor" ~~[and must be consecutively numbered]~~. A person is eligible if the person:

(1) served in the United States armed forces;

(2) was stationed in the Hawaiian Islands on December 7, 1941; and

(3) survived the attack on Pearl Harbor on December 7, 1941.

SECTION 40.180. Subchapter E, Chapter 504, Transportation Code, is amended by adding Section 504.400 to read as follows:

Sec. 504.400. FEES FOR CERTAIN RESTRICTED PLATES. The

department shall issue, without charge, not more than three sets of specialty license plates under this subchapter.

SECTION 40.181. Section 504.401(a), Transportation Code, is amended to read as follows:

(a) The department shall issue ~~[without charge]~~ specialty license plates that include the words "State Official" to a state official. ~~[The license plates must include the words "State Official."]~~

SECTION 40.182. Section 504.402(a), Transportation Code, is amended to read as follows:

(a) The department shall issue ~~[without charge]~~ specialty license plates to ~~[for]~~ members of congress, which ~~[License plates issued under this section]~~ must include the words "U.S. Congress."

SECTION 40.183. Section 504.403(a), Transportation Code, is amended to read as follows:

(a) The department shall issue ~~[without charge]~~ specialty license plates for a current or visiting state or federal judge. The license plates must include the words "State Judge" or "U.S. Judge," as appropriate.

SECTION 40.184. Section 504.403(d)(2), Transportation Code, is amended to read as follows:

(2) "State judge" means:

- (A) a justice of the supreme court;
- (B) a judge of the court of criminal appeals;
- (C) a judge of a court of appeals of this state;
- (D) a district court judge;
- (E) a presiding judge of an administrative judicial district; or
- (F) a statutory county court judge.

SECTION 40.185. Section 504.404, Transportation Code, is amended to read as follows:

Sec. 504.404. FEDERAL ADMINISTRATIVE LAW JUDGES. ~~[(a)]~~ The department shall issue ~~[without charge]~~ specialty license plates to ~~[for]~~ current federal administrative law judges that ~~[The license plates shall]~~ bear the words "U.S. A. L. Judge."

~~[(b)] A person may be issued three sets of license plates under this section.~~

SECTION 40.186. Section 504.405(a), Transportation Code, is amended to read as follows:

(a) The department shall issue ~~[without charge]~~ specialty license plates for current county judges of this state that ~~[The license plates shall]~~ bear the words "County Judge."

SECTION 40.187. Section 504.406, Transportation Code, is amended to read as follows:

Sec. 504.406. TEXAS CONSTABLES. The department shall issue ~~[without charge]~~ specialty license plates for Texas constables that ~~[The license plates shall]~~ bear the words "Texas Constable."

SECTION 40.188. Section 504.412, Transportation Code, is renumbered as Section 504.4061, Transportation Code, and is amended to read as follows:

Sec. 504.4061 ~~[504.412]~~. FOREIGN ORGANIZATION VEHICLES. ~~[(a)]~~ The department shall issue specialty license plates for an instrumentality established by a foreign government recognized by the United States before January 1, 1979, that is without official representation or diplomatic relations with the United States. The license plates must include the words "Foreign Organization" ~~[and shall remain valid for five years.]~~

~~[(b)] A person entitled to specialty license plates under this section may register the vehicle without payment of any fee paid for or at the time of registration.~~

SECTION 40.189. Section 504.509, Transportation Code, is transferred to Subchapter E, Chapter 504, Transportation Code, and renumbered as Section 504.414, Transportation Code, to read as follows:

Sec. 504.414 ~~[504.509]~~. VEHICLES CARRYING MOBILE AMATEUR RADIO EQUIPMENT. (a) The department shall issue specialty license plates for a person who holds an amateur radio station license

issued by the Federal Communications Commission and who operates receiving and transmitting mobile amateur radio equipment. The license plates shall include the person's amateur call letters as assigned by the Federal Communications Commission. A person may register more than one vehicle equipped with mobile amateur radio equipment under this section, and the department shall issue license plates that include the same amateur call letters for each vehicle.

(b) The fee for issuance of the license plates is \$2 for the first year and \$1 for each subsequent year.

SECTION 40.190. The heading to Subchapter F, Chapter 504, Transportation Code, is amended to read as follows:

SUBCHAPTER F. SPECIALTY LICENSE PLATES WITH RESTRICTED DISTRIBUTION AND REGULAR LICENSE PLATE FEES ~~[FOR CERTAIN VEHICLES]~~

SECTION 40.191. The heading to Section 504.501, Transportation Code, is amended to read as follows:

Sec. 504.501. CLASSIC MOTOR VEHICLES AND TRAVEL TRAILERS.

SECTION 40.192. Section 504.501(a), Transportation Code, is amended to read as follows:

(a) The department shall issue specialty license plates for a motor vehicle that is at least 25 years old. The license plates must include the word "Classic" ~~[words "Classic Auto," "Classic Motorcycle," or "Classic Truck"]~~ or a similar designation, as appropriate.

SECTION 40.193. The heading to Section 504.502, Transportation Code, is amended to read as follows:

Sec. 504.502. ANTIQUE ~~[CERTAIN EXHIBITION]~~ VEHICLES; OFFENSE.

SECTION 40.194. Sections 504.502(b) and (g), Transportation Code, are amended to read as follows:

(b) The license plates must include the words "Antique Vehicle." ~~[words "Antique Auto," "Antique Truck," "Antique Motorcycle," or "Military Vehicle," as appropriate.]~~

(g) A person entitled to specialty license plates or to department approval under this section may register the vehicle without payment of any fees paid for or at the time of registration except the fee for the license plate. ~~[An owner of a vehicle registered under this subsection who violates this section commits an offense. An offense under this section is a misdemeanor punishable by a fine of not less than \$5 or more than \$200.]~~

SECTION 40.195. Section 504.503, Transportation Code, is amended to read as follows:

Sec. 504.503. MUNICIPAL, MOTOR, AND PRIVATE BUSES. ~~[(a)]~~ The department shall issue without charge specialty license plates for municipal buses, motor buses, and private buses. The license plates must include the words "City Bus," "Motor Bus," or "Private Bus," as appropriate.

~~[(b) In this section, "private bus" means a bus that:~~

~~[(1) is not operated for hire; and~~

~~[(2) is not classified as a municipal bus or a motor bus.]~~

SECTION 40.196. The heading to Section 504.506, Transportation Code, is amended to read as follows:

Sec. 504.506. [CERTAIN] LOG LOADER VEHICLES.

SECTION 40.197. (a) Section 504.510(d), Transportation Code, is amended to read as follows:

(d) This section applies only to an owner of a golf cart who resides:

(1) on real property that is owned or under the control of the United States Corps of Engineers and is required by that agency to register the owner's golf cart under this chapter; and

(2) in a county that borders another state and has a population of more than 110,000 but less than 140,000 ~~[111,000]~~.

(b) This section takes effect September 1, 2009.

SECTION 40.198. Sections 504.407, 504.408, 504.409, 504.410, and 504.411, Transportation Code, are transferred to Subchapter F, Chapter 504, Transportation Code, renumbered as Sections 504.511, 504.512, 504.513, 504.514, and 504.515, Transportation Code, and amended to read as follows:

201-1 Sec. 504.511 [~~504.407~~]. PEACE OFFICERS WOUNDED OR KILLED
 201-2 IN LINE OF DUTY. (a) The department shall issue specialty license
 201-3 plates for:

201-4 (1) a person wounded in the line of duty as a peace
 201-5 officer; or

201-6 (2) a surviving spouse, parent, brother, sister, or
 201-7 adult child, including an adopted child or stepchild, of a person
 201-8 killed in the line of duty as a peace officer.

201-9 (b) License plates issued under this section must include
 201-10 the words "To Protect and Serve" above an insignia depicting a
 201-11 yellow rose superimposed over the outline of a badge.

201-12 (c) The fee for issuance of the license plates is \$20.

201-13 (d) In this section, "peace officer" has the meaning
 201-14 assigned by Section 1.07, Penal Code.

201-15 Sec. 504.512 [~~504.408~~]. GOLD STAR MOTHER, SPOUSE, OR
 201-16 FAMILY MEMBER. (a) The department shall issue a specialty license
 201-17 plate for the mother, surviving spouse, or immediate family member
 201-18 of a person who died while serving in the United States armed
 201-19 forces. License plates issued under this section must include the
 201-20 words "Gold Star Mother," "Gold Star Spouse," or "Gold Star Family"
 201-21 and a gold star. A person may not be issued more than one set of the
 201-22 license plates at a time.

201-23 (a-1) In this section "immediate family member" means the
 201-24 parent, child, or sibling of a person who died while serving in the
 201-25 United States armed forces.

201-26 (b) The fee for issuance of the license plates is \$10.

201-27 Sec. 504.513 [~~504.409~~]. VOLUNTEER FIREFIGHTERS. (a) The
 201-28 department shall issue specialty license plates for volunteer
 201-29 firefighters certified by:

201-30 (1) the Texas Commission on Fire Protection; or

201-31 (2) the State Firemen's and Fire Marshals' Association
 201-32 of Texas.

201-33 (b) The fee for issuance of the license plates is \$4.

201-34 (c) A person may be issued only one set of the license
 201-35 plates.

201-36 Sec. 504.514 [~~504.410~~]. EMERGENCY MEDICAL SERVICES
 201-37 PERSONNEL. (a) The department shall issue specialty license
 201-38 plates for emergency medical services personnel certified by the
 201-39 [~~Texas~~] Department of State Health Services under Subchapter C,
 201-40 Chapter 773, Health and Safety Code.

201-41 (b) The fee for issuance of the license plates is \$8.

201-42 (c) A person may be issued only one set of the license
 201-43 plates.

201-44 Sec. 504.515 [~~504.411~~]. HONORARY CONSULS. (a) The
 201-45 department shall issue specialty license plates for a person who is
 201-46 an honorary consul authorized by the United States to perform
 201-47 consular duties. License plates issued under this section must
 201-48 include the words "Honorary Consul."

201-49 (b) The fee for issuance of the license plates is \$40.

201-50 SECTION 40.199. Subchapter F, Chapter 504, Transportation
 201-51 Code, is amended by adding Section 504.516 to read as follows:

201-52 Sec. 504.516. RENTAL TRAILER OR TRAVEL TRAILER FEE:
 201-53 TRAILER OR SEMITRAILER. (a) The department may issue specially
 201-54 designed license plates for rental trailers and travel trailers
 201-55 that include, as appropriate, the words "rental trailer" or "travel
 201-56 trailer."

201-57 (b) In this section:

201-58 (1) "Rental fleet" means vehicles that are designated
 201-59 in the manner prescribed by the department as a rental fleet.

201-60 (2) "Rental trailer" means a utility trailer.

201-61 (3) "Travel trailer" has the meaning assigned by
 201-62 Section 501.002.

201-63 SECTION 40.200. Section 504.614(a), Transportation Code,
 201-64 is amended to read as follows:

201-65 (a) The department may issue specialty license plates that
 201-66 include the name and insignia of a professional sports team located
 201-67 in this state. The department shall design the license plates in
 201-68 consultation with the professional sports team and may enter a
 201-69 trademark license with the professional sports team or its league

to implement this section. A license plate may be issued under this section only for a professional sports team that:

(1) certifies to the department that the requirements of Section 504.702 are met ~~[it has determined that at least 3,500 persons will apply for the plates]~~; and

(2) plays its home games in a facility constructed or operated, in whole or in part, with public funds.

SECTION 40.201. Section 504.615(a), Transportation Code, is amended to read as follows:

(a) The department shall issue specialty license plates that include the name and insignia of a college. The department shall design the license plates in consultation with the applicable college. The department may issue a license plate under this section only for a college that certifies to the department that the requirements of Section 504.702 are met ~~[it has determined that at least 1,500 persons will apply for the plates]~~.

SECTION 40.202. Section 504.616(a), Transportation Code, is amended to read as follows:

(a) The department shall issue specialty license plates including the words "Texas Reads" that ~~["Texas Reads." The department shall design the license plates to]~~ incorporate one or more submissions from middle school students in a competition conducted by the department.

SECTION 40.203. Section 504.647(a), Transportation Code, is amended to read as follows:

(a) The department shall issue Fight Terrorism specialty license plates that ~~[The license plates shall]~~ include a pentagon-shaped border surrounding:

(1) the date "9-11-01" with the likeness of the World Trade Center towers forming the "11";

(2) the likeness of the United States flag; and

(3) the words "Fight Terrorism."

SECTION 40.204. Section 504.413, Transportation Code, is transferred to Subchapter G, Chapter 504, Transportation Code, and renumbered as Section 504.659, Transportation Code, to read as follows:

Sec. 504.659 ~~[504.413]~~. MEMBERS OF AMERICAN LEGION. (a) The department shall issue specialty license plates for members of the American Legion. The license plates shall include the words "Still Serving America" and the emblem of the American Legion. The department shall design the license plates in consultation with the American Legion.

(b) The fee for the license plates is \$30.

(c) After deduction of \$8 to reimburse the department for its administrative costs, the remainder of the fee for issuance of the license plates shall be deposited to the credit of the American Legion, Department of Texas account in the state treasury. Money in the account may be used only by the Texas Veterans Commission in making grants to the American Legion Endowment Fund for scholarships and youth programs sponsored by the American Legion, Department of Texas.

SECTION 40.205. Section 504.702, Transportation Code, is amended by amending Subsection (b) and adding Subsections (e) and (f) to read as follows:

(b) The department may manufacture the specialty license plates only if a request for manufacture of the license plates is filed with the department. The request must be:

(1) made in [on] a manner prescribed ~~[form adopted]~~ by the department;

(2) filed before the fifth anniversary of the effective date of the law that authorizes the issuance of the specialty license plates; and

(3) accompanied by ~~[+]~~ ~~[(A)]~~ a deposit of \$8,000 ~~[, or~~ ~~[(B)] applications for issuance of at least 1,900 sets of the license plates plus the fees for issuance of that number of sets]~~.

(e) The department may issue license plates under:

(1) Section 504.614 for a particular professional

sports team only if \$8,000 has been deposited with the department for that sports team; or

(2) Section 504.615 for a particular institution of higher education or private college or university only if \$8,000 has been deposited with the department for that institution, college, or university.

(f) Money deposited with the department under Subsection (b)(3) or (e) shall be returned by the department to the person who made the deposit after 800 sets of plates have been issued.

SECTION 40.206. Sections 504.801(a) and (b), Transportation Code, are amended to read as follows:

(a) The department may create new specialty license plates on its own initiative or on receipt of an application from a potential sponsor. A new specialty license plate created under this section must comply with each requirement of Section 504.702 unless the license is created by the department on its own initiative. The department may permit a specialty license plate created under this section to be personalized. The redesign of an existing specialty license plate at the request of a sponsor shall be treated like the issuance of a new specialty license plate~~[except that the department may require a lower deposit amount to reflect the actual costs of redesigning the license plate]~~.

(b) Any nonprofit entity ~~[person]~~ may submit an application to the department to sponsor a new specialty license plate ~~[by submitting an application to the department]~~. An application may nominate a state agency to receive funds derived from the issuance of the license plates. The application may also identify uses to which those funds should be appropriated.

SECTION 40.207. Section 504.851, Transportation Code, is amended by amending Subsections (a), (b), (c), (d), (f), (g), and (h) and adding Subsection (n) to read as follows:

(a) The department shall enter into a contract with the private vendor whose proposal is most advantageous to the state, as determined from competitive sealed proposals that satisfy the requirements of this section:

(1) ~~[]~~ for the exclusive marketing and sale of souvenir or ~~[]~~ ~~personalized~~ license plates authorized by Section 504.101 with the exception that personalized plates issued before September 1, 2009, may be renewed in accordance with the law at that time; or

(2) for the marketing and sale of, with the agreement of the private vendor, other specialty license plates authorized by this subchapter.

(b) Instead of the fees established by Section 504.101(c), the commission by order ~~[rule]~~ shall establish fees for the issuance or renewal of personalized license or personalized souvenir plates that are marketed and sold by the private vendor. Fees must be reasonable and not less than the greater of:

(1) the amounts necessary to allow the department to recover all reasonable costs to the department associated with the evaluation of the competitive sealed proposals received by the department and with the implementation and enforcement of the contract, including direct, indirect, and administrative costs; or

(2) the amount established by Section 504.101(c).

(c) The commission by order ~~[rule]~~ shall establish standard ~~[the]~~ fees for the issuance or renewal of souvenir license plates, specialty license plates, or souvenir or specialty license plates that are personalized that are marketed and sold by the private vendor. Fees must be reasonable and not less than the amounts necessary to allow the department to recover all reasonable costs to the department associated with the evaluation of the competitive sealed proposals received by the department and with the implementation and enforcement of the contract, including direct, indirect, and administrative costs. A fee established under this subsection is in addition to:

(1) the registration fee and any optional registration fee prescribed by this chapter for the vehicle for which specialty license plates are issued;

(2) any additional fee prescribed by this subchapter for the issuance of specialty license plates for that vehicle; and

(3) any additional fee prescribed by this subchapter for the issuance of personalized license plates for that vehicle.

(d) Specialty license or specialty personalized plates may be sold for varying periods, including a permanent sale that may be made through auction. [At any time as necessary to comply with Subsection (b) or (c), the commission may increase or decrease the amount of a fee established under the applicable subsection.]

(f) The department may approve new design and color combinations for specialty or personalized license plates that are marketed and sold by a private vendor under a contract entered into with the private vendor. Each approved license plate design and color combination remains the property of the department.

~~(g) [The department may approve new design and color combinations for specialty license plates authorized by this chapter, including specialty license plates that may be personalized, that are marketed and sold by a private vendor under a contract entered into with the private vendor. Each approved license plate design and color combination remains the property of the department.] Except as otherwise provided by this chapter, this subsection does not authorize a[+]~~

~~[(1) the department to approve a design or color combination for a specialty license plate that is inconsistent with the design or color combination specified for the license plate by the section of this chapter that authorizes the issuance of the specialty license plate; or~~

~~[(2) the] private vendor to market and sell a specialty license plate with a design or color combination that is issued as a license plate designed for a nonprofit organization [inconsistent with the design or color combination specified by that section].~~

(h) Subject to the limitations provided by Subsection ~~[Subsections (g) and]~~ (g-1), the department may cancel a license plate or require the discontinuation of a license plate design or color combination that is marketed and sold by a private vendor under contract at any time if the department determines that the cancellation or discontinuation is in the best interest of this state or the motoring public.

