

1-1 By: Nichols S.B. No. 2425
1-2 (In the Senate - Filed March 13, 2025; March 19, 2025, read
1-3 first time and referred to Committee on Transportation;
1-4 April 7, 2025, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 8, Nays 0; April 7, 2025,
1-6 sent to printer.)

1-7 COMMITTEE VOTE

1-8	Yea	Nay	Absent	PNV
1-9 Nichols	X			
1-10 West	X			
1-11 Bettencourt	X			
1-12 Hagenbuch	X			
1-13 Hinojosa of Hidalgo	X			
1-14 Johnson	X			
1-15 King			X	
1-16 Miles	X			
1-17 Perry	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 2425 By: Nichols

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to the regulation of automated motor vehicles; creating a
1-22 criminal offense.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Subchapter J, Chapter 545, Transportation Code,
1-25 is amended to read as follows:

1-26 SUBCHAPTER J. OPERATION OF AUTOMATED MOTOR VEHICLES

1-27 Sec. 545.451. DEFINITIONS. In this subchapter:

1-28 (1) "Automated driving system" means hardware and
1-29 software that, when installed on a motor vehicle and engaged, are
1-30 collectively capable of operating the vehicle with Level 3
1-31 automation, Level 4 automation, or Level 5 automation by
1-32 performing[, without any intervention or supervision by a human
1-33 operator:—

1-34 [~~(A) all aspects of~~] the entire dynamic driving
1-35 task for the vehicle on a sustained basis, regardless of whether the
1-36 system is limited to a specific operational design domain[, and
1-37 [~~(B) any fallback maneuvers necessary to respond
1-38 to a failure of the system~~].

1-39 (2) "Automated motor vehicle" means a motor vehicle on
1-40 which an automated driving system is installed.

1-41 (3) "Authorization holder" means a person granted
1-42 authorization by the department under Section 545.457 to operate
1-43 one or more automated motor vehicles.

1-44 (4) "Board" means the board of the Texas Department of
1-45 Motor Vehicles.

1-46 (5) "Department," notwithstanding Section 541.002,
1-47 means the Texas Department of Motor Vehicles.

1-48 (6) "Dynamic [~~Entire dynamic~~] driving task" means the
1-49 real-time operational and tactical functions required to operate
1-50 [~~aspects of operating~~] a vehicle. The term:

1-51 (A) includes:

1-52 (i) operational functions [~~aspects~~],
1-53 including steering, braking, accelerating, and monitoring the
1-54 vehicle and the roadway; and

1-55 (ii) tactical functions [~~aspects~~],
1-56 including responding to events, determining when to change lanes,
1-57 turning, and using signals[, and other related actions]; and

1-58 (B) does not include strategic aspects,
1-59 including determining destinations or waypoints.

1-60 (7) [~~(4)~~] "Human driver [~~operator~~]" means a natural

person in an automated motor vehicle who controls all or part of the
~~[entire]~~ dynamic driving task.

(8) "Level 3 automation" means a standard of
 automation meeting the criteria for Level 3 specified in the
 Society of Automotive Engineers International Standard J3016
 (April 2021).

(9) "Level 4 automation" means a standard of
 automation meeting the criteria for Level 4 specified in the
 Society of Automotive Engineers International Standard J3016
 (April 2021).

(10) "Level 5 automation" means a standard of
 automation meeting the criteria for Level 5 specified in the
 Society of Automotive Engineers International Standard J3016
 (April 2021).

(11) "Minimal risk condition" means a stable and
 stopped condition to which a person or an automated driving system
 may bring an automated motor vehicle to reduce the risk of a
 collision when a given trip cannot or should not be continued.

(12) "Operational design domain" means operating
 conditions under which an automated driving system or feature of
 the system is specifically designed to function, including
 environmental, geographical, and time-of-day restrictions and the
 requisite presence or absence of certain traffic or roadway
 characteristics

~~[(5) "Owner" has the meaning assigned by Section
 502.001].~~

Sec. 545.452. APPLICABILITY. The provisions of this
 subchapter applicable to an automated motor vehicle apply only to
 an automated motor vehicle that is equipped with an automated
 driving system that is capable of operating the vehicle with Level 4
 automation or Level 5 automation.