(n) If the vendor ceases operation, the program may be operated temporarily by the department until another vendor is selected and commences operation.

SECTION 40.208. Chapter 504, Transportation Code, is amended by adding Subchapter K to read as follows:

SUBCHAPTER K. TRANSFER AND REMOVAL OF LICENSE PLATES

SECTION 40.209. Section 502.451, Transportation Code, is transferred to Subchapter K, Chapter 504, Transportation Code, as added by this Act, renumbered as Section 504.901, Transportation Code, and amended to read as follows:

Sec. 504.901 ~~[502.451]~~. TRANSFER [OF VEHICLE REGISTRATION] AND REMOVAL OF LICENSE PLATES. (a) On the sale or transfer of a motor vehicle ~~[to a dealer, as defined by Section 503.001, who holds a general distinguishing number issued under Chapter 503, the dealer shall remove]~~ each license plate ~~[and the registration insignia]~~ issued for the motor vehicle shall be removed.

~~[(a-1) On a sale or transfer of a motor vehicle to a person that does not hold a general distinguishing number issued under Chapter 503, the seller or transferor may remove each license plate and the registration insignia issued for the motor vehicle.]~~

(b) A license plate removed from a motor vehicle under Subsection (a) ~~[or (a-1)]~~ must be:

(1) transferred to another motor vehicle that is titled in the seller's name ~~[disposed of in the manner specified by the department]; or~~

(2) transferred to a [another] vehicle that is purchased [owned] by the seller ~~[or transferor as provided by Section 502.452].~~

(c) To be eligible for transfer, license plates must be

appropriate for the class of vehicle to which the plates are being transferred. If the vehicle is a different classification the owner must:

(1) pay the applicable title and vehicle registration fees;

(2) obtain a new registration insignia; and

(3) dispose of the license plates in the manner specified by the department, or if the applicant fails to remove and transfer the license plates, purchase replacement license plates in accordance with this chapter. ~~[The part of the registration period remaining at the time of the sale or transfer shall continue with the vehicle being sold or transferred and does not transfer with the license plates or registration validation insignia. To continue the remainder of the registration period, the purchaser or transferee must file the documents required under Section 520.031.]~~

SECTION 40.210. Chapter 504, Transportation Code, is amended by adding Subchapter L to read as follows:

SUBCHAPTER L. OFFENSES AND PENALTIES

Sec. 504.941. ANTIQUE VEHICLES; OFFENSE. (a) A person who violates Section 504.502 commits an offense. An offense under this section is a misdemeanor punishable by a fine of not less than \$5 or more than \$200.

(b) It is an affirmative defense to prosecution under this section that at the time of the offense the vehicle was en route to or from a location for the purpose of routine maintenance of the vehicle.

Sec. 504.942. LOG LOADER VEHICLES; PENALTIES. A vehicle operated in violation of Section 504.506 is considered to be operated or moved while unregistered and is immediately subject to the applicable fees and penalties prescribed by this chapter.

Sec. 504.943. OPERATION OF VEHICLE WITHOUT LICENSE PLATE. (a) A person commits an offense if the person operates on a public highway during a registration period:

(1) a passenger car, as defined by Section 541.201, or commercial motor vehicle that does not display two license plates issued by the department and attached to the front and rear of the vehicle; or

(2) a road tractor, motorcycle, trailer, or semitrailer that does not display a license plate assigned by the department and attached to the rear of the vehicle.

(b) Subsection (a) does not apply to a person who holds a general distinguishing number operating a vehicle as provided by law.

(c) An offense under this section is a misdemeanor punishable by a fine not to exceed \$200.

(d) A court may dismiss a charge brought under Subsection (a) if the defendant:

(1) remedies the defect before the defendant's first court appearance; and

(2) pays an administrative fee not to exceed \$10.

SECTION 40.211. Section 502.408, Transportation Code, is transferred to Subchapter L, Chapter 504, Transportation Code, as added by this Act, renumbered as Section 504.944, Transportation Code, and amended to read as follows:

Sec. 504.944 [502.408]. OPERATION OF VEHICLE WITH WRONG LICENSE PLATE. ~~[(a)]~~ A person commits an offense if the person operates, or as the owner permits another to operate, on a public highway a motor vehicle that has attached to it a number plate or registration insignia issued for a different vehicle. An offense under this subsection is a misdemeanor punishable by a fine not to exceed \$200.

SECTION 40.212. Subchapter L, Chapter 504, Transportation Code, as added by this Act, is amended by adding Section 504.945 to read as follows:

Sec. 504.945. WRONG, FICTITIOUS, ALTERED, OR OBSCURED LICENSE PLATE. (a) A person commits an offense if the person attaches to or displays on a motor vehicle a license plate that:

(1) is issued for a different motor vehicle;

(2) is issued for the vehicle under any other motor

vehicle law other than by the department;
 (3) is assigned for a registration period other than the registration period in effect;
 (4) is fictitious;
 (5) has blurring or reflective matter that significantly impairs the readability of the name of the state in which the vehicle is registered or the letters or numbers of the license plate number at any time;
 (6) has an attached illuminated device or sticker, decal, emblem, or other insignia that is not authorized by law and that interferes with the readability of the letters or numbers of the license plate number or the name of the state in which the vehicle is registered; or
 (7) has a coating, covering, protective substance, or other material that:

- (A) distorts angular visibility or detectability;
- (B) alters or obscures one-half or more of the name of the state in which the vehicle is registered; or
- (C) alters or obscures the letters or numbers of the license plate number or the color of the plate.

(b) Except as provided by Subsection (e), an offense under Subsection (a) is a misdemeanor punishable by a fine of not more than \$200, unless it is shown at the trial of the offense that the owner knowingly altered or made illegible the letters, numbers, and other identification marks, in which case the offense is a Class B misdemeanor.

(c) Subsection (a)(7) may not be construed to apply to:

- (1) a trailer hitch installed on a vehicle in a normal or customary manner;
- (2) a transponder, as defined by Section 228.057, that is attached to a vehicle in the manner required by the issuing authority;
- (3) a wheelchair lift or wheelchair carrier that is attached to a vehicle in a normal or customary manner;
- (4) a trailer being towed by a vehicle; or
- (5) a bicycle or motorcycle rack that is attached to a vehicle in a normal or customary manner.

(d) A court may dismiss a charge brought under Subsection (a)(3), (5), (6), or (7) if the defendant:

- (1) remedies the defect before the defendant's first court appearance; and
- (2) pays an administrative fee not to exceed \$10.

(e) An offense under Subsection (a)(4) is a Class B misdemeanor.

SECTION 40.213. Subchapter A, Chapter 520, Transportation Code, is amended by adding Sections 520.003 and 520.004 to read as follows:

Sec. 520.003. RULES. The department may adopt rules to administer this chapter.

Sec. 520.004. DEPARTMENT RESPONSIBILITIES. The department has jurisdiction over the registration and titling of, and the issuance of license plates to, motor vehicles in compliance with the applicable statutes. The department:

- (1) shall provide services that are reasonable, adequate, and efficient;
- (2) shall establish standards for service quality; and
- (3) may enter into an agreement with a person involved in transaction processing, including a lienholder or an electronic verification service, only to facilitate the processing of electronic title benefits so as to benefit this state and minimize inconveniences to the general public.

SECTION 40.214. Section 501.137, Transportation Code, is transferred to Subchapter A, Chapter 520, Transportation Code, renumbered as Section 520.005, Transportation Code, and amended to read as follows:

Sec. 520.005 [501.137]. DUTY OF COUNTY ASSESSOR-COLLECTOR. (a) Each county assessor-collector shall comply with Chapter 501 [this chapter].

(b) An assessor-collector who fails or refuses to comply with Chapter 501 [~~this chapter~~] is liable on the assessor-collector's official bond for resulting damages suffered by any person.

SECTION 40.215. Section 502.109, Transportation Code, is transferred to Subchapter A, Chapter 520, Transportation Code, renumbered as Section 520.006, Transportation Code, and amended to read as follows:

Sec. 520.006 [~~502.109~~]. COMPENSATION OF ASSESSOR-COLLECTOR. (a) A county assessor-collector shall receive a fee of \$1.90 for each receipt issued under Chapter 502 [~~this chapter~~]. ~~If the assessor-collector may be compensated by fees, a fee received is compensation for services under this chapter. The assessor-collector shall deduct the fee weekly from the gross collections made under this chapter.~~

(b) A county assessor-collector who is compensated under this section shall pay the entire expense of issuing registration receipts and license plates under Chapter 501 or 502 [~~this chapter~~] from the compensation allowed under this section.

SECTION 40.216. Section 502.111, Transportation Code, is transferred to Subchapter A, Chapter 520, Transportation Code, renumbered as Section 520.007, Transportation Code, and amended to read as follows:

Sec. 520.007 [~~502.111~~]. COUNTY BRANCH OFFICES. (a) The commissioners court of a county may authorize the county assessor-collector to:

(1) establish a suboffice or branch office for vehicle registration at one or more locations in the county other than the county courthouse; or

(2) appoint a deputy to register vehicles in the same manner and with the same authority as though done in the office of the assessor-collector.

(b) The report of vehicles registered through a suboffice or branch office shall be made through the office of the county assessor-collector.

SECTION 40.217. Section 502.114, Transportation Code, is transferred to Subchapter A, Chapter 520, Transportation Code, renumbered as Section 520.008, Transportation Code, and amended to read as follows:

Sec. 520.008 [~~502.114~~]. FULL-SERVICE DEPUTIES. (a) A full-service deputy appointed under Section 520.0091 [~~502.112~~] shall accept any application for registration, registration renewal, or title transfer that the county assessor-collector may accept.

(b) A full-service deputy may charge and retain an additional motor vehicle registration fee not to exceed \$5 for each motor vehicle registration issued.

(c) A county assessor-collector may delegate to a full-service deputy, in the manner selected by the assessor-collector, the authority to use data processing equipment and software provided by the department for use in the titling and registration of motor vehicles. The department may not limit a county assessor-collector's ability to delegate the assessor-collector's functions regarding the titling and registration of motor vehicles to a qualified full-service deputy in the manner the assessor-collector considers appropriate.

SECTION 40.218. Section 502.113, Transportation Code, is transferred to Subchapter A, Chapter 520, Transportation Code, renumbered as Section 520.009, Transportation Code, and amended to read as follows:

Sec. 520.009 [~~502.113~~]. LIMITED-SERVICE DEPUTIES. (a) A limited-service deputy appointed under Section 520.0091 [~~502.112~~] may only accept registration renewal cards provided by the department and may not prepare or accept an application for title transfer.

(b) The county assessor-collector may pay a limited-service deputy an amount not to exceed the fee the assessor-collector could collect under Section 520.006(a) [~~502.109(a)~~] for each registration receipt issued. The commissioners court of the county

may permit a limited-service deputy to charge and retain an additional fee not to exceed \$1 for each registration receipt issued.

SECTION 40.219. Section 502.112, Transportation Code, is transferred to Subchapter A, Chapter 520, Transportation Code, and renumbered as Section 520.0091, Transportation Code, to read as follows:

Sec. 520.0091 [~~502.112~~]. DEPUTY ASSESSOR-COLLECTORS. (a) A county assessor-collector, with the approval of the commissioners court of the county, may deputize an individual or business entity to:

(1) issue motor vehicle registration receipts as a limited-service deputy; or

(2) issue motor vehicle registration receipts and prepare or accept applications for title transfers as a full-service deputy.

(b) An individual or business entity is eligible to be deputized as a limited-service deputy if the person:

(1) is trained to issue registration receipts by the county assessor-collector; and

(2) posts a bond payable to the county assessor-collector:

(A) in an amount determined by the assessor-collector; and

(B) conditioned on the person's proper accounting and remittance of all fees the person collects.

(c) An individual or business entity is eligible to be deputized as a full-service deputy if the person:

(1) meets the requirements of Subsection (b); and

(2) has experience in title transfers.

(d) A person deputized under this section shall keep a separate account of the fees collected and a record of daily receipts.

SECTION 40.220. Section 501.136, Transportation Code, is transferred to Subchapter A, Chapter 520, Transportation Code, renumbered as Section 520.0092, Transportation Code, and amended to read as follows:

Sec. 520.0092 [~~501.136~~]. ACTS BY DEPUTY COUNTY ASSESSOR-COLLECTOR. A deputy county assessor-collector, other than a limited service deputy appointed under Section 520.0091 [~~502.112~~], may perform the duties of an assessor-collector under Chapter 501 [~~this chapter~~].

SECTION 40.221. Section 520.002, Transportation Code, is renumbered as Section 520.0093, Transportation Code, and amended to read as follows:

Sec. 520.0093 [~~520.002~~]. LEASE OF ADDITIONAL COMPUTER EQUIPMENT. (a) This section applies only to the lease of equipment [~~to a county~~] for the operation of the automated registration and titling [~~title~~] system in addition to the equipment provided by the department at no cost to the county under a formula prescribed by the department.

(b) On the request of the tax assessor-collector of a county, the department may enter into an agreement with the commissioners court of that county under which the department leases additional equipment to the county for the use of the tax assessor-collector in operating the automated registration and titling [~~title~~] system in that county.

(c) A county may install equipment leased under this section at offices of the county or of an agent of the county.

(d) Equipment leased under this section:

(1) remains the property of the department; and

(2) must be used primarily for the automated registration and titling [~~title~~] system.

(e) Under the agreement, the department shall charge [~~the county~~] an amount not less than the amount of the cost to the department to provide the additional equipment and any related services under the lease. All money collected under the lease shall be deposited to the credit of the state highway fund.

SECTION 40.222. The heading to Subchapter B, Chapter 520,

Transportation Code, is amended to read as follows:

SUBCHAPTER B. ADMINISTRATIVE PROVISIONS [~~MOTOR NUMBER RECORD~~
~~REQUIREMENTS~~]

SECTION 40.223. Subchapter B, Chapter 520, Transportation Code, is amended by adding Sections 520.015 and 520.016 to read as follows:

Sec. 520.015. REGISTRATION AND INSPECTION CONSOLIDATION STUDY. (a) In consultation with the Texas Commission on Environmental Quality, the department and the Department of Public Safety shall conduct a joint study on the feasibility of consolidation of the state's motor vehicle registration and compulsory inspection procedures in a manner that will allow completion of annual registration and compulsory inspection requirements as part of a single process. The study must address recommendations for:

- (1) consolidating shared records and information;
- (2) the manner in which registration and inspection fees collected will be distributed;
- (3) oversight regarding implementation of the consolidated procedures;
- (4) transition from the current separate procedures to the consolidated procedures; and
- (5) other related issues the departments consider appropriate.

(b) The departments shall share the cost of the study in equal amounts.

Sec. 520.016. MERGER OR CONSOLIDATION OF SHARED INFORMATION STUDY. (a) In consultation with the Texas Commission on Environmental Quality, the department and the Department of Public Safety shall conduct a joint study on the merger or consolidation of similar information that is collected separately by each agency. The study should include the feasibility of establishing a database interface software system that:

- (1) sufficiently protects the privacy of the public;
- (2) sufficiently protects the security and integrity of information provided;
- (3) increases public convenience;
- (4) is cost-effective; and
- (5) improves the coordination of regulatory resources.

(b) The implementing agencies may facilitate the implementation of the merger or consolidation, assist in the development of rules, and coordinate a testing phase.

SECTION 40.224. Section 520.036, Transportation Code, is transferred to Subchapter B, Chapter 520, Transportation Code, and renumbered as Section 520.017, Transportation Code, to read as follows:

Sec. 520.017 [~~520.036~~]. GENERAL PENALTY. (a) A person commits an offense if the person violates this subchapter in a manner for which a specific penalty is not provided.

(b) An offense under this section is a misdemeanor punishable by a fine of not less than \$50 and not more than \$200.

SECTION 40.225. Section 520.051(5), Transportation Code, is amended to read as follows:

(5) "Title service record" means the written or electronic record for each transaction in which a motor vehicle title service receives compensation.

SECTION 40.226. Section 681.003(b), Transportation Code, is amended to read as follows:

- (b) An application for a disabled parking placard must be:
- (1) on a form furnished by the department;
 - (2) submitted to the county assessor-collector of the county in which the person with the disability resides; and
 - (3) accompanied by a fee of \$5 if the application is for a temporary placard.

SECTION 40.227. Section 386.251(c), Health and Safety Code, is amended to read as follows:

- (c) The fund consists of:
- (1) the amount of money deposited to the credit of the

fund under:

- (A) Section 386.056;
- (B) Sections 151.0515 and 152.0215, Tax Code; and
- (C) Sections 501.138, 502.358 [~~502.1675~~], and 548.5055, Transportation Code; and

(2) grant money recaptured under Section 386.111(d).
SECTION 40.228. The following provisions of the Transportation Code are repealed:

- (1) Sections 501.026 and 501.075;
- (2) Section 501.091(4);
- (3) Sections 501.094, 501.099, and 501.133;
- (4) Sections 501.134(e) and (f);
- (5) Sections 502.007, 502.0074, 502.0075, 502.008, 502.104, 502.105, 502.1535, 502.154, 502.1585, 502.168, 502.175, 502.177, 502.187, 502.206, 502.271, 502.2862, 502.2971, 502.403, and 502.405;
- (6) Section 502.407(c);
- (7) Section 502.412(c);
- (8) Sections 502.452, 502.453, and 502.455;
- (9) Section 504.401(b);
- (10) Section 504.402(b);
- (11) Section 504.403(b);
- (12) Section 504.405(b);
- (13) Section 504.5011;
- (14) Section 504.502(j);
- (15) Section 504.506(f);
- (16) Section 504.507(c);
- (17) Section 504.508(d);
- (18) Sections 504.620, 504.624, 504.629, 504.634, 504.643, 504.649, 504.650, 504.653, 504.655, and 504.701;
- (19) Section 504.702(c);
- (20) Section 504.801(h);
- (21) Sections 504.851(e) and (k); and
- (22) Sections 520.013 and 520.034.

SECTION 40.229. (a) The change in law made by this article applies only to an offense committed on or after January 1, 2013.

(b) An offense committed before January 1, 2013, is covered by the law in effect when the offense was committed, and the former law is continued in effect for that purpose. For purposes of this subsection, an offense was committed before January 1, 2013, if any element of the offense was committed before that date.

SECTION 40.230. (a) Except as otherwise provided by this article, this article takes effect January 1, 2013.

(b) This section, Section 40.029 of this article, amending Section 501.053, Transportation Code, and Section 40.207 of this article, amending Section 504.851, Transportation Code, take effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this section and Section 40.207 of this article take effect September 1, 2009.

ARTICLE 41. MOBILITY IMPROVEMENTS

SECTION 41.01. Title 5, Transportation Code, is amended by adding Chapter 92 to read as follows:

CHAPTER 92. RAIL DIVISION; URBAN PASSENGER RAIL

Sec. 92.001. STATEWIDE PASSENGER RAIL SYSTEM; URBAN PASSENGER RAIL DEMONSTRATION PROGRAM. (a) To facilitate the development and interconnectivity of rail systems in this state, the department shall coordinate activities regarding the planning, construction, operation, and maintenance of a statewide passenger rail system and an urban passenger rail system. The department shall coordinate with other entities involved with passenger rail systems, including governmental entities, private entities, and nonprofit corporations.

(b) Using the procedures described in this chapter, the department shall, by January 1, 2010, select at least one metropolitan planning organization to design, construct, and implement an urban passenger rail demonstration project and other mobility improvement projects as described by Chapter 180. The

department may not designate more than five demonstration programs in a year.

(c) The department shall advise the legislature in an annual report about the appropriateness of designating additional urban rail demonstration programs.

Sec. 92.002. LONG-TERM PLAN FOR PASSENGER RAIL SYSTEMS.

(a) The department shall prepare and update annually a long-term plan for a statewide passenger rail system and urban passenger rail demonstration programs.

(b) The department shall annually submit, by December 31 each year, a report regarding the long-term plan and the demonstration programs to:

(1) the governor;
 (2) the lieutenant governor;
 (3) the speaker of the house of representatives; and
 (4) the standing committee of each house of the legislature that has primary jurisdiction over rail transportation issues.

(c) Information contained in the report must include:

(1) a description of existing and proposed passenger rail systems;

(2) information regarding the status of passenger rail systems under construction and the methods of finance used to construct and operate the systems;

(3) an analysis of potential interconnectivity difficulties; and

(4) current ridership numbers and future projections for passenger rail projects.

Sec. 92.003. DEMONSTRATION PROGRAMS; REQUIREMENTS. (a) Any passenger rail system selected for the demonstration program and developed under this chapter must:

(1) enhance connectivity to airports;
 (2) enhance connectivity to major employment centers;

and

(3) service major metropolitan urban regions in this state which contain at least one county over 300,000 in population.

Sec. 92.004. APPLICATION. (a) By October 1, 2009, a metropolitan planning organization which contains a county with over 300,000 in population may submit an application to the department to be considered an urban passenger rail demonstration project.

(b) An application must include:

(1) resolutions of support from at least one county commissioners court located in the metropolitan planning organization;

(2) a map and description of the region's proposed urban passenger rail system, including construction and implementation timelines;

(3) a description of the community benefits the system would provide including the impact of the system on the environment, existing freeway system, and the workforce population;

(4) a financial plan for the construction and ongoing maintenance and operation of the system using the methods of finance authorized under Chapter 180; and

(5) a description of the operations and management of the system.

(c) The commission may not consider an incomplete application or an application from a metropolitan planning organization that does not service at least one county over 300,000 in population. For the purposes of this section, population is based on the most recent estimate published by the council of governments of the region.

(d) By January 1, 2009, the department shall designate at least one but not more than five metropolitan planning organizations as an urban passenger rail demonstration project. The department shall conduct at least two public hearings to consider the applications received.

(e) The department shall base the selection of an urban

passenger rail demonstration project on:

(1) the completeness and thoroughness of the application;

(2) demonstration of support for the project and application from the community as shown through testimony and written correspondence;

(3) demonstration of support for the project as shown from the private sector and large employers;

(4) demonstration of support for the application and project from units of local government located in and near the applicant as shown in resolutions of support and testimony; and

(5) demonstration of support for the application and project from members of the legislature and congress as shown in written correspondence and testimony.

Sec. 92.005. POWERS AND DUTIES. (a) The legislature authorizes any county located within a metropolitan planning organization selected by the department as an urban passenger rail demonstration project under this chapter with the specific powers and duties prescribed by Chapter 180, Transportation Code.

(b) Any county selected by the department as an urban passenger rail demonstration project has the powers described in Chapter 180.

Sec. 92.006. RULES. (a) The department may adopt rules, no later than September 1, 2009, to implement the provisions of this chapter.

(b) The department shall, by September 1, 2009, develop a standard application form.

SECTION 41.02. Title 5, Transportation Code, is amended by adding Chapter 180 to read as follows:

CHAPTER 180. URBAN PASSENGER RAIL DEMONSTRATION PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 180.001. SHORT TITLE. This chapter may be cited as the Urban Passenger Rail Demonstration Program.

Sec. 180.002. DEFINITIONS. In this chapter:

(1) "Dealer," "diesel fuel," "gasoline," "motor fuel," "motor vehicle," "public highway," and "sale" have the meanings assigned by Section 162.001, Tax Code.

(2) "Department" means the Texas Department of Transportation.

(3) "Intermodal hub" and "transit system" have the meanings assigned by Section 370.003, Transportation Code.

(4) "Metropolitan planning organization" has the meaning assigned by Section 472.031, Transportation Code.

(5) "Mobility improvement project" means a capital improvement or set of related capital improvements in a geographic area, including maintenance and operation of the improvements, designed to relieve traffic congestion, increase mobility and the movement of traffic or individuals, expand transportation capacity, promote traffic or pedestrian safety, or improve air quality. The term includes passenger rail systems and related infrastructure; freight rail systems; transit systems; intermodal hubs; pedestrian facilities; streets, roadways, highways, and additional roadway or highway lanes, such as turning lanes and managed or high occupancy vehicle lanes; and bridges, tunnels, interchanges, overpasses, underpasses, service roads, ramps, entrance plazas, parking areas or structures, and traffic signal systems.

(6) "Transit authority" or "transportation authority" means an authority operating under Chapter 370, 451, 452, or 460, Transportation Code.

(7) "Urban passenger rail demonstration program" means the program operated by the Texas Department of Transportation as described in Chapter 92, Transportation Code.

Sec. 180.0025. APPLICABILITY. The provisions of this chapter only apply to a county located within the boundaries of a metropolitan planning organization selected by the department as an urban passenger rail demonstration program under Chapter 92.

Sec. 180.003. REDUCTION PROHIBITED. (a) A county, municipality, or metropolitan planning organization may not be

penalized with a reduction in state or federal transportation funding, including funding from the state highway fund, the Texas mobility fund, the Texas highway beautification fund, general obligation bonds, or any other method of state or federal transportation financing, because of being selected as an urban passenger rail demonstration program as authorized in Chapter 92.

(b) The department may not reduce any allocation of state or federal transportation funding to a department district because the district contains a county that imposes a county motor fuels tax under this chapter.

Sec. 180.004. URBAN PASSENGER RAIL DEMONSTRATION PROGRAM. (a) The Legislature grants any county located in a metropolitan planning organization selected by the department as an urban passenger rail demonstration program with the powers, duties, and provision granted by this chapter.

Sec. 180.005. PROHIBITIONS ON USE OF REVENUE. A county located within a metropolitan planning organization selected by the department as an urban passenger rail demonstration program may not use revenue from a method of finance imposed under this chapter:

(1) to acquire, construct, maintain, or otherwise directly fund a toll project;

(2) for an approved mobility improvement project if the revenue is used in order to reallocate other revenue toward a toll project; or

(3) to directly or indirectly hold, promote, or oppose an election under this chapter, including paying for promotional, educational, or advocacy materials.

Sec. 180.008. INTERLOCAL CONTRACTING AUTHORITY. (a) A political subdivision may contract or agree with another political subdivision to perform governmental functions and services in accordance with this chapter.

(b) A party to an interlocal contract may contract with an agency, as that term is defined by Section 771.002, Government Code.

(c) In this section, "interlocal contract" has the meaning assigned by Section 791.003, Government Code.

[Sections 180.009-180.050 reserved for expansion]

SUBCHAPTER B. ELECTIONS; PROJECT SELECTION; EQUITY

Sec. 180.051. CALLING OF ELECTION. (a) All of the commissioners courts of those counties that are wholly or partly located in the boundaries of the same metropolitan planning organization selected by the department as an urban passenger rail demonstration program under Chapter 92 shall, by order, call an election on the issue of imposing a method of finance under this chapter if, at least 240 days before a uniform election date in November, a resolution or resolutions requesting that an election be called are adopted by the commissioners courts of one or more of those counties that contain at least 66 percent of the total population of those counties.

(b) An election called under this section by the commissioners courts of more than one county in the boundaries of the same metropolitan planning organization must be held on the same date and must be held on a uniform election date in November.

(c) Section 334.025, Local Government Code, applies to an election called under this section.

Sec. 180.052. SUBSEQUENT ELECTIONS. (a) This section applies only to a county in which the majority of voters did not approve the imposition of a method of finance at an election held under Section 180.051.

(b) The commissioners court by order may call a subsequent election to impose a method of finance authorized under this chapter using the procedures described by this subchapter.

(c) The commissioners court of a county may not call a subsequent election under this section before the second anniversary of a previously held election.

Sec. 180.053. REQUIRED BALLOT LANGUAGE. (a) An order under this subchapter calling an election must list and generally describe:

(1) the nature and scope of the proposed mobility

improvement projects to be constructed;

(2) the estimated cost and the estimated completion date for the capital construction of each proposed mobility improvement project; and

(3) the method of finance and the rate proposed to finance the mobility improvement project.

(b) The ballot at an election held under this subchapter must be printed as follows: "Authorizing _____ (insert name of county) to construct the following mobility improvement projects: _____ (insert, on four separate lines, a general and brief description of each proposed mobility improvement project, an estimated total cost of each project, the estimated date of expiration of any necessary bonds, and the estimated date the project will be operational to the public). The construction, maintenance, and operation of the project or projects listed above will be funded with a (insert the method of finance and rate). (If applicable, state a separate rate for maintenance and operations). By voting "yes," you authorize the county to begin imposing the (taxes and fees, if applicable) included above. Do you authorize the construction of the mobility improvement projects listed above and the collection of the taxes (and fees, if applicable) in _____ County?"

(c) The estimated cost of construction of a mobility improvement project listed on a ballot is not a legally binding restriction on the actual and ultimate cost of financing the project.

(d) A ballot may not permit individual mobility improvement projects to be voted on as separate options. All mobility improvement projects included on a ballot must be approved or rejected as a group.

(e) A ballot may not list more projects than the proposed methods of finance can immediately finance.

Sec. 180.054. AUTHORIZED PROJECTS. (a) A county may propose for funding by a method of finance imposed under this chapter:

(1) the construction of a new mobility improvement project and related maintenance and operations;

(2) the expansion, reconstruction, or rehabilitation of an existing mobility improvement project;

(3) improvements in the maintenance and operation of an existing mobility improvement project; or

(4) the retirement of existing debt of a transit agency related to a mobility improvement project.

(b) A county located in a metropolitan planning organization selected by the department as an urban passenger rail demonstration program under Chapter 92 may only use funds collected from a method of finance imposed under this chapter to fund mobility improvement projects consistent with the transportation plans and programs of the metropolitan planning organization in which the county is wholly or partly located.

(c) On or before the 30th day before the date described in Section 180.051, the metropolitan planning organization in which the county is wholly or partly located shall submit to the county a list of eligible mobility improvement projects with a primary emphasis on passenger rail and major roadway improvements.

(d) On or before the 180th day before an election is held under this subchapter, the commissioners court shall, by order and in consultation with municipalities and transit agencies located or operating in the county, determine in a public hearing which projects from the list submitted under Subsection (c) shall be proposed for funding from a method of finance imposed under this chapter.

Sec. 180.0545. PROJECT SELECTION COMMITTEE FOR CERTAIN COUNTIES. (a) If an election is to be held in a metropolitan planning organization that services multiple counties, at least two of which contain over one million in population, then not later than 30 days later, the county commissioners of each county to which this section applies shall jointly establish with the municipalities in the county a project selection committee no later than 30 days after

the election is ordered.

(b) If a county commissioners court to which this section applies fails to establish a project selection committee pursuant to Subsection (a), the governing bodies of two or more cities that contain at least 60 percent of the county's total population may, by a joint resolution establish a joint project selection committee.

(c) The project selection committee, by supermajority vote of not less than two-thirds of its membership, shall select the specific mobility improvement projects to be placed on the ballot and the methods of finance and adequate rates to financially support those projects. A committee may only select new mobility improvement projects that are consistent with the transportation plan adopted by the metropolitan planning organization. Except as provided in Section 180.055, a committee may select a mobility improvement project located outside the county. A committee may not recommend more projects for placement on the ballot than the methods of finance can immediately support.

(d) A committee must conduct at least two public hearings regarding the proposed mobility improvement projects and use best efforts to meet with all affected parties, including workforce populations and affected neighborhood groups.

(e) The committee shall submit all recommended projects and methods of finance to the commissioners court at least 180 days before an election. The commissioners court may not amend the list of recommended projects or methods of finance.

(f) Except as provided by Subsection (g), the project selection committee is composed of 11 members as follows:

(1) two members who are elected county officials, appointed by the county commissioners court;

(2) one member who is a member of the governing body of a municipality not otherwise entitled to a seat under Subdivision (4) or (5) with a population of 25,000 or less located in the county, appointed by the county commissioners court;

(3) one member who is a member of the governing body of a municipality not otherwise entitled to a seat under Subdivision (4) or (5) with a population greater than 25,000 but less than 95,000 located in the county, appointed by the county commissioners court;

(4) two members who are elected officials of the most populous municipality located in the county, appointed by the governing body of the municipality;

(5) four members who are elected officials of the next four most populous municipalities located in the county, one each appointed by the governing body of each municipality; and

(6) one member who is a member of the governing board of the transit or transportation authority with the largest service area in the county, appointed by the governing body of the authority.

(g) If the most populous municipality located in the county contains 45 percent or more of the county population, the county's project selection committee is composed of the membership provided by Subsection (f) except that:

(1) the most populous municipality receives three members who are elected officials; and

(2) three members who are elected officials of the next three most populous municipalities located in the county, one each appointed by the governing body of each municipality.

(h) Only the portion of a municipality's population that is located within the county may be used to determine municipal population for the purposes of this section. For the purposes of this section, municipal population is based on the most recent estimate published by the council of governments of the region.

(i) A committee must elect a chair from among its members and may adopt rules for the conduct of its activities and appoint vacancies.

(j) All meetings of a committee are open meetings. Notice of committee meetings must be provided in accordance with Sections 551.041, 551.0411, 551.042, 551.043, and 551.049, Government Code.

(k) A project selection committee established under this

section is abolished, and all the duties of the committee expire, on the date the committee submits recommendations to the commissioners court.

Sec. 180.055. COMMITMENT TO EQUITY. (a) Revenue from a method of finance imposed under this chapter and collected within any municipality having territory located in a transportation authority funded by a dedicated sales tax and governed by a subregional board under Subchapter O, Chapter 452, Transportation Code, shall be maintained in a single segregated account separate from tax revenue collected elsewhere in the county.

(b) Revenue maintained in the account described by Subsection (c) may not be used outside the boundaries of the territory of that authority or the county unless the governing body of each municipality in the county with territory in the authority and the governing body of the transportation authority consent to the use.

(c) Tax revenue collected in an area outside the territory of a transportation authority funded by a dedicated sales tax and governed by a subregional board under Subchapter O, Chapter 452, Transportation Code, may not be used in the territory of that authority or outside the county unless the commissioners court of the county or the governing bodies of two or more municipalities representing 60 percent or more of the population of the county outside of the territory of the authority consent to the use.

(d) Before the commissioners court selects a mobility improvement project under Section 180.054, the governing body of any authority, county, or municipality required under this section to provide its consent regarding the use of revenue collected under this chapter shall indicate by order, resolution, or other formal action whether the consent is granted. On final approval of the project by the commissioners court, the governing body of a municipality or authority may not rescind its consent if it has been given.

[Sections 180.056-180.100 reserved for expansion]

SUBCHAPTER C. METHODS OF FINANCE

Sec. 180.101. METHODS OF FINANCE AUTHORIZED; EXPIRATION. (a) If approved by a majority of the votes cast in a county at an election held under Subchapter B, the county shall impose and collect any combination of the following methods of finance:

(1) a county local tax at a rate of 2, 4, 6, 8, or 10 cents per gallon on the sale of gasoline and diesel fuel that is sold in the county by a person, including a dealer, distributor, supplier, or permissive supplier, engaged in the sale of motor fuels used to propel a motor vehicle on the public highways of the state;

(2) a mobility improvement fee, in an amount not less than \$1 or more than \$60, imposed on a person registering a motor vehicle in the county at the time of registration, except that the fee is not imposed on a person registering a motor vehicle in the manner provided by Section 501.0234, Transportation Code;

(3) a fee for the renewal of a driver's license issued to a county resident as described by Section 180.1015; and

(b) The mobility improvement fee authorized by this section is not an automobile registration fee and may not be construed as automobile registration fees for any legal or constitutional purpose.

(d) Except as otherwise provided by this subchapter, a county shall adopt rules and prescribe forms for the collection of a tax or fee authorized by this section. A person required to collect a tax or fee authorized by this section shall report and send the tax or fee to the county as provided by the county.

(e) A county imposing a tax or fee under this section may prescribe monetary penalties, including interest charges, for failure to keep records required by rules adopted under this section, failure to report when required, or failure to pay the tax when due.

(f) A county attorney, criminal district attorney, or district attorney may bring suit against a person to enforce the provisions of this section.

217-1 Sec. 180.1012. COUNTY AUTHORITY TO IMPOSE METHOD OF
 217-2 FUNDING. (a) A county may impose and collect a method of local
 217-3 option funding approved by a majority of the voters of the county
 217-4 voting at an election held under this chapter and may enter into a
 217-5 contract or interlocal agreement as provided by Section 446.058 to
 217-6 implement the imposition or collection.