Sec. 545.453. PROHIBITIONS ON ~~[EXCLUSIVE]~~ REGULATION OF THE
 OPERATION OF AUTOMATED MOTOR VEHICLES OR ~~[AND]~~ AUTOMATED DRIVING
 SYSTEMS BY STATE AGENCY OR POLITICAL SUBDIVISION; EXEMPTION FROM
 CERTAIN TRAFFIC OR MOTOR VEHICLE LAWS. (a) A state agency may not
 impose a regulation that discriminates against ~~[Unless otherwise
 provided by this subchapter, the operation of automated motor
 vehicles, including any commercial use, and automated driving
 systems are governed exclusively by]~~:

(1) a person operating an automated motor vehicle
~~[this subchapter]; or [and]~~

(2) an automated motor vehicle relative to other types
 of motor vehicles or with respect to road usage ~~[Section 547.618].~~

(b) A political subdivision of this state ~~[or a state
 agency]~~ may not impose a franchise or other regulation related to
 the operation of an automated motor vehicle or automated driving
 system. Notwithstanding any other law, a traffic or motor vehicle
 law adopted by a political subdivision of this state may not be
 enforced against an automated motor vehicle to which this
 subchapter applies.

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

Sec. ~~545.454~~ ~~[545.453]~~. RULES. The board may adopt rules
 necessary to administer this subchapter.

Sec. 545.455. OPERATOR OF AUTOMATED MOTOR VEHICLE. (a)
 When an automated driving system is operating ~~[installed on]~~ a
 motor vehicle, the automated driving system is the operator of the
 vehicle and shall electronically perform all physical acts required
 by a human driver in operation of the vehicle.

(b) Notwithstanding Subsection (a), when an automated
 driving system installed on an automated motor vehicle is
 engaged, ~~[+]~~

~~[(1)]~~ the owner of, or if the vehicle is operating
 under an authorization issued by the department under Section
 545.457, the authorization holder for, the automated motor vehicle:

(1) ~~[driving system]~~ is considered the operator of the

3-1 ~~[automated motor]~~ vehicle ~~[solely]~~ for the purpose of assessing
 3-2 compliance with applicable traffic or motor vehicle laws,
 3-3 regardless of whether the person is physically present in the
 3-4 vehicle while the vehicle is operating; and

3-5 (2) shall be issued any citation for a violation of
 3-6 traffic or motor vehicle laws related to [the automated driving
 3-7 system is considered to be licensed to operate] the vehicle.

3-8 (c) ~~[(b)]~~ Notwithstanding any other law, neither a licensed
 3-9 human driver nor a license issued under Chapter 521 or 522
 3-10 [operator] is [not] required to operate an automated [a] motor
 3-11 vehicle if the [an] automated driving system installed on the
 3-12 vehicle is engaged.

3-13 Sec. 545.456 [545.454]. AUTOMATED MOTOR VEHICLE
 3-14 OPERATION; OFFENSE. (a) Any vehicle equipped with an automated
 3-15 driving system may operate in this state, and an [An] automated
 3-16 motor vehicle may operate in this state with the automated driving
 3-17 system engaged, regardless of whether a human driver [operator] is
 3-18 physically present in the automated motor vehicle.

3-19 (b) Subject to Subsection (c), an [An] automated motor
 3-20 vehicle may not operate on a highway or street in this state with
 3-21 the automated driving system engaged unless the vehicle is:

3-22 (1) capable of operating in compliance with applicable
 3-23 traffic and motor vehicle laws of this state, subject to this
 3-24 subchapter;

3-25 (2) equipped with a recording device, as defined by
 3-26 Section 547.615(a), installed by the manufacturer of the automated
 3-27 motor vehicle or automated driving system;

3-28 (3) equipped with an automated driving system in
 3-29 compliance with applicable federal law, including [and] federal
 3-30 motor vehicle safety standards;

3-31 (4) capable of achieving a minimal risk condition if a
 3-32 failure of the automated driving system occurs that renders the
 3-33 system unable to perform the dynamic driving task relevant to its
 3-34 intended operational design domain;

3-35 (5) registered and titled in accordance with the laws
 3-36 of this state; and

3-37 (6) ~~[(5)]~~ covered by motor vehicle liability coverage
 3-38 or self-insurance in an amount equal to or greater than the amount
 3-39 of coverage that is required under the laws of this state or federal
 3-40 law, as applicable to the type and use of the vehicle.

3-41 (c) In addition to satisfying the requirements of
 3-42 Subsection (b), a person may not operate an automated motor vehicle
 3-43 to transport property or passengers for hire or compensation or for
 3-44 research purposes on a highway or street in this state without a
 3-45 human driver unless:

3-46 (1) the person receives and maintains authorization to
 3-47 operate automated motor vehicles from the department under Section
 3-48 545.457; and

3-49 (2) the Department of Public Safety has been provided,
 3-50 in the form and manner prescribed by rule of the Public Safety
 3-51 Commission, a plan specifying how a person who provides
 3-52 firefighting, law enforcement, ambulance, medical, or other
 3-53 emergency services should interact with the automated motor vehicle
 3-54 during the provision of those services, including:

3-55 (A) how to communicate with a fleet support
 3-56 specialist who is available during the period in which the vehicle
 3-57 is in operation;

3-58 (B) how to safely remove the vehicle from the
 3-59 roadway and safely tow the vehicle;

3-60 (C) how to recognize whether the vehicle is being
 3-61 operated with the automated driving system engaged; and

3-62 (D) any additional information the person or the
 3-63 manufacturer of the vehicle or the automated driving system
 3-64 considers necessary regarding hazardous conditions or public
 3-65 safety risks associated with the operation of the vehicle.