217-7 Sec. 180.1013. LOW-INCOME RELIEF. (a) A county
 217-8 commissioners court shall, by an order, establish an exemption,
 217-9 waiver, or partial reduction from the mobility improvement fee and
 217-10 the driver's license fee for citizens of the county of low or
 217-11 moderate income who demonstrate significant financial hardship,
 217-12 based on income guidelines adopted by the Texas Commission on
 217-13 Environmental Quality under Section 382.210, Health and Safety
 217-14 Code. Before issuing an order under this section, the
 217-15 commissioners court must hold a public hearing regarding the
 217-16 proposed exemption, waiver, or partial reduction.

217-17 (b) The commissioners court shall qualify for the
 217-18 exemption, waiver, or partial reduction established under this
 217-19 section any person who is eligible to participate in the income
 217-20 vehicle repair assistance, retrofit, and accelerated vehicle
 217-21 retirement program authorized under Chapter 382, Health and Safety
 217-22 Code.

217-23 Sec. 180.1014. IMPOSITION OF METHOD OF LOCAL OPTION
 217-24 FUNDING. (a) If a majority of the votes cast in an election held
 217-25 in a county under this chapter approve any method or combination of
 217-26 methods of local option funding, the commissioners court of the
 217-27 county by order shall, except in regard to a motor fuel tax, impose
 217-28 and begin the collection of the approved method or methods of
 217-29 funding before the 91st day after the election date.

217-30 (b) At a minimum, the order imposing the method or methods
 217-31 of local option funding must specify:

217-32 (1) the rate or amount of the method or methods
 217-33 approved at the election; and

217-34 (2) the manner in which each method will be
 217-35 administered, collected, and enforced.

217-36 (c) Sections 502.102, 502.1025, and 502.108, Transportation
 217-37 Code, do not apply to money collected under this chapter.

217-38 Sec. 180.1015. IMPOSITION OF COUNTY DRIVER'S LICENSE FEE.
 217-39 (a) In this section, "driver's license" and "license" have the
 217-40 meanings assigned by Section 521.001, Transportation Code.

217-41 (b) A county to which this chapter applies may, if approved
 217-42 in accordance with other provisions of this chapter, impose a fee on
 217-43 the renewal by a county resident of a license under Chapter 521,
 217-44 Transportation Code, in an amount not less than \$1 or more than the
 217-45 license renewal fee under Section 521.421, Transportation Code. A
 217-46 fee imposed under this section is in addition to the fee imposed
 217-47 under Section 521.421, Transportation Code.

217-48 (c) A fee imposed by a county under this section shall be
 217-49 collected by the Department of Public Safety and deposited in trust
 217-50 in the separate suspense account of the county from which the fees
 217-51 were collected for allocation to the county as provided by this
 217-52 section.

217-53 (d) Each month, the comptroller shall send to the county
 217-54 treasurer or to the person who performs the office of the county
 217-55 treasurer the county's share of the fees payable to a municipality
 217-56 within the county collected by the Department of Public Safety
 217-57 under this section.

217-58 (e) The comptroller may retain in the suspense account of a
 217-59 county a portion of the municipality's share of the fees collected
 217-60 for the municipality under this section, not to exceed two percent
 217-61 of the amount remitted to the county. If the county has abolished
 217-62 the fee, the amount that may be retained may not exceed two percent
 217-63 of the final remittance to the county at the time of the termination
 217-64 of the collection of the fee.

217-65 (f) From the amounts retained in a county's suspense
 217-66 account, the comptroller may redeem dishonored checks and drafts
 217-67 deposited to the credit of the account.

217-68 (g) Before the expiration of one year after the effective
 217-69 date of the abolition of a county driver's license fee imposed under

218-1 this section, the comptroller shall send to the county the
 218-2 remainder of the money in the county's suspense account and shall
 218-3 close the account.

218-4 (h) Interest earned on all deposits made under this section,
 218-5 including interest earned from retained suspense accounts, shall be
 218-6 credited to the county's trust account and allocated to the county
 218-7 as described by this section.

218-8 (i) The county motor fuels tax is added to the selling price
 218-9 of the gasoline or diesel fuel and is part of the gasoline or diesel
 218-10 fuel price, is a debt owed to the seller, and is recoverable at law
 218-11 in the same manner as the fuel charge for gasoline or diesel fuel.

218-12 (j) The county motor fuels tax authorized by this section is
 218-13 in addition to the tax imposed by Chapter 162, Tax Code, and shall
 218-14 be collected in conjunction with that tax when gasoline or diesel
 218-15 fuel is removed from a terminal using the terminal rack, other than
 218-16 by bulk transfer, to be sold or delivered into a county that has
 218-17 imposed the tax authorized by this section.

218-18 (k) A county shall discontinue the collection of a method of
 218-19 finance authorized under this chapter when the approved mobility
 218-20 improvement projects are accepted by the governmental entity that
 218-21 contracted for the projects or when the bonds are paid off,
 218-22 whichever is later, unless continued funding for maintenance and
 218-23 operation of a project, including the impact to an existing system
 218-24 as specified by an interlocal agreement, was authorized at an
 218-25 election held under this chapter.

218-26 Sec. 180.102. IMPOSITION OF COUNTY MOTOR FUELS TAX. (a)
 218-27 The comptroller shall administer, collect, and enforce a tax
 218-28 imposed on the sale of gasoline or diesel fuel approved in
 218-29 accordance with the provisions of this chapter. The tax shall be
 218-30 exclusively administered, collected, and enforced in conformance
 218-31 with Chapter 162, Tax Code, governing the tax assessed on the sale
 218-32 of gasoline and diesel fuel. References in Chapter 162, Tax Code,
 218-33 to taxes imposed under that chapter also include taxes imposed
 218-34 under this section.

218-35 (b) The definitions in Chapter 162, Tax Code, apply to this
 218-36 section.

218-37 (c) The exemptions provided by Sections 162.104 and
 218-38 162.204, Tax Code, apply to the tax authorized by this section.

218-39 (d) Subject to Section 180.1025, the comptroller may adopt
 218-40 reasonable rules and prescribe forms that are consistent with this
 218-41 chapter and Chapter 162, Tax Code, for the administration,
 218-42 collection, reporting, and enforcement of this section.

218-43 (e) Except as provided by Subsection (f), the tax authorized
 218-44 by this section takes effect on the first day of the first calendar
 218-45 quarter following the expiration of the first complete quarter
 218-46 occurring after the date of election authorizing the order imposing
 218-47 the tax under Subchapter B.

218-48 (f) If the comptroller determines that an effective date
 218-49 provided by Subsection (e) will occur before the comptroller can
 218-50 reasonably take the action required to begin collecting the tax,
 218-51 the comptroller may delay the effective date until the first day of
 218-52 the first calendar quarter following the date the comptroller
 218-53 declares that the comptroller is ready to begin collecting the tax.

218-54 (g) Except as otherwise provided by this chapter, a county
 218-55 shall adopt rules and prescribe forms for the collection of a tax
 218-56 authorized by this section. A person required to collect a tax
 218-57 authorized by this section shall report and send the tax to the
 218-58 county as provided by the county.

218-59 (h) A county imposing a tax under this chapter may prescribe
 218-60 monetary penalties, including interest charges, for failure to keep
 218-61 records required by rules adopted under this section, failure to
 218-62 report when required, or failure to pay the tax when due.

218-63 (i) A county attorney, criminal district attorney, or
 218-64 district attorney may bring suit against a person to enforce the
 218-65 provisions of this section.

218-66 (j) Before making a distribution to a county under Section
 218-67 180.104, the comptroller shall deduct any costs incurred by the
 218-68 comptroller related to the comptroller's preparations to
 218-69 administer, collect, and enforce a tax on the sale of gasoline or

diesel fuel approved in accordance with this chapter. Each county that approves the imposition of a tax on the sale of gasoline or diesel fuel shall be charged a pro rata amount for the comptroller's costs in preparing to administer, collect, and enforce the tax. If only one county elects to approve the imposition of a tax on the sale of gasoline or diesel fuel in its jurisdiction, that county shall bear all of the costs incurred by the comptroller but may recover pro rata shares of this cost from other counties that approve the imposition of the tax.

Sec. 180.1025. ADOPTION OF RULES RELATING TO MOTOR FUELS TAX. (a) Before the comptroller may adopt rules under Section 180.102, the comptroller must consult with representatives of:

(1) the entities that would be required to:
(A) collect and remit a motor fuels tax imposed under this chapter; and

(B) file reports with the comptroller relating to a motor fuels tax imposed under this chapter; and

(2) counties in which the voters have approved the imposition of a motor fuels tax under this chapter.

(b) Rules adopted under Section 180.102 must provide for the uniform administration and reporting of all motor fuels taxes imposed by a county under this chapter. A county may not impose requirements on an entity required to collect a motor fuels tax under this chapter that are not specifically authorized by the rules adopted under Section 180.102.

(c) Rules adopted under Section 180.102:

(1) may require the comptroller to report sufficient information to each county imposing a motor fuels tax under this chapter to ensure proper allocation of revenue by the county under this chapter;

(2) may not require the comptroller to report proprietary information collected from an individual taxpayer in a way that would be subject to public disclosure; and

(3) may not authorize a county imposing a motor fuels tax under this chapter to contract with a private entity to perform any duty or responsibility associated with the collection, enforcement, or administration of the tax.

Sec. 180.103. TRUST ACCOUNT. The comptroller shall deposit the county taxes collected by the comptroller under this chapter and Chapter 162, Tax Code, in trust in the separate suspense account of the county for which the taxes were collected.

Sec. 180.104. DISTRIBUTION OF TRUST FUNDS. The comptroller shall each month distribute to the county treasurer, payable to the county and for deposit in the county mobility improvement fund, the county's share of the taxes collected by the comptroller under this chapter and Chapter 162, Tax Code.

Sec. 180.105. STATE'S SHARE. Before making a distribution to a county under Section 180.104, the comptroller also shall deduct an amount not to exceed two percent of the amount of the taxes collected for the county during the period for which a distribution is made as the state's charge for its services. The comptroller shall credit the amount deducted to the general revenue fund. The comptroller shall adjust the percentage of the amount deducted each state fiscal year considering the projected expenditures necessary for the collection, administrative, and enforcement functions related to the county motor fuels tax.

Sec. 180.106. AMOUNTS RETAINED IN TRUST ACCOUNT. (a) The comptroller may retain in the suspense account of a county a portion of the county's share of the tax collected for the county under this chapter and Chapter 162, Tax Code, not to exceed five percent of the amount distributed to the county. If the county has abolished the tax, the amount that may be retained may not exceed five percent of the final distribution to the county at the time of the termination of the collection of the tax.

(b) From the amounts retained in a county's suspense account, the comptroller may correct erroneous deposits to the account, make refunds for overpayments to the account, and redeem dishonored checks and drafts deposited to the credit of the account.

(c) Before the fourth anniversary of the effective date of the abolition of a county tax collected under this chapter and Chapter 162, Tax Code, the comptroller shall send to the county the remainder of the money in the county's account and shall close the account.

Sec. 180.107. INTEREST ON TRUST ACCOUNT. Interest earned on all deposits made by the comptroller under this subchapter shall be credited to the suspense account of the county.

[Sections 180.108-180.150 reserved for expansion]

SUBCHAPTER D. FUND

Sec. 180.151. COUNTY MOBILITY IMPROVEMENT FUND. (a) The commissioners court of each county that imposes a method of finance collected under this chapter shall, by order, establish a county mobility improvement fund that is separate and apart from the county's general fund account.

(b) The county shall deposit in the fund money distributed to the county under Section 180.104.

(c) The county shall establish segregated accounts in the fund:

(1) for each approved mobility improvement project; and

(2) for funds collected in the jurisdiction of a transit authority or transportation authority that is funded through a dedicated sales tax and that operates under Subchapter O, Chapter 452, or Chapter 460, Transportation Code.

(d) Money in the fund, including any interest earned, is the property of the county depositing the money and may be spent only as provided by Section 180.152.

Sec. 180.152. USE OF MONEY IN FUND; ISSUANCE OF BONDS.

(a) A county may use money in its county mobility improvement fund to:

(1) reimburse or pay, without issuing bonds or other obligations or otherwise creating debt, the costs of planning, acquiring, establishing, developing, constructing, or renovating mobility improvement projects in the county that were approved at an election under this subchapter;

(2) pay the principal of, interest on, or other costs relating to bonds or other obligations the county issues for the purpose of financing mobility improvement projects in the county that were approved at an election under this subchapter;

(3) pay amounts due and owing to a transit authority or transportation authority under a contract or interlocal agreement between the county and the authority under which the authority agrees to provide, develop, construct, install, and operate passenger rail facilities and services inside and outside the county and to issue bonds and other obligations that are secured by and payable from the amounts due from the county under the contract or interlocal agreement for the purpose of financing the capital costs of the facilities, if a county motor fuels tax was approved for that purpose at an election under this chapter;

(4) pay amounts due and owing to a municipality under a contract or interlocal agreement between the county and the municipality under which the municipality agrees to provide, develop, or construct mobility improvement projects located inside the municipality;

(5) pay amounts owed to a transit agency to accelerate the retirement of outstanding debt; and

(6) reimburse or pay the actual and customary costs of financial administration of the fund.

(b) A contract or interlocal agreement entered into between a county and a transit authority or transportation authority for the purposes described by Subsection (a)(3) may have those terms and provisions, and may impose and contain requirements, grants, and limitations, as the county and the transit authority or transportation authority may mutually agree, including the power of the transit authority or transportation authority to pledge as security for its bonds all amounts, less agreed costs of collection, deposited to the county's local option transportation fund, if such a pledge was approved at an election under this

subchapter.

(c) Bonds or other obligations issued by a county under this section may be made payable from money in the county's county mobility improvement fund, subject to any limitations contained in a contract or interlocal agreement between the county and a transit authority or transportation authority, and from any other sources of revenue of the county that are lawfully available. Bonds or other obligations issued by a transit authority or transportation authority under a contract or interlocal agreement shall be payable from and secured by the money in the county's county mobility improvement fund and the revenue received from the operation of the passenger rail services financed by the bonds or other obligations and may not include any revenue the transit authority or transportation authority receives from a dedicated sales tax or the operation of any other passenger rail or bus system or related services.

(d) Bonds or other obligations issued by a county under this section or by a transit authority or transportation authority under a contract or interlocal agreement may mature serially or otherwise not more than 30 years after the date of issuance.

(e) Any bonds or other obligations issued by a county or by a transit authority or transportation authority under this section, and the proceedings authorizing the bonds or other obligations, must be submitted to the attorney general for review and approval under Chapter 1202, Government Code.

(f) A county may not:

(1) use money in the fund to finance the construction of a mobility improvement project not approved by the voters in an election under this chapter; or

(2) use funds approved for a particular mobility improvement project to fund a different project.

[Sections 180.153-180.200 reserved for expansion]

SUBCHAPTER E. TRANSIT AND TRANSPORTATION AUTHORITIES

Sec. 180.201. USE OF SALES TAX BY TRANSPORTATION AUTHORITY. A subregion of a transportation authority governed by a subregional board described by Subchapter O, Chapter 452, Transportation Code, may not use any proceeds from a sales and use tax imposed under that chapter, or any other revenue of the authority under that chapter, for a mobility improvement project under this chapter without the favorable vote of four-fifths of the members of the subregional board.

Sec. 180.202. TRANSIT AUTHORITY OR TRANSPORTATION AUTHORITY SERVICES NOT AUTHORIZED. (a) A county acting under this chapter may not directly operate or provide passenger rail services or any service expressly reserved by a transit authority or a transportation authority that serves the county.

(b) A motor fuels tax imposed by a county under this chapter may not be used to establish or fund services of a transit authority or a transportation authority created on or after January 1, 2009.

(c) This chapter does not authorize the creation of a transit authority or a transportation authority.

SECTION 41.03. Subchapter C, Chapter 791, Government Code, is amended by adding Section 791.034 to read as follows:

Sec. 791.034. CONTRACTS RELATED TO COUNTY MOTOR FUELS TAXES. (a) The comptroller may enter into an interlocal contract with one or more local governments or political subdivisions to collect, administer, and enforce a county motor fuels tax enacted under Chapter 180, Local Government Code, and any other related law.

(b) This section expires January 1, 2012.

SECTION 41.04. Section 162.001, Tax Code, is amended by adding Subdivisions (16-a), (16-b), (56-a), (56-b), and (57-a) to read as follows:

(16-a) "County diesel fuel tax" means the tax imposed by Section 162.2011 or 162.2035.

(16-b) "County gasoline tax" means the tax imposed by Section 162.1011 or 162.1035.

(56-a) "State diesel fuel tax" means the tax imposed by Section 162.201 or 162.203.

(56-b) "State gasoline tax" means the tax imposed by Section 162.101 or 162.103.

(57-a) "Taxing county" means a destination county that has adopted the tax on motor vehicle fuel authorized by Chapter 616, Local Government Code.

SECTION 41.05. Sections 162.004(e) and (g), Tax Code, are amended to read as follows:

(e) A person to whom a shipping document was issued shall:

(1) carry the shipping document in the barge, vessel, railroad tank car, or other transport vehicle for which the document was issued when transporting the motor fuel described in the document;

(2) show the shipping document on request to any law enforcement officer, representative of the comptroller, or other authorized individual, when transporting the motor fuel described;

(3) deliver the motor fuel to the destination state printed on the shipping document unless the person:

(A) notifies the comptroller and the destination state, if a diversion program is in place, before transporting the motor fuel into a state other than the printed destination state, that the person has received instructions after the shipping document was issued to deliver the motor fuel to a different destination state;

(B) receives from the comptroller and destination state, if a diversion program is in place, a diversion number authorizing the diversion; and

(C) writes on the shipping document the change in destination state and the diversion number; ~~and~~

(4) if delivering the motor fuel into a county in this state, denote on the shipping document the county to which the motor fuel will be delivered or, in the case of a split load, each county in which a portion of the motor fuel will be delivered; and

(5) give a copy of the shipping document to the person to whom the motor fuel is delivered.

(g) The person to whom motor fuel is delivered by barge, vessel, railroad tank car, or transport vehicle may not accept delivery of the motor fuel if the destination state shown on the shipping document for the motor fuel is a state other than this state, except that the person may accept ~~the~~ that delivery if the document contains a diversion number authorized by the comptroller and destination state, if applicable, and has received a properly completed shipping document listing the county in this state in which the person accepts delivery. The person to whom the motor fuel is delivered shall examine the shipping document to determine that the destination state is this state and the county in this state is the county in which the person accepts delivery, and shall retain a copy of the shipping document at the delivery location or another place until the fourth anniversary of the date of delivery.

SECTION 41.06. Section 162.005(e), Tax Code, is amended to read as follows:

(e) The comptroller may revoke a license if the license holder:

(1) purchases for export motor fuel on which the tax was not paid under this chapter and subsequently diverts or causes the motor fuel to be diverted to a destination in this state or to any destination other than the originally designated state or country without first obtaining a diversion number; or

(2) delivers motor fuel on which the county gasoline tax or county diesel fuel tax is due without issuing a properly completed shipping document listing the taxing county in which the delivery occurred.

SECTION 41.07. Section 162.012, Tax Code, is amended to read as follows:

Sec. 162.012. PRESUMPTIONS. (a) A person licensed under this chapter or required to be licensed under this chapter, or other user, who fails to keep a record, issue an invoice, or file a return or report required by this chapter is presumed to have sold or used for taxable purposes all motor fuel shown by an audit by the comptroller to have been sold to the license holder or other user.

Motor fuel unaccounted for is presumed to have been sold or used for taxable purposes.

(b) If an exporter claims an exemption under Section 162.104(a)(4)(B) or 162.204(a)(4)(B) and fails to produce proof of payment of tax to the destination state or proof that the transaction was exempt in the destination state, the exporter is presumed to have not paid the destination state's tax or this state's tax on the exported motor fuel and the comptroller shall assess the tax imposed by this chapter on the exported motor fuel against the exporter.

(c) If a person claims an exemption from the county motor fuels tax and fails to produce proof of delivery to a nontaxing county, the person is presumed to have delivered the motor fuel to a taxing county that imposes the tax on motor vehicle fuels authorized by Chapter 616, Local Government Code.

(d) The comptroller may fix or establish the amount of taxes, penalties, and interest due this state from the records of deliveries or from any records or information available. If a tax claim, as developed from this procedure, is not paid, after the opportunity to request a redetermination, the claim and any audit made by the comptroller or any report filed by the license holder or other user is evidence in any suit or judicial proceedings filed by the attorney general and is prima facie evidence of the correctness of the claim or audit. A prima facie presumption of the correctness of the claim may be overcome at the trial by evidence adduced by the license holder or other user.

(e) ~~[(b)]~~ In the absence of records showing the number of miles actually operated per gallon of motor fuel consumed, it is presumed that not less than one gallon of motor fuel was consumed for every four miles traveled. An interstate trucker may produce evidence of motor fuel consumption to establish another mileage factor. If an examination or audit made by the comptroller from the records of an interstate trucker shows that a greater amount of motor fuel was consumed than was reported by the interstate trucker for tax purposes, the interstate trucker is liable for the tax, penalties, and interest on the additional amount shown or the trucker is entitled to a credit or refund on overpayments of tax established by the audit.

SECTION 41.08. Section 162.015, Tax Code, is amended to read as follows:

Sec. 162.015. ADDITIONAL TAX APPLIES TO INVENTORIES. (a) On the effective date of an increase in the rate ~~[rates]~~ of a tax ~~[the taxes]~~ imposed by this chapter, a distributor or dealer that possesses for the purpose of sale 2,000 or more gallons of gasoline or diesel fuel at each business location on which a tax ~~[the taxes]~~ imposed by this chapter at a previous rate has ~~[have]~~ been paid shall report to the comptroller the volume of that gasoline and diesel fuel, and at the time of the report shall pay a tax on that gasoline and diesel fuel at a rate equal to the rate of the tax increase.

(b) On the effective date of a reduction of the rate ~~[rates]~~ of a tax ~~[taxes]~~ imposed by this chapter, a distributor or dealer that possesses for the purpose of sale 2,000 or more gallons of gasoline or diesel fuel at each business location on which a tax ~~[the taxes]~~ imposed by this chapter at the previous rate has ~~[have]~~ been paid becomes entitled to a refund in an amount equal to the difference in the amount of the tax ~~[taxes]~~ paid on that gasoline or diesel fuel at the previous rate and at the rate in effect on the effective date of the reduction in the tax rate ~~[rates]~~. The rules of the comptroller shall provide for the method of claiming a refund under this chapter and may require that the refund for the dealer be paid through the distributor or supplier from whom the dealer received the fuel.

SECTION 41.09. Section 162.016, Tax Code, is amended by amending Subsection (a) and adding Subsection (g-1) to read as follows:

(a) A person may not import motor fuel to a destination in this state or export motor fuel to a destination outside this state by any means unless the person possesses a shipping document for

that fuel created by the terminal or bulk plant at which the fuel was received. The shipping document must include:

(1) the name and physical address of the terminal or bulk plant from which the motor fuel was received for import or export;

(2) the name and federal employer identification number, or the social security number if the employer identification number is not available, of the carrier transporting the motor fuel;

(3) the date the motor fuel was loaded;

(4) the type of motor fuel;

(5) the number of gallons:

(A) in temperature-adjusted gallons if purchased from a terminal for export or import; or

(B) in temperature-adjusted gallons or in gross gallons if purchased from a bulk plant;

(6) the destination state and, if the destination state is this state, the county in this state to which the gasoline or diesel fuel will be delivered ~~[of the motor fuel]~~ as represented by the purchaser of the motor fuel and the number of gallons of the fuel to be delivered, if delivery is to only one state;

(7) the name, federal employer identification number, license number, and physical address of the purchaser of the motor fuel;

(8) the name of the person responsible for paying the tax imposed by this chapter, as given to the terminal by the purchaser if different from the licensed supplier or distributor; and

(9) any other information that, in the opinion of the comptroller, is necessary for the proper administration of this chapter.

(g-1) An importer or exporter who wants to deliver a single cargo tank of motor fuel to a county in this state must issue a properly completed shipping document denoting the county to which the motor fuel will be delivered or, in the case of a split load, each county to which a portion of the motor fuel will be delivered.

SECTION 41.10. The heading to Section 162.101, Tax Code, is amended to read as follows:

Sec. 162.101. POINT OF IMPOSITION OF STATE GASOLINE TAX.

SECTION 41.11. Sections 162.101(a), (b), (c), and (f), Tax Code, are amended to read as follows:

(a) A tax is imposed on the removal of gasoline from the terminal using the terminal rack, other than by bulk transfer. The supplier or permissive supplier shall collect the tax imposed by this section ~~[subchapter]~~ from the person who orders the withdrawal at the terminal rack.

(b) A tax is imposed at the time gasoline is imported into this state, other than by a bulk transfer, for delivery to a destination in this state. The permissive supplier shall collect the tax imposed by this section ~~[subchapter]~~ from the person who imports the gasoline into this state. If the seller is not a permissive supplier, then the person who imports the gasoline into this state shall pay the tax.

(c) A tax is imposed on the sale or transfer of gasoline in the bulk transfer/terminal system in this state by a supplier to a person who does not hold a supplier's license. The supplier shall collect the tax imposed by this section ~~[subchapter]~~ from the person who orders the sale or transfer in the bulk transfer terminal system.

(f) A terminal operator in this state is considered a supplier for the purpose of the tax imposed by [under] this section ~~[subchapter]~~ unless at the time of removal:

(1) the terminal operator has a terminal operator's license issued for the facility from which the gasoline is withdrawn;

(2) the terminal operator verifies that the person who removes the gasoline has a supplier's license; and

(3) the terminal operator does not have a reason to believe that the supplier's license is not valid.

SECTION 41.12. Subchapter B, Chapter 162, Tax Code, is amended by adding Section 162.1011 to read as follows:

Sec. 162.1011. IMPOSITION OF COUNTY GASOLINE TAX; POINT OF COLLECTION. (a) In a county that imposes the tax on motor vehicle fuels authorized by Chapter 616, Local Government Code, a tax is imposed on the delivery of gasoline into the taxing county.

(b) The distributor shall collect the tax imposed by this section from each person on delivery of gasoline into a taxing county.

(c) In each subsequent sale of gasoline on which the tax has been paid, the tax imposed by this section shall be collected from the purchaser so that the tax is paid ultimately by the person who uses the gasoline. Gasoline is considered to be used when it is delivered into a fuel supply tank.

SECTION 41.13. Section 162.102, Tax Code, is amended to read as follows:

Sec. 162.102. TAX RATES [RATE]. (a) The state gasoline tax rate is 20 cents for each net gallon or fractional part of a net gallon on which the tax is imposed under Section 162.101.

(b) In a taxing county, the county gasoline tax rate for each net gallon or fractional part of a net gallon is the rate established by Chapter 616, Local Government Code.

SECTION 41.14. The heading to Section 162.103, Tax Code, is amended to read as follows:

Sec. 162.103. BACKUP STATE GASOLINE TAX; LIABILITY.

SECTION 41.15. Sections 162.103(a) and (c), Tax Code, are amended to read as follows:

(a) A backup tax is imposed at the rate prescribed by Section 162.102(a) [162.102] on:

(1) a person who obtains a refund of tax on gasoline by claiming the gasoline was used for an off-highway purpose, but actually uses the gasoline to operate a motor vehicle on a public highway;

(2) a person who operates a motor vehicle on a public highway using gasoline on which tax has not been paid; and

(3) a person who sells to the ultimate consumer gasoline on which tax has not been paid and who knew or had reason to know that the gasoline would be used for a taxable purpose.

(c) The tax imposed by [under] Subsection (a)(3) is also imposed on the ultimate consumer.

SECTION 41.16. Subchapter B, Chapter 162, Tax Code, is amended by adding Section 162.1035 to read as follows:

Sec. 162.1035. BACKUP COUNTY GASOLINE TAX; LIABILITY. (a) A backup tax is imposed at the rate prescribed by Section 162.102(b) on:

(1) a person who, in a county that imposes the tax authorized by Chapter 616, Local Government Code:

(A) delivers gasoline into the fuel supply tank of a motor vehicle;

(B) purchases or receives gasoline from another person; or

(C) sells or delivers gasoline to another person; and

(2) a person who obtains a refund of the tax imposed by Section 162.1011 for gasoline that the person delivered into the fuel supply tank of a motor vehicle, purchased or acquired, or sold or delivered in a county that imposes the tax authorized by Chapter 616, Local Government Code.

(b) A person who sells gasoline subject to the tax imposed by this section shall at the time of sale collect the tax from the purchaser or recipient of the gasoline in addition to the selling price and is liable to this state for the taxes collected at the time and in the manner provided by this chapter.

(c) The following are exempt from the tax imposed by this section:

(1) gasoline on which the tax imposed by Section 162.1011 has been paid; and

(2) gasoline exempt under Section 162.104.

(d) The tax imposed by this section is in addition to any

penalty imposed under this chapter.

SECTION 41.17. Sections 162.104(a) and (c), Tax Code, are amended to read as follows:

(a) The taxes ~~[tax]~~ imposed by this subchapter do ~~[does]~~ not apply to gasoline:

(1) sold to the United States for its exclusive use, provided that the exemption does not apply with respect to fuel sold or delivered to a person operating under a contract with the United States;

(2) sold to a public school district in this state for the district's exclusive use;

(3) sold to a commercial transportation company or a metropolitan rapid transit authority operating under Chapter 451, Transportation Code, that provides public school transportation services to a school district under Section 34.008, Education Code, and that uses the gasoline only to provide those services;

(4) exported by either a licensed supplier or a licensed exporter from this state to any other state, provided that:

(A) for gasoline in a situation described by Subsection (d), the bill of lading indicates the destination state and the supplier collects the destination state tax; or

(B) for gasoline in a situation described by Subsection (e), the bill of lading indicates the destination state, the gasoline is subsequently exported, and the exporter is licensed in the destination state to pay that state's tax and has an exporter's license issued under this subchapter;

(5) moved by truck or railcar between licensed suppliers or licensed permissive suppliers and in which the gasoline removed from the first terminal comes to rest in the second terminal, provided that the removal from the second terminal rack is subject to the state gasoline tax imposed by this subchapter;

(6) delivered or sold into a storage facility of a licensed aviation fuel dealer from which gasoline will be delivered solely into the fuel supply tanks of aircraft or aircraft servicing equipment, or sold from one licensed aviation fuel dealer to another licensed aviation fuel dealer who will deliver the aviation fuel exclusively into the fuel supply tanks of aircraft or aircraft servicing equipment; or

(7) exported to a foreign country if the bill of lading indicates the foreign destination and the fuel is actually exported to the foreign country.

(c) If an exporter described by Subsection (a)(4)(B) does not have an exporter's license issued under this subchapter, the supplier must collect the state gasoline tax imposed by ~~[under]~~ this subchapter.

SECTION 41.18. Section 162.105, Tax Code, is amended to read as follows:

Sec. 162.105. PERSONS REQUIRED TO BE LICENSED. A person shall obtain the appropriate license or licenses issued by the comptroller before conducting the activities of:

(1) a supplier, who may also act as a distributor, importer, exporter, blender, motor fuel transporter, dealer, or aviation fuel dealer without securing a separate license, but who is subject to all other conditions, requirements, and liabilities imposed on those license holders;

(2) a permissive supplier, who may also act as a distributor, importer, exporter, blender, motor fuel transporter, dealer, or aviation fuel dealer without securing a separate license, but who is subject to all other conditions, requirements, and liabilities imposed on those license holders;

(3) a distributor, who may also act as an importer, exporter, blender, ~~[or]~~ motor fuel transporter, or dealer without securing a separate license, but who is subject to all other conditions, requirements, and liabilities imposed on those license holders;

(4) an importer, who may also act as an exporter, blender, ~~[or]~~ motor fuel transporter, or dealer without securing a separate license, but who is subject to all other conditions,

requirements, and liabilities imposed on those license holders;

- (5) a terminal operator;
- (6) an exporter;
- (7) a blender;
- (8) a motor fuel transporter;
- (9) an aviation fuel dealer; ~~[or]~~
- (10) an interstate trucker; or
- (11) a dealer.

SECTION 41.19. Sections 162.107(a) and (b), Tax Code, are amended to read as follows:

(a) A person may elect to obtain a permissive supplier license to collect the state gasoline tax imposed by ~~[under]~~ this subchapter for gasoline that is removed at a terminal in another state and has this state as the destination state.

(b) With respect to gasoline that is removed by the licensed permissive supplier at a terminal located in another state and that has this state as the destination state, a licensed permissive supplier shall:

(1) collect the state gasoline tax due to this state on the gasoline;

(2) waive any defense that this state lacks jurisdiction to require the supplier to collect the state gasoline tax due to this state on the gasoline under this subchapter;

(3) report and pay the state gasoline tax and the county gasoline tax due on the gasoline in the same manner as if the removal had occurred at a terminal located in this state;

(4) keep records of the removal of the gasoline and submit to audits concerning the gasoline as if the removal had occurred at a terminal located in this state; and

(5) report sales by the permissive supplier to a person who is not licensed in this state.

SECTION 41.20. Section 162.108, Tax Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) In addition to the information required by Subsection (a), an applicant for a license as a dealer must list on the application:

(1) the street address, city, county, and zip code of the location for which the applicant seeks a license to sell or dispense motor fuel at retail;

(2) the applicant's social security number, driver's license number, and federal employer identification number if the applicant is a natural person who is not licensed as a supplier, permissive supplier, or terminal operator; and

(3) if the applicant is a corporation, limited liability company, professional association, partnership, or other entity that is not licensed as a supplier, permissive supplier, or terminal operator and is not wholly owned by an entity that is licensed as a supplier, permissive supplier, or terminal operator, the physical address, mailing address, social security number, and driver's license number of:

(A) each natural person responsible for the purchase of motor fuel for sale by the applicant; and

(B) each officer, director, manager, member, shareholder, and partner of the applicant.

SECTION 41.21. Section 162.110(a), Tax Code, is amended to read as follows:

(a) The license issued to a supplier, permissive supplier, distributor, importer, exporter, terminal operator, blender, ~~[or]~~ motor fuel transporter, or dealer is permanent and is valid during the period the license holder has in force and effect the required bond or security and furnishes timely reports and supplements as required, or until the license is surrendered by the holder or canceled by the comptroller. The comptroller shall cancel a license under this subsection if a purchase, sale, or use of gasoline has not been reported by the license holder during the previous nine months.

SECTION 41.22. Section 162.111(a), Tax Code, is amended to read as follows:

(a) The comptroller shall determine the amount of security

required of a supplier, permissive supplier, distributor, exporter, importer, dealer, or blender, taking into consideration the amount of tax that has or is expected to become due from the person, any past history of the person as a license holder under this chapter or its predecessor, and the necessity to protect this state against the failure to pay the tax as the tax becomes due.

SECTION 41.23. Section 162.112(a), Tax Code, is amended to read as follows:

(a) The comptroller, on or before December 20 of each year, shall make available to all license holders an alphabetical list of licensed suppliers, permissive suppliers, distributors, aviation fuel dealers, importers, exporters, blenders, dealers, and terminal operators. A supplemental list of additions and deletions shall be made available to the license holders each month. A current and effective license or the list furnished by the comptroller is evidence of the validity of the license until the comptroller notifies license holders of a change in the status of a license holder.

SECTION 41.24. Sections 162.113(a), (d), and (e), Tax Code, are amended to read as follows:

(a) Each ~~[licensed]~~ distributor and ~~[licensed]~~ importer shall remit to the supplier or permissive supplier, as applicable, the tax imposed by Section 162.101 for gasoline removed at a terminal rack. A licensed distributor or licensed importer may elect to defer payment of the tax to the supplier or permissive supplier until two days before the date the supplier or permissive supplier is required to remit the tax to this state. The distributor or importer shall pay the taxes by electronic funds transfer.

(d) The supplier or permissive supplier has the right, after notifying the comptroller of the licensed distributor's or licensed importer's failure to remit taxes under this section, to terminate the ability of the licensed distributor or licensed importer to defer the payment of gasoline tax. The supplier or permissive supplier shall reinstate without delay the right of the licensed distributor or licensed importer to defer the payment of gasoline tax after the comptroller provides to the supplier or permissive supplier notice that the licensed distributor or licensed importer is in good standing with the comptroller for the purposes of the taxes ~~[gasoline tax]~~ imposed by ~~[under]~~ this subchapter.

(e) A licensed distributor or licensed importer who makes timely payments of the state gasoline tax imposed by ~~[under]~~ this subchapter is entitled to retain an amount equal to 1.75 percent of the total state gasoline tax ~~[taxes]~~ to be paid to the supplier or permissive supplier to cover administrative expenses.

SECTION 41.25. Section 162.114(a), Tax Code, is amended to read as follows:

(a) Except as provided by Subsection (b), each person who is liable for the taxes ~~[tax]~~ imposed by this subchapter, a terminal operator, a dealer, and a ~~[licensed]~~ distributor shall file a return on or before the 25th day of the month following the end of each calendar month.

SECTION 41.26. Sections 162.115(b), (c), (e), (g), and (h), Tax Code, are amended to read as follows:

(b) A distributor shall keep:

- (1) a record showing the number of gallons of:
 - (A) all gasoline inventories on hand at the first of each month;
 - (B) all gasoline blended;
 - (C) all gasoline purchased or received, showing the name of the seller and the date of each purchase or receipt;
 - (D) all gasoline sold, distributed, or used, showing:
 - (i) the name of the purchaser;
 - (ii) the county in this state to which the gasoline was delivered;
 - (iii) the amount of county gasoline tax collected from the purchaser; and
 - (iv) the date of the sale, distribution, or

use; and

(E) all gasoline lost by fire, theft, or accident;

(2) an itemized statement showing by load the number of gallons of all gasoline:

(A) received during the preceding calendar month for export and the location of the loading;

(B) sold, distributed, or used, showing:

(i) the name of the purchaser;

(ii) the county or counties in this state;

(iii) the amount of county gasoline tax collected from the purchaser; and

(iv) the date of the sale, distribution, or use;

(C) exported from this state by destination state or country; and

(D) [~~(C)~~] imported during the preceding calendar month by state or country of origin; [~~and~~]

(3) for gasoline exported from this state, proof of payment of tax to the destination state in a form acceptable to the comptroller; and

(4) all shipping documents.

(c) An importer shall keep:

(1) a record showing the number of gallons of:

(A) all gasoline inventories on hand at the first of each month;

(B) all gasoline compounded or blended;

(C) all gasoline purchased or received, showing the name of the seller and the date of each purchase or receipt;

(D) all gasoline sold, distributed, or used, showing the name of the purchaser, the county in this state, and the date of the sale, distribution, or use; and

(E) all gasoline lost by fire, theft, or accident; and

(2) an itemized statement showing by load the number of gallons of all gasoline:

(A) received during the preceding calendar month for export and the location of the loading;

(B) sold, distributed, or used, showing the name of the purchaser, the county or counties in this state, and the date of the sale, distribution, or use;

(C) exported from this state by destination state or country; and

(D) [~~(C)~~] imported during the preceding calendar month by state or country of origin.

(e) A blender shall keep a record showing the number of gallons of:

(1) all gasoline inventories on hand at the first of each month;

(2) all gasoline compounded or blended;

(3) all gasoline purchased or received, showing the name of the seller and the date of each purchase or receipt;

(4) all gasoline sold, distributed, or used, showing the name of the purchaser, the county in this state, and the date of the sale or use; and

(5) all gasoline lost by fire, theft, or accident.

(g) A motor fuel transporter shall keep a complete and separate record of each intrastate and interstate transportation of gasoline, showing:

(1) the date of transportation;

(2) the name of the consignor and consignee;

(3) the means of transportation;

(4) the quantity and kind of gasoline transported;

(5) full data concerning the diversion of shipments, including the county in this state and the number of gallons diverted from interstate to intrastate and intrastate to interstate commerce; and

(6) the points of origin and destination, the county in this state, the number of gallons shipped or transported, the

date, the consignee and the consignor, and the kind of gasoline that has been diverted.

(h) A dealer shall keep a record showing the number of gallons of:

(1) gasoline inventories on hand at the first of each month;

(2) all gasoline purchased or received, showing the name of the seller and the date of each purchase or receipt;

(3) all gasoline sold or used, showing the date of the sale or use; ~~and~~

(4) all gasoline lost by fire, theft, or accident; and

(5) the shipping documents.

SECTION 41.27. Section 162.116(c), Tax Code, is amended to read as follows:

(c) A supplier or permissive supplier may take a credit for any state gasoline tax ~~taxes~~ that was ~~were~~ not remitted in a previous period to the supplier or permissive supplier by a licensed distributor or licensed importer as required by Section 162.113. The supplier or permissive supplier is eligible to take the credit if the comptroller is notified of the default within 60 days after the default occurs. If a license holder pays to a supplier or permissive supplier the tax owed, but the payment occurs after the supplier or permissive supplier has taken a credit on its return, the supplier or permissive supplier shall remit the payment to the comptroller with the next monthly return after receipt of the tax, plus a penalty of 10 percent of the amount of unpaid taxes and interest at the rate provided by Section 111.060 beginning on the date the credit was taken.

SECTION 41.28. Section 162.118, Tax Code, is amended to read as follows:

Sec. 162.118. INFORMATION REQUIRED ON DISTRIBUTOR'S RETURN; PAYMENT OF TAXES AND ALLOWANCES. (a) The monthly return and supplements of each distributor shall contain for the period covered by the return:

(1) the number of net gallons of gasoline received by the distributor during the month, sorted by product code, seller, point of origin, destination state, carrier, and receipt date;

(2) the number of net gallons of gasoline removed at a terminal rack by the distributor during the month, sorted by product code, seller, terminal code, and carrier;

(3) the number of net gallons of gasoline removed by the distributor during the month for export, sorted by product code, terminal code, bulk plant address, destination state, and carrier;

(4) the number of net gallons of gasoline removed by the distributor during the month from a terminal located in another state for conveyance to this state, as indicated on the shipping document for the gasoline, sorted by product code, seller, terminal code, bulk plant address, and carrier;

(5) the number of net gallons of gasoline the distributor sold during the month in transactions exempt under Section 162.104, sorted by product code and purchaser; ~~and~~

(6) the number of net gallons delivered into a taxing county sorted by taxing county and purchaser; and

(7) any other information required by the comptroller.

(b) A distributor or importer who makes timely payments of the county tax imposed by this subchapter is entitled to retain an amount equal to two percent of the total county gasoline taxes remitted to the comptroller to cover administrative expenses.

SECTION 41.29. Section 162.123, Tax Code, is amended to read as follows:

Sec. 162.123. INFORMATION REQUIRED ON BLENDER'S RETURN. The monthly return and supplements of each blender shall contain for the period covered by the return:

(1) the number of net gallons of gasoline received by the blender during the month, sorted by product code, seller, point of origin, carrier, and receipt date;

(2) the number of net gallons of product blended with gasoline during the month, sorted by product code, type of blending

agent if no product code exists, seller, and carrier;

(3) the number of net gallons of blended gasoline sold during the month and the license number or name, ~~and~~ address, and county in this state of the entity receiving the blended gasoline; and

(4) any other information required by the comptroller.

SECTION 41.30. Subchapter B, Chapter 162, Tax Code, is amended by adding Section 162.1235 to read as follows:

Sec. 162.1235. INFORMATION REQUIRED ON DEALER'S RETURN. The monthly return and supplements of each dealer shall contain for the period covered by the return:

(1) the number of gallons of gasoline inventories on hand at the first of each month, sorted by product code;

(2) the number of gallons of gasoline received by the dealer during the month, sorted by seller;

(3) the number of gallons of gasoline inventories on hand at the end of each month; and

(4) any other information required by the comptroller.

SECTION 41.31. Sections 162.127(a) and (d), Tax Code, are amended to read as follows:

(a) A refund claim must be filed on a form provided by the comptroller, be supported by the original invoice issued by the seller, and contain:

(1) the stamped or preprinted name and address, including county in this state, of the seller;

(2) the name and address of the purchaser;

(3) the date of delivery of the gasoline;

(4) the date of the issuance of the invoice, if different from the date of fuel delivery;

(5) the number of gallons of gasoline delivered;

(6) the amount of state or county gasoline taxes paid ~~[tax]~~, either separately stated from the selling price or stated with a notation that both state and county taxes are included if both apply ~~[the selling price includes the tax]~~; and

(7) the type of vehicle or equipment, such as a motorboat, railway engine, motor vehicle, off-highway vehicle, or refrigeration unit or stationary engine, into which the fuel is delivered.

(d) A distributor or person who does not hold a license who files a valid refund claim with the comptroller shall be paid by a warrant issued by the comptroller. For purposes of this section, a distributor meets the requirement of filing a valid refund claim for state and county gasoline taxes if the distributor designates the gallons of gasoline sold or used that are the subject of the refund claim on the monthly report submitted by the distributor to the comptroller.

SECTION 41.32. The heading to Section 162.201, Tax Code, is amended to read as follows:

Sec. 162.201. POINT OF IMPOSITION OF STATE DIESEL FUEL TAX.

SECTION 41.33. Sections 162.201(a), (b), and (c), Tax Code, are amended to read as follows:

(a) A tax is imposed on the removal of diesel fuel from the terminal using the terminal rack other than by bulk transfer. The supplier or permissive supplier shall collect the tax imposed by this section ~~[subchapter]~~ from the person who orders the withdrawal at the terminal rack.

(b) A tax is imposed at the time diesel fuel is imported into this state, other than by a bulk transfer, for delivery to a destination in this state. The permissive supplier shall collect the tax imposed by this section ~~[subchapter]~~ from the person who imports the diesel fuel into this state. If the seller is not a permissive supplier, the person who imports the diesel fuel into this state shall pay the tax.

(c) A tax is imposed on the sale or transfer of diesel fuel in the bulk transfer/terminal system in this state by a supplier to a person who does not hold a supplier's license. The supplier shall collect the tax imposed by this section ~~[subchapter]~~ from the person who orders the sale or transfer in the bulk transfer/terminal system.

SECTION 41.34. Subchapter C, Chapter 162, Tax Code, is amended by adding Section 162.2011 to read as follows:

Sec. 162.2011. COUNTY DIESEL FUEL TAX IMPOSED; POINT OF COLLECTION. (a) In a county that imposes the tax on motor vehicle fuels authorized by Chapter 616, Local Government Code, a tax is imposed on the delivery of diesel fuel into the taxing county.

(b) The distributor shall collect the tax imposed by this section from each person on delivery of diesel fuel into a taxing county.

(c) In each subsequent sale of diesel fuel on which the tax has been paid, the tax imposed by this section shall be collected from the purchaser so that the tax is paid ultimately by the person who uses the diesel fuel. Diesel fuel is considered to be used when it is delivered into a fuel supply tank.

SECTION 41.35. Section 162.202, Tax Code, is amended to read as follows:

Sec. 162.202. TAX RATES [RATE]. (a) The state diesel fuel tax rate is 20 cents for each net gallon or fractional part of a net gallon on which the tax is imposed under Section 162.201.

(b) In a taxing county, the county diesel fuel tax rate for each net gallon or fractional part of a net gallon is the rate established by Chapter 616, Local Government Code.

SECTION 41.36. The heading to Section 162.203, Tax Code, is amended to read as follows:

Sec. 162.203. BACKUP STATE DIESEL FUEL TAX; LIABILITY.

SECTION 41.37. Sections 162.203(a) and (c), Tax Code, are amended to read as follows:

(a) A backup tax is imposed at the rate prescribed by Section 162.202(a) [162.202] on:

(1) a person who obtains a refund of tax on diesel fuel by claiming the diesel fuel was used for an off-highway purpose, but actually uses the diesel fuel to operate a motor vehicle on a public highway;

(2) a person who operates a motor vehicle on a public highway using diesel fuel on which tax has not been paid; and

(3) a person who sells to the ultimate consumer diesel fuel on which a tax has not been paid and who knew or had reason to know that the diesel fuel would be used for a taxable purpose.

(c) The tax imposed by [under] Subsection (a)(3) is also imposed on the ultimate consumer.

SECTION 41.38. Subchapter C, Chapter 162, Tax Code, is amended by adding Section 162.2035 to read as follows:

Sec. 162.2035. BACKUP COUNTY DIESEL FUEL TAX; LIABILITY.

(a) A backup tax is imposed at the rate prescribed by Section 162.202(b) on:

(1) a person who, in a county that imposes the tax authorized by Chapter 616, Local Government Code:

(A) delivers diesel fuel into the fuel supply tank of a motor vehicle;

(B) purchases or receives diesel fuel from another person; or

(C) sells or delivers diesel fuel to another person; and

(2) a person who obtains a refund of the tax imposed by Section 162.2011 for diesel fuel that the person delivered into the fuel supply tank of a motor vehicle, purchased or acquired, or sold or delivered in a county that imposes the tax authorized by Chapter 616, Local Government Code.

(b) A person who sells diesel fuel subject to the tax imposed by this section shall at the time of sale collect the tax from the purchaser or recipient of the diesel fuel in addition to the selling price and is liable to this state for the taxes collected at the time and in the manner provided by this chapter.

(c) The following are exempt from the tax imposed by this section:

(1) diesel fuel on which the tax imposed by Section 162.2011 had been paid; and

(2) diesel fuel exempt under Section 162.204.

(d) The tax imposed by this section is in addition to any

penalty imposed under this chapter.

SECTION 41.39. Sections 162.204(a) and (c), Tax Code, are amended to read as follows:

(a) The taxes [~~tax~~] imposed by this subchapter do [~~does~~] not apply to:

(1) diesel fuel sold to the United States for its exclusive use, provided that the exemption does not apply to diesel fuel sold or delivered to a person operating under a contract with the United States;

(2) diesel fuel sold to a public school district in this state for the district's exclusive use;

(3) diesel fuel sold to a commercial transportation company or a metropolitan rapid transit authority operating under Chapter 451, Transportation Code, that provides public school transportation services to a school district under Section 34.008, Education Code, and that uses the diesel fuel only to provide those services;

(4) diesel fuel exported by either a licensed supplier or a licensed exporter from this state to any other state, provided that:

(A) for diesel fuel in a situation described by Subsection (d), the bill of lading indicates the destination state and the supplier collects the destination state tax; or

(B) for diesel fuel in a situation described by Subsection (e), the bill of lading indicates the destination state, the diesel fuel is subsequently exported, and the exporter is licensed in the destination state to pay that state's tax and has an exporter's license issued under this subchapter;

(5) diesel fuel moved by truck or railcar between licensed suppliers or licensed permissive suppliers and in which the diesel fuel removed from the first terminal comes to rest in the second terminal, provided that the removal from the second terminal rack is subject to the state diesel tax imposed by this subchapter;

(6) diesel fuel delivered or sold into a storage facility of a licensed aviation fuel dealer from which the diesel fuel will be delivered solely into the fuel supply tanks of aircraft or aircraft servicing equipment, or sold from one licensed aviation fuel dealer to another licensed aviation fuel dealer who will deliver the diesel fuel exclusively into the fuel supply tanks of aircraft or aircraft servicing equipment;

(7) diesel fuel exported to a foreign country if the bill of lading indicates the foreign destination and the fuel is actually exported to the foreign country;

(8) dyed diesel fuel sold or delivered by a supplier to another supplier and dyed diesel fuel sold or delivered by a supplier or distributor into the bulk storage facility of a dyed diesel fuel bonded user or to a purchaser who provides a signed statement as provided by Section 162.206;

(9) the volume of water, fuel ethanol, biodiesel, or mixtures thereof that are blended together with taxable diesel fuel when the finished product sold or used is clearly identified on the retail pump, storage tank, and sales invoice as a combination of diesel fuel and water, fuel ethanol, biodiesel, or mixtures thereof;

(10) dyed diesel fuel sold by a supplier or permissive supplier to a distributor, or by a distributor to another distributor;

(11) dyed diesel fuel delivered by a license holder into the fuel supply tanks of railway engines, motorboats, or refrigeration units or other stationary equipment powered by a separate motor from a separate fuel supply tank;

(12) dyed kerosene when delivered by a supplier, distributor, or importer into a storage facility at a retail business from which all deliveries are exclusively for heating, cooking, lighting, or similar nonhighway use; or

(13) diesel fuel used by a person, other than a political subdivision, who owns, controls, operates, or manages a commercial motor vehicle as defined by Section 548.001, Transportation Code, if the fuel:

(A) is delivered exclusively into the fuel supply tank of the commercial motor vehicle; and

(B) is used exclusively to transport passengers for compensation or hire between points in this state on a fixed route or schedule.

(c) If an exporter described by Subsection (a)(4)(B) does not have an exporter's license issued under this subchapter, the supplier must collect the state diesel fuel tax imposed by ~~under~~ this subchapter.

SECTION 41.40. Section 162.205(a), Tax Code, is amended to read as follows:

(a) A person shall obtain the appropriate license or licenses issued by the comptroller before conducting the activities of:

(1) a supplier, who may also act as a distributor, importer, exporter, blender, motor fuel transporter, dealer, or aviation fuel dealer without securing a separate license, but who is subject to all other conditions, requirements, and liabilities imposed on those license holders;

(2) a permissive supplier, who may also act as a distributor, importer, exporter, blender, motor fuel transporter, dealer, or aviation fuel dealer without securing a separate license but who is subject to all other conditions, requirements, and liabilities imposed on those license holders;

(3) a distributor, who may also act as an importer, exporter, blender, ~~or~~ motor fuel transporter, or dealer without securing a separate license, but who is subject to all other conditions, requirements, and liabilities imposed on those license holders;

(4) an importer, who may also act as an exporter, blender, ~~or~~ motor fuel transporter, or dealer without securing a separate license, but who is subject to all other conditions, requirements, and liabilities imposed on those license holders;

(5) a terminal operator;

(6) an exporter;

(7) a blender;

(8) a motor fuel transporter;

(9) an aviation fuel dealer;

(10) an interstate trucker; ~~or~~

(11) a dyed diesel fuel bonded user; or

(12) a dealer.

SECTION 41.41. Section 162.206(d), Tax Code, is amended to read as follows:

(d) Any gallons purchased or sold in excess of the limitations prescribed by Subsection (c) constitute a ~~taxable~~ purchase or sale subject to the taxes imposed by this subchapter. The purchaser paying the tax on dyed diesel fuel in excess of the limitations prescribed by Subsection (c) may claim a refund of the tax paid on any dyed diesel fuel used for nonhighway purposes under Section 162.227. A purchaser that exceeds the limitations prescribed by Subsection (c) shall be required to obtain a dyed diesel fuel bonded user license.

SECTION 41.42. Sections 162.208(a) and (b), Tax Code, are amended to read as follows:

(a) A person may elect to obtain a permissive supplier license to collect the state diesel fuel tax imposed by ~~under~~ this subchapter for diesel fuel that is removed at a terminal in another state and has this state as the destination state.

(b) With respect to diesel fuel that is removed by the licensed permissive supplier at a terminal located in another state and that has this state as the destination state, a licensed permissive supplier shall:

(1) collect the state diesel fuel tax due to this state on the diesel fuel;

(2) waive any defense that this state lacks jurisdiction to require the supplier to collect the state diesel fuel tax due to this state on the diesel fuel under this subchapter;

(3) report and pay the state diesel fuel tax due on the diesel fuel in the same manner as if the removal had occurred at a

terminal located in this state;

(4) keep records of the removal of the diesel fuel and submit to audits concerning the diesel fuel as if the removal had occurred at a terminal located in this state; and

(5) report sales by the permissive supplier to a person who is not licensed in this state.

SECTION 41.43. Section 162.209, Tax Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) In addition to the information required by Subsection (a), an applicant for a license as a dealer must list on the application:

(1) the street address, city, county, and zip code of the location for which the applicant seeks a license to sell or dispense motor fuel at retail;

(2) the applicant's social security number, driver's license number, and federal employer identification number if the applicant is a natural person who is not licensed as a supplier, permissive supplier, or terminal operator; and

(3) if the applicant is a corporation, limited liability company, professional association, partnership, or other entity that is not licensed as a supplier, permissive supplier, or terminal operator and is not wholly owned by an entity that is licensed as a supplier, permissive supplier, or terminal operator, the physical address, mailing address, social security number, and driver's license number of:

(A) each natural person responsible for the purchase of motor fuel for sale by the applicant; and

(B) each officer, director, manager, member, shareholder, and partner of the applicant.

SECTION 41.44. Section 162.211(a), Tax Code, is amended to read as follows:

(a) The license issued to a supplier, permissive supplier, distributor, importer, terminal supplier, exporter, blender, dealer, motor fuel transporter, or dyed diesel fuel bonded user is permanent and is valid during the period the license holder has in force and effect the required bond or security and furnishes timely reports and supplements as required, or until the license is surrendered by the holder or canceled by the comptroller. The comptroller shall cancel a license under this subsection if a purchase, sale, or use of diesel fuel has not been reported by the license holder during the previous nine months.

SECTION 41.45. Section 162.212(a), Tax Code, is amended to read as follows:

(a) The comptroller shall determine the amount of security required of a supplier, permissive supplier, distributor, exporter, importer, dealer, blender, or dyed diesel fuel bonded user, taking into consideration the amount of tax that has or is expected to become due from the person, any past history of the person as a license holder under this chapter and its predecessor, and the necessity to protect this state against the failure to pay the tax as the tax becomes due.

SECTION 41.46. Section 162.213(a), Tax Code, is amended to read as follows:

(a) The comptroller, on or before December 20 of each year, shall make available to all license holders an alphabetical list of licensed suppliers, permissive suppliers, distributors, aviation fuel dealers, importers, exporters, blenders, dealers, terminal operators, and dyed diesel fuel bonded users. A supplemental list of additions and deletions shall be made available to the license holders each month. A current and effective license or the list furnished by the comptroller is evidence of the validity of the license until the comptroller notifies license holders of a change in the status of a license holder.

SECTION 41.47. Sections 162.214(a) and (e), Tax Code, are amended to read as follows:

(a) Each [~~licensed~~] distributor and [~~licensed~~] importer shall remit to the supplier or permissive supplier, as applicable, the tax imposed by Section 162.201 for diesel fuel removed at a terminal rack. A licensed distributor or licensed importer may

elect to defer payment of the tax to the supplier or permissive supplier until two days before the date the supplier or permissive supplier is required to remit the tax to this state. The distributor or importer shall pay the taxes by electronic funds transfer.

(e) A licensed distributor or licensed importer who makes timely payments of the state diesel fuel tax imposed by ~~[under]~~ this subchapter is entitled to retain an amount equal to 1.75 percent of the total state diesel fuel tax ~~[taxes]~~ to be paid to the supplier or permissive supplier to cover administrative expenses.

SECTION 41.48. Section 162.215(a), Tax Code, is amended to read as follows:

(a) Except as provided by Subsection (b), each person who is liable for the taxes ~~[tax]~~ imposed by this subchapter, a terminal operator, a dealer, and a ~~[licensed]~~ distributor shall file a return on or before the 25th day of the month following the end of each calendar month.

SECTION 41.49. Sections 162.216(b), (c), (e), (g), and (h), Tax Code, are amended to read as follows:

(b) A distributor shall keep:

(1) a record showing the number of gallons of:

(A) all diesel fuel inventories on hand at the first of each month;

(B) all diesel fuel blended;

(C) all diesel fuel purchased or received, showing the name of the seller and the date of each purchase or receipt;

(D) all diesel fuel sold, distributed, or used, showing:

(i) the name of the purchaser;

(ii) the county or counties in this state;

(iii) the amount of county diesel fuel collected from the purchaser; and

(iv) the date of the sale, distribution, or use; and

(E) all diesel fuel lost by fire, theft, or accident;

(2) an itemized statement showing by load the number of gallons of all diesel fuel:

(A) received during the preceding calendar month for export and the location of the loading;

(B) sold, distributed, or used, showing:

(i) the name of the purchaser;

(ii) the destination county or counties in this state;

(iii) the amount of county diesel fuel tax collected from the purchaser; and

(iv) the date of the sale, distribution, or use;

(C) exported from this state by destination state or country; and

(D) ~~[(C)]~~ imported during the preceding calendar month, by state or country of origin; ~~[and]~~

(3) for diesel fuel exported outside this state, proof of payment of tax to the destination state, in a form acceptable to the comptroller; and

(4) all shipping documents.

(c) An importer shall keep:

(1) a record showing the number of gallons of:

(A) all diesel fuel inventories on hand at the first of each month;

(B) all diesel fuel compounded or blended;

(C) all diesel fuel purchased or received, showing the name of the seller and the date of each purchase or receipt;

(D) all diesel fuel sold, distributed, or used, showing the name of the purchaser, the county in this state, and the date of the sale, distribution, or use; and

(E) all diesel fuel lost by fire, theft, or

237-1 accident; and

237-2 (2) an itemized statement showing by load the number
237-3 of gallons of all diesel fuel:

237-4 (A) received during the preceding calendar month
237-5 for export and the location of the loading;

237-6 (B) sold, distributed, or used, showing the name
237-7 of the purchaser, the county or counties in this state, and the date
237-8 of sale, distribution, or use;

237-9 (C) exported from this state, by destination
237-10 state or country; and

237-11 (D) ~~[(C)]~~ imported during the preceding calendar
237-12 month, by state or country of origin.

237-13 (e) A blender shall keep a record showing the number of
237-14 gallons of:

237-15 (1) all diesel fuel inventories on hand at the first of
237-16 each month;

237-17 (2) all diesel fuel compounded or blended;

237-18 (3) all diesel fuel purchased or received, showing the
237-19 name of the seller and the date of each purchase or receipt;

237-20 (4) all diesel fuel sold, distributed, or used,
237-21 showing the name of the purchaser, the county in this state, and the
237-22 date of the sale, distribution, or use; and

237-23 (5) all diesel fuel lost by fire, theft, or accident.

237-24 (g) A motor fuel transporter shall keep a complete and
237-25 separate record of each intrastate and interstate transportation of
237-26 diesel fuel, showing:

237-27 (1) the date of transportation;

237-28 (2) the name of the consignor and consignee;

237-29 (3) the method of transportation;

237-30 (4) the quantity and kind of diesel fuel transported;

237-31 (5) full data concerning the diversion of shipments,
237-32 including the county in this state and the number of gallons
237-33 diverted from interstate to intrastate and intrastate to interstate
237-34 commerce; and

237-35 (6) the points of origin and destination, the county
237-36 in this state, the number of gallons shipped or transported, the
237-37 date, the consignee and the consignor, and the kind of diesel fuel
237-38 that has been diverted.

237-39 (h) A dealer shall keep a record showing the number of
237-40 gallons of:

237-41 (1) diesel fuel inventories on hand at the first of
237-42 each month;

237-43 (2) all diesel fuel purchased or received, showing the
237-44 name of the seller and the date of each purchase or receipt;

237-45 (3) all diesel fuel sold or used, showing the date of
237-46 the sale or use; ~~and~~

237-47 (4) all diesel fuel lost by fire, theft, or accident;
237-48 and

237-49 (5) all shipping documents.

237-50 SECTION 41.50. Section 162.217(c), Tax Code, is amended to
237-51 read as follows:

237-52 (c) A supplier or permissive supplier may take a credit for
237-53 any state gasoline tax ~~[taxes]~~ that was ~~[were]~~ not remitted in a
237-54 previous period to the supplier or permissive supplier by a
237-55 licensed distributor or licensed importer as required by Section
237-56 162.214. The supplier or permissive supplier is eligible to take
237-57 this credit if the comptroller is notified of the default within 60
237-58 days after the default occurs. If a license holder pays to a
237-59 supplier or permissive supplier the tax owed, but the payment
237-60 occurs after the supplier or permissive supplier has taken a credit
237-61 on its return, the supplier or permissive supplier shall remit the
237-62 payment to the comptroller with the next monthly return after
237-63 receipt of the tax, plus a penalty of 10 percent of the amount of
237-64 unpaid taxes and interest at the rate provided by Section 111.060
237-65 beginning on the date the credit is taken.

237-66 SECTION 41.51. Section 162.219, Tax Code, is amended to
237-67 read as follows:

237-68 Sec. 162.219. INFORMATION REQUIRED ON DISTRIBUTOR'S
237-69 RETURN; PAYMENT OF TAXES AND ALLOWANCES. (a) The monthly return and

supplements of each distributor shall contain for the period covered by the return:

(1) the number of net gallons of diesel fuel received by the distributor during the month, sorted by product code, seller, point of origin, destination state, carrier, and receipt date;

(2) the number of net gallons of diesel fuel removed at a terminal rack by the distributor during the month, sorted by product code, seller, terminal code, and carrier;

(3) the number of net gallons of diesel fuel removed by the distributor during the month for export, sorted by product code, terminal code, bulk plant address, destination state, and carrier;

(4) the number of net gallons of diesel fuel removed by the distributor during the month from a terminal located in another state for conveyance to this state, as indicated on the shipping document for the diesel fuel, sorted by product code, seller, terminal code, bulk plant address, and carrier;

(5) the number of net gallons of diesel fuel the distributor sold during the month in transactions exempt under Section 162.204, dyed diesel fuel sold to a purchaser under a signed statement, or dyed diesel fuel sold to a dyed diesel fuel bonded user, sorted by product code and by the entity receiving the diesel fuel; ~~and~~

(6) the number of net gallons delivered into a taxing county sorted by taxing county and purchaser; and

(7) any other information required by the comptroller.

(b) A distributor or importer who makes timely payments of the county tax imposed by this subchapter is entitled to retain an amount equal to two percent of the total county diesel fuel taxes remitted to the comptroller to cover administrative expenses.

SECTION 41.52. Section 162.224, Tax Code, is amended to read as follows:

Sec. 162.224. INFORMATION REQUIRED ON BLENDER'S RETURN. The monthly return and supplements of each blender shall contain for the period covered by the return:

(1) the number of net gallons of diesel fuel received by the blender during the month, sorted by product code, seller, point of origin, carrier, and receipt date;

(2) the number of net gallons of product blended with diesel fuel during the month, sorted by product code, type of blending agent if no product code exists, seller, and carrier;

(3) the number of net gallons of blended diesel fuel sold during the month and the license number or name, ~~and~~ address, and county in this state of the entity receiving the blended diesel fuel; and

(4) any other information required by the comptroller.

SECTION 41.53. Subchapter C, Chapter 162, Tax Code, is amended by adding Section 162.2245 to read as follows:

Sec. 162.2245. INFORMATION REQUIRED ON DEALER'S RETURN. The monthly return and supplements of each dealer shall contain for the period covered by the return:

(1) the number of gallons of diesel fuel inventories on hand at the first of each month, sorted by product code;

(2) the number of gallons of diesel fuel received by the dealer during the month, sorted by seller;

(3) the number of gallons of diesel fuel inventories on hand at the end of each month; and

(4) any other information required by the comptroller.

SECTION 41.54. Sections 162.229(a) and (d), Tax Code, are amended to read as follows:

(a) A refund claim must be filed on a form provided by the comptroller, be supported by the original invoice issued by the seller, and contain:

(1) the stamped or preprinted name and address, including county, of the seller;

(2) the name and address of the purchaser;

(3) the date of delivery of the diesel fuel;

(4) the date of the issuance of the invoice, if

different from the date of fuel delivery;
 (5) the number of gallons of diesel fuel delivered;
 (6) the amount of state or county diesel fuel taxes
 paid [~~tax~~], either separately stated from the selling price or
 stated with a notation that both state and county taxes are included
 if both apply [~~the selling price includes the tax~~]; and
 (7) the type of vehicle or equipment into which the
 fuel is delivered.

(d) A distributor or person who does not hold a license who
 files a valid refund claim with the comptroller shall be paid by a
 warrant issued by the comptroller. For purposes of this section, a
 distributor meets the requirement of filing a valid refund claim
 for state and county diesel fuel taxes if the distributor
 designates the gallons of diesel fuel sold or used that are the
 subject of the refund claim on the monthly report submitted by the
 distributor to the comptroller.

SECTION 41.55. Sections 162.402(a), (c), and (d), Tax Code,
 are amended to read as follows:

(a) A person forfeits to the state a civil penalty of not
 less than \$25 and not more than \$200 if the person:

(1) refuses to stop and permit the inspection and
 examination of a motor vehicle transporting or using motor fuel on
 demand of a peace officer or the comptroller;

(2) operates a motor vehicle in this state without a
 valid interstate trucker's license or a trip permit when the person
 is required to hold one of those licenses or permits;

(3) operates a liquefied gas-propelled motor vehicle
 that is required to be licensed in this state, including motor
 vehicles equipped with dual carburetion, and does not display a
 current liquefied gas tax decal or multistate fuels tax agreement
 decal;

(4) makes a tax-free sale or delivery of liquefied gas
 into the fuel supply tank of a motor vehicle that does not display a
 current Texas liquefied gas tax decal;

(5) makes a taxable sale or delivery of liquefied gas
 without holding a valid dealer's license;

(6) makes a tax-free sale or delivery of liquefied gas
 into the fuel supply tank of a motor vehicle bearing out-of-state
 license plates;

(7) makes a delivery of liquefied gas into the fuel
 supply tank of a motor vehicle bearing Texas license plates and no
 Texas liquefied gas tax decal, unless licensed under a multistate
 fuels tax agreement;

(8) transports gasoline or diesel fuel in any cargo
 tank that has a connection by pipe, tube, valve, or otherwise with
 the fuel injector or carburetor of, or with the fuel supply tank
 feeding the fuel injector or carburetor of, the motor vehicle
 transporting the product;

(9) sells or delivers gasoline or diesel fuel from any
 fuel supply tank connected with the fuel injector or carburetor of a
 motor vehicle;

(10) owns or operates a motor vehicle for which
 reports or mileage records are required by this chapter without an
 operating odometer or other device in good working condition to
 record accurately the miles traveled;

(11) furnishes to a supplier a signed statement for
 purchasing diesel fuel tax-free and then uses the tax-free diesel
 fuel to operate a diesel-powered motor vehicle on a public highway;

(12) fails or refuses to comply with or violates a
 provision of this chapter;

(13) fails or refuses to comply with or violates a
 comptroller's rule for administering or enforcing this chapter;

(14) is an importer who does not obtain an import
 verification number when required by this chapter; [~~or~~]

(15) purchases motor fuel for export, on which the
taxes [~~tax~~] imposed by this chapter have [~~has~~] not been paid, and
 subsequently diverts or causes the motor fuel to be diverted to a
 destination in this state or any other state or country other than
 the originally designated state or country without first obtaining

a diversion number; or

(16) transports motor fuel to a county in this state other than the county stated on the shipping document.

(c) A person receiving motor fuel who accepts a shipping document that does not conform with the requirements of Section 162.004 or 162.016(a) is liable to this state for a civil penalty of \$2,000 or five times the amount of the unpaid tax, whichever is greater, for each occurrence.

(d) A person operating a bulk plant or terminal who issues a shipping document that does not conform with the requirements of Section 162.004 or 162.016(a) is liable to this state for a civil penalty of \$2,000 or five times the amount of the unpaid tax, whichever is greater, for each occurrence.

SECTION 41.56. Section 162.403, Tax Code, is amended to read as follows:

Sec. 162.403. CRIMINAL OFFENSES. Except as provided by Section 162.404, a person commits an offense if the person:

(1) refuses to stop and permit the inspection and examination of a motor vehicle transporting or using motor fuel on the demand of a peace officer or the comptroller;

(2) is required to hold a valid trip permit or interstate trucker's license, but operates a motor vehicle in this state without a valid trip permit or interstate trucker's license;

(3) operates a liquefied gas-propelled motor vehicle that is required to be licensed in this state, including a motor vehicle equipped with dual carburetion, and does not display a current liquefied gas tax decal or multistate fuels tax agreement decal;

(4) transports gasoline or diesel fuel in any cargo tank that has a connection by pipe, tube, valve, or otherwise with the fuel injector or carburetor or with the fuel supply tank feeding the fuel injector or carburetor of the motor vehicle transporting the product;

(5) sells or delivers gasoline or diesel fuel from a fuel supply tank that is connected with the fuel injector or carburetor of a motor vehicle;

(6) owns or operates a motor vehicle for which reports or mileage records are required by this chapter without an operating odometer or other device in good working condition to record accurately the miles traveled;

(7) sells or delivers dyed diesel fuel for the operation of a motor vehicle on a public highway;

(8) uses dyed diesel fuel for the operation of a motor vehicle on a public highway except as allowed under Section 162.235;

(9) makes a tax-free sale or delivery of liquefied gas into the fuel supply tank of a motor vehicle that does not display a current Texas liquefied gas tax decal;

(10) makes a sale or delivery of liquefied gas on which the person knows the tax is required to be collected, if at the time the sale is made the person does not hold a valid dealer's license;

(11) makes a tax-free sale or delivery of liquefied gas into the fuel supply tank of a motor vehicle bearing out-of-state license plates;

(12) makes a delivery of liquefied gas into the fuel supply tank of a motor vehicle bearing Texas license plates and no Texas liquefied gas tax decal, unless licensed under a multistate fuels tax agreement;

(13) refuses to permit the comptroller or the attorney general to inspect, examine, or audit a book or record required to be kept by a license holder, other user, or any person required to hold a license under this chapter;

(14) refuses to permit the comptroller or the attorney general to inspect or examine any plant, equipment, materials, or premises where motor fuel is produced, processed, blended, stored, sold, delivered, or used;

(15) refuses to permit the comptroller, the attorney general, an employee of either of those officials, a peace officer, an employee of the Texas Commission on Environmental Quality, or an

employee of the Department of Agriculture to measure or gauge the contents of or take samples from a storage tank or container on premises where motor fuel is produced, processed, blended, stored, sold, delivered, or used;

(16) is a license holder, a person required to be licensed, or another user and fails or refuses to make or deliver to the comptroller a report required by this chapter to be made and delivered to the comptroller;

(17) is an importer who does not obtain an import verification number when required by this chapter;

(18) purchases motor fuel for export, on which the taxes ~~[tax]~~ imposed by this chapter have ~~[has]~~ not been paid, and subsequently diverts or causes the motor fuel to be diverted to a destination in this state or any other state or country other than the originally designated state or country without first obtaining a diversion number;

(18-a) transports motor fuel to a county in this state other than the county stated on the shipping document;

(19) conceals motor fuel with the intent of engaging in any conduct proscribed by this chapter or refuses to make sales of motor fuel on the volume-corrected basis prescribed by this chapter;

(20) refuses, while transporting motor fuel, to stop the motor vehicle the person is operating when called on to do so by a person authorized to stop the motor vehicle;

(21) refuses to surrender a motor vehicle and cargo for impoundment after being ordered to do so by a person authorized to impound the motor vehicle and cargo;

(22) mutilates, destroys, or secretes a book or record required by this chapter to be kept by a license holder, other user, or person required to hold a license under this chapter;

(23) is a license holder, other user, or other person required to hold a license under this chapter, or the agent or employee of one of those persons, and makes a false entry or fails to make an entry in the books and records required under this chapter to be made by the person or fails to retain a document as required by this chapter;

(24) transports in any manner motor fuel under a false cargo manifest or shipping document, or transports in any manner motor fuel to a location without delivering at the same time a shipping document relating to that shipment;

(25) engages in a motor fuel transaction that requires that the person have a license under this chapter without then and there holding the required license;

(26) makes and delivers to the comptroller a report required under this chapter to be made and delivered to the comptroller, if the report contains false information;

(27) forges, falsifies, or alters an invoice prescribed by law;

(28) makes any statement, knowing said statement to be false, in a claim for a tax refund filed with the comptroller;

(29) furnishes to a supplier a signed statement for purchasing diesel fuel tax-free and then uses the tax-free diesel fuel to operate a diesel-powered motor vehicle on a public highway;

(30) holds an aviation fuel dealer's license and makes a taxable sale or use of any gasoline or diesel fuel;

(31) fails to remit any tax funds collected by a license holder, another user, or any other person required to hold a license under this chapter;

(32) makes a sale of diesel fuel tax-free into a storage facility of a person who:

(A) is not licensed as a distributor, as an aviation fuel dealer, or as a dyed diesel fuel bonded user; or

(B) does not furnish to the licensed supplier or distributor a signed statement prescribed in Section 162.206;

(33) makes a sale of gasoline tax-free to any person who is not licensed as an aviation fuel dealer;

(34) is a dealer who purchases any motor fuel tax-free when not authorized to make a tax-free purchase under this chapter;

(35) is a dealer who purchases motor fuel with the intent to evade any tax imposed by this chapter or who accepts a delivery of motor fuel by any means and does not at the same time accept or receive a shipping document relating to the delivery;

(36) transports motor fuel for which a cargo manifest or shipping document is required to be carried without possessing or exhibiting on demand by an officer authorized to make the demand a cargo manifest or shipping document containing the information required to be shown on the manifest or shipping document;

(37) imports, sells, uses, blends, distributes, or stores motor fuel within this state on which a tax ~~[the taxes]~~ imposed by this chapter is ~~[are]~~ owed but has ~~[have]~~ not been first paid to or reported by a license holder, another user, or any other person required to hold a license under this chapter;

(38) blends products together to produce a blended fuel that is offered for sale, sold, or used and that expands the volume of the original product to evade paying applicable motor fuel taxes; or

(39) evades or attempts to evade in any manner a tax imposed on motor fuel by this chapter.

SECTION 41.57. Section 162.405(d), Tax Code, is amended to read as follows:

(d) An offense under Section 162.403(7), (18-a), (22), (23), (24), (25), (26), (27), (28), or (29) is a felony of the third degree.

SECTION 41.58. Subsection (a), Section 502.003, Transportation Code, is amended to read as follows:

(a) Except as provided by Subsection (b) and by Chapter 180, Transportation Code, a political subdivision of this state may not require an owner of a motor vehicle to:

- (1) register the vehicle;
- (2) pay a motor vehicle registration fee; or
- (3) pay an occupation tax or license fee in connection with a motor vehicle.

SECTION 41.59. (a) The comptroller of public accounts' duties and responsibilities for the collection, administration, and enforcement of a county motor fuels tax as authorized by Chapter 180, Transportation Code, as added by this Act, are specifically contingent on the comptroller receiving sufficient funding in advance of the effective date of any motor fuels tax imposed by a county to adequately cover the comptroller's initial implementation costs.

(b) The legislature intends that the initial implementation costs be funded through an interlocal agreement between the comptroller of public accounts and one or more local entities. The comptroller's duties and responsibilities under this Act are specifically contingent on the approval and execution of this agreement by the parties in a manner that results in funding being available to the comptroller on or before September 1, 2009. If the comptroller does not receive funding in a timely manner as determined by the comptroller, the comptroller is not required to enforce the provisions of this Act related to a county motor fuels tax.

SECTION 41.60. (a) A county may not impose a motor fuels tax under Chapter 180, Transportation Code, as added by this Act, before the effective date of rules adopted by the comptroller of public accounts under Chapter 180, Transportation Code, as added by this Act.

(b) The comptroller of public accounts shall adopt the rules required by Chapter 180, Transportation Code, as added by this Act, before the first anniversary of the date on which an agreement described by Section 41.59 of this Act is entered into.

SECTION 41.61. (a) Unless otherwise authorized by the constitution of this state, money collected from a county motor fuels tax authorized by this Act may be used only for acquiring rights-of-way, for constructing, maintaining, and policing public roadways, and for administering laws related to the supervision of traffic and safety on those roads.

(b) If the constitution of this state does not authorize the

use of money collected under the county motor fuel tax authorized by this Act for transportation uses other than those described by Subsection (a) of this section, the county shall deposit such money into an account separate from the money collected under other provisions of Chapter 616, Local Government Code, as added by this Act, and may use the money only for the purposes described by Subsection (a) of this section.

(c) If the constitution of this state requires that one-fourth of the county motor fuels tax authorized by this Act be allocated to the available school fund, the county shall deposit such money into an account separate from the money collected under other provisions of this Act and shall allocate the money to the comptroller of public accounts for deposit in the state treasury for the purpose required by the constitution.

SECTION 41.62. (a) This section and Section ---- of this Act take effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this section and Section ---- of this Act take effect August 31, 2009.

(b) Except as provided by Subsection (a) of this section, this article takes effect September 1, 2009.

ARTICLE 42. CONFLICTS WITH FEDERAL LAW

SECTION 42.01. (a) If the Texas Transportation Commission or the Texas Department of Transportation has reason to believe that a provision of law as added or amended by this Act is in conflict with a federal statute, rule, or regulation that is applicable to the commission, that department, or an activity of the commission or that department, the executive director of that department shall immediately notify the attorney general and request a determination by the attorney general as to whether the provision of law as added or amended by this Act is in conflict with the federal statute, rule, or regulation. The request for a determination must be in writing and accompanied by a copy of the applicable provision of state law, the applicable federal statute, rule, or regulation, and any other information pertinent to the issue.

(b) As soon as practicable, but not later than the 45th day after the date the attorney general receives a request for a determination under Subsection (a) of this section, the attorney general shall render a written decision determining the question presented. The attorney general shall send a copy to the executive director of the Texas Department of Transportation and to the presiding officer of the Transportation Legislative Oversight Committee.

(c) If the attorney general's determination is that the provision of state law is in conflict with the federal statute, rule, or regulation, the Texas Department of Transportation:

(1) is not required to comply with the provision of state law as added or amended by this Act, but only to the extent of the conflict; and

(2) if applicable, comply with the provision of state law as it existed immediately before the effective date of this Act.

(d) For purposes of the application of Subsection (c) of this section, the applicable provision of state law as it existed immediately before the effective date of this Act is continued in effect.

ARTICLE 43. TRANSFERS OF CERTAIN POWERS, DUTIES, OBLIGATIONS, AND RIGHTS OF ACTION

SECTION 43.01. (a) All powers, duties, obligations, and rights of action of the Motor Vehicle Division and the Vehicle Titles and Registration Division of the Texas Department of Transportation are transferred to the Texas Department of Motor Vehicles and all powers, duties, obligations, and rights of action of the Texas Transportation Commission in connection or associated with those divisions of the Texas Department of Transportation are transferred to the board of the Texas Department of Motor Vehicles on November 1, 2009.

(b) The powers, duties, obligations, and rights of action of

the portion of the Motor Carrier Division of the Texas Department of Transportation that is responsible for motor carrier registration and the enforcement of Subtitle F, Title 7, Transportation Code, are transferred to the Texas Department of Motor Vehicles and the associated powers, duties, obligations, and rights of action of the Texas Transportation Commission are transferred to the board of the Texas Department of Motor Vehicles on November 1, 2009.

(c) In connection with the transfers required by Subsections (a) and (b) of this section, the personnel, furniture, computers, other property and equipment, files, and related materials used by the Motor Vehicle Division, the Vehicle Titles and Registration Division, or the portion of the Motor Carrier Division of the Texas Department of Transportation described in Subsection (b) of this section are transferred to the Texas Department of Motor Vehicles.

(d) The Texas Department of Motor Vehicles shall continue any proceeding involving the Motor Vehicle Division, the Vehicle Titles and Registration Division, or the portion of the Motor Carrier Division of the Texas Department of Transportation described in Subsection (b) of this section that was brought before the effective date of this Act in accordance with the law in effect on the date the proceeding was brought, and the former law is continued in effect for that purpose.

(e) A certificate, license, document, permit, registration, or other authorization issued by the Motor Vehicle Division or the Vehicle Titles and Registration Division of the Texas Department of Transportation or a registration issued by the Motor Carrier Division of the Texas Department of Transportation that is in effect on the effective date of this Act remains valid for the period for which it was issued unless suspended or revoked by the Texas Department of Motor Vehicles.

(f) A rule adopted by the Texas Transportation Commission or the executive director of the Texas Department of Transportation in connection with or relating to the Motor Vehicle Division, the Vehicle Titles and Registration Division, or the portion of the Motor Carrier Division of the Texas Department of Transportation described in Subsection (b) of this section continues in effect until it is amended or repealed by the board of the Texas Department of Motor Vehicles or the Texas Department of Motor Vehicles, as applicable.

(g) The unobligated and unexpended balance of any appropriations made to the Texas Department of Transportation in connection with or relating to the Motor Vehicle Division, the Vehicle Titles and Registration Division, or the portion of the Motor Carrier Division of the Texas Department of Transportation described in Subsection (b) of this section for the state fiscal biennium ending August 31, 2009, is transferred and reappropriated to the Texas Department of Motor Vehicles for the purpose of implementing the powers, duties, obligations, and rights of action transferred to that department under Subsections (a) and (b) of this section.

(h) The Texas Department of Transportation shall continue, as necessary, to perform the duties and functions being transferred to the Texas Department of Motor Vehicles until the transfer of agency duties and functions is complete.

SECTION 43.02. (a) In connection with the establishment by this Act of the Automobile Burglary and Theft Prevention Authority in the Texas Department of Motor Vehicles and with the transfer by this Act of the duty to provide personnel and services to the Automobile Burglary and Theft Prevention Authority from the Texas Department of Transportation to the Texas Department of Motor Vehicles, the personnel, furniture, computers, other property and equipment, files, and related materials used by the Automobile Burglary and Theft Prevention Authority are transferred to the Texas Department of Motor Vehicles.

(b) The unobligated and unexpended balance of any appropriations made to the Texas Department of Transportation in connection with or relating to the Automobile Burglary and Theft Prevention Authority for the state fiscal biennium ending August

31, 2009, is transferred and reappropriated to the Texas Department of Motor Vehicles for the purpose of allowing the authority to continue to exercise its powers, duties, and obligations under the auspices of that department.

SECTION 43.03. (a) In addition to the positions of the Texas Department of Transportation assigned to the Vehicle Titles and Registration Division, Motor Vehicle Division, Motor Carrier Division, and Automobile Burglary and Theft Prevention Authority Division that are transferred to the Texas Department of Motor Vehicles, it is estimated that 75 other full-time equivalent employee positions of the Texas Department of Transportation primarily support the transferred divisions and, subject to this section, those positions are also transferred to the Texas Department of Motor Vehicles. The number of positions transferred under this subsection may be modified by agreement of the two agencies in a memorandum of understanding.

(b) If in another Act of the 81st Legislature, Regular Session, 2009, the legislature establishes a maximum number of full-time equivalent employee positions for the Texas Department of Motor Vehicles, the number of positions transferred under Subsection (a) of this section may not result in a number of full-time equivalent employee positions of that department that exceeds the maximum.

(c) When filling a position described by Subsection (a) of this section, the Texas Department of Motor Vehicles shall give first consideration to an applicant who, as of September 1, 2009, was a full-time employee of the Texas Department of Transportation and primarily supported one or more of the transferred divisions.

ARTICLE 44. APPOINTMENT OF BOARD

SECTION 44.01. Not later than October 1, 2009, the governor shall appoint the members of the board of the Texas Department of Motor Vehicles in accordance with Subchapter B, Chapter 1001, Transportation Code, as added by this Act.

ARTICLE 45. MEMORANDUM OF UNDERSTANDING

SECTION 45.01. (a) The board of the Texas Department of Motor Vehicles and the Texas Transportation Commission shall enter into or revise a joint memorandum of understanding to coordinate the Texas Department of Motor Vehicles' and the Texas Department of Transportation's information systems to allow for the sharing of information so that each department may effectively and efficiently perform the functions and duties assigned to it. Neither the Texas Department of Motor Vehicles or the Texas Department of Transportation may impose or collect a fee or charge in connection with the sharing of information under a joint memorandum of understanding entered into or revised under this section.

(b) The Texas Department of Motor Vehicles and the Texas Department of Transportation shall implement the joint memorandum of understanding using existing personnel and resources.

(c) Otherwise confidential information shared under the memorandum of understanding remains subject to the same confidentiality requirements and legal restrictions on access to the information that are imposed by law on the department that originally obtained or collected the information.

(d) Information may be shared under the memorandum of understanding without the consent of the person who is the subject of the information.

(e) The memorandum of understanding required by Subsection (a) of this section must be entered into or revised at the first official meeting of the board members of the Texas Department of Motor Vehicles.

SECTION 45.02. (a) In addition to the memorandum of understanding required by Section 45.01 of this article, the board of the Texas Department of Motor Vehicles and the Texas Transportation Commission may enter into or revise one or more other joint memoranda of understanding necessary to effectuate the transfer of the powers and duties of the Texas Department of Transportation to the Texas Department of Motor Vehicles under this Act. A memorandum of understanding may include an agreement for the provision of office space, utilities, and other facility services;

the need for full-time equivalent positions of the Texas Department of Transportation to provide support services in addition to the positions transferred to the Texas Department of Motor Vehicles under Section 43.01 of this Act; support services; and the transfer of information technology as necessary or appropriate to effectuate the transfer of the powers and duties of the Texas Department of Transportation to the Texas Department of Motor Vehicles.

(b) Sections 45.01(b), (c), and (d) of this article apply to a memorandum of understanding entered into or revised under Subsection (a) of this section.

ARTICLE 46. DEPARTMENT OF MOTOR VEHICLES TRANSITION TEAM

SECTION 46.01. (a) The Texas Department of Transportation shall establish a Department of Motor Vehicles Transition Team to plan for and make recommendations regarding the transfer of obligations, property, full-time equivalent positions, rights, powers, and duties from the Texas Department of Transportation to the Texas Department of Motor Vehicles. The transition team must include the division directors from the Motor Vehicle Division, the Vehicle Titles and Registration Division, and the Motor Carrier Division and the Assistant Executive Director for Support Operations.

(b) Not later than October 1, 2009, the transition team shall report on and make recommendations to the board of the Texas Department of Motor Vehicles, the governor, the lieutenant governor, the speaker of the house of representatives, and the presiding officers of the senate and house committees with jurisdiction over transportation regarding the transfer of obligations, property, full-time equivalent positions, rights, powers, and duties from the Texas Department of Transportation to the Texas Department of Motor Vehicles.

ARTICLE 47. FINANCIAL AUDIT

SECTION 47.01. (a) As soon as practicable after the effective date of this Act, the office of the state auditor shall conduct an initial financial audit to establish financial benchmarks for the Texas Department of Motor Vehicles on its overall status and condition in relation to funds on hand, equipment and other assets, pending matters, and other issues considered appropriate by the office of the state auditor.

(b) As soon as practicable after the completion of the audit required by Subsection (a) of this section, the results of the audit shall be reported by the office of the state auditor to the board of the Texas Department of Motor Vehicles and to the Texas Transportation Commission. The office of the state auditor shall also provide a copy of the audit to the board and the commission.

ARTICLE 48. EFFECTIVE DATE

SECTION 48.01. This Act takes effect September 1, 2009.

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