3-66 (d) A person commits an offense if the person operates an
 3-67 automated motor vehicle in violation of Subsection (c). An offense
 3-68 under this subsection is a Class B misdemeanor. If a corporation, an
 3-69 association, a limited liability company, or another business

entity is convicted of an offense under this subsection, the entity shall be punished in accordance with Section [12.51](#), Penal Code.

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

Sec. 545.457. AUTHORIZATION TO OPERATE AUTOMATED MOTOR VEHICLE. (a) The board by rule shall prescribe the form and manner by which a person may apply to the department for authorization to operate automated motor vehicles to transport property or passengers for hire or compensation or for research purposes on highways and streets in this state without a human driver.

(b) The rules adopted under Subsection (a) must require a person to provide the following to the department:

(1) a written statement by the person that includes:

(A) the person's contact information; and

(B) vehicle descriptive information as prescribed by the department;

(2) a written statement by the person or the manufacturer of the vehicle or the automated driving system acknowledging that each automated motor vehicle is:

(A) capable of operating in compliance with applicable traffic and motor vehicle laws of this state, subject to this subchapter;

(B) equipped with a recording device, as defined by Section [547.615](#)(a), installed by the manufacturer of the automated motor vehicle or automated driving system;

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

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

(E) registered and titled in accordance with the laws of this state; and

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

(3) a certification acknowledging that the Department of Public Safety has been provided the plan required by Section [545.456](#)(c)(2).

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

(d) An authorization issued by the department under this section does not expire and remains active unless suspended, revoked, or canceled by the department.

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

(f) The department may immediately suspend, revoke, or cancel the authorization issued under this section if the authorization holder fails to comply with:

(1) Subsection (e); or

(2) department requests for an updated or current document described by Subsection (b)(1), (2), or (3).

(g) The department shall promptly rescind a suspension, revocation, or cancellation imposed under Subsection (f) on receiving the updated or current document as requested by the department.

(h) A determination under Subsection (f) is not a contested case under Chapter [2001](#), Government Code.

5-1 Sec. 545.458 [~~545.455~~]. DUTIES FOLLOWING COLLISION
 5-2 INVOLVING AUTOMATED MOTOR VEHICLE. In the event of a collision
 5-3 involving an automated motor vehicle, the automated motor vehicle,
 5-4 a person on behalf of the automated motor vehicle, or any human
 5-5 driver [~~operator~~] of the automated motor vehicle shall comply with
 5-6 Chapter 550.

5-7 Sec. 545.459. APPLICABILITY OF COMMERCIAL MOTOR VEHICLE
 5-8 LAWS TO AUTOMATED MOTOR VEHICLE. (a) In this section, "commercial
 5-9 motor vehicle" has the meaning assigned by Section 644.001.

5-10 (b) An automated motor vehicle that is a commercial motor
 5-11 vehicle shall operate in accordance with Subtitle F and any other
 5-12 applicable laws or regulations of this state or a political
 5-13 subdivision of this state governing the operation of a commercial
 5-14 motor vehicle, except that any provision of a commercial motor
 5-15 vehicle law that by its nature reasonably applies only to a human
 5-16 driver does not apply to an automated motor vehicle operating with
 5-17 the automated driving system engaged.

5-18 Sec. 545.460. ENFORCEMENT. (a) If the department
 5-19 determines that an automated motor vehicle operating under an
 5-20 authorization issued by the department under Section 545.457 is not
 5-21 in safe operational condition and the operation of the vehicle on a
 5-22 highway or street in this state endangers the public, the
 5-23 department shall provide to the authorization holder for the
 5-24 vehicle a notice of intent to:

5-25 (1) suspend, revoke, or cancel the authorization
 5-26 issued under this subchapter for the vehicle; or
 5-27 (2) impose restrictions on the operation of the
 5-28 vehicle.

5-29 (b) For purposes of Subsection (a), the operation of an
 5-30 automated motor vehicle endangers the public when the operation has
 5-31 resulted in or is likely to result in serious bodily injury as
 5-32 defined by Section 1.07, Penal Code.

5-33 (c) A notice of intent under Subsection (a) must:

5-34 (1) include a summary of the department's
 5-35 determination and evidence supporting the determination;

5-36 (2) provide the authorization holder with a reasonable
 5-37 period to:

5-38 (A) correct the issues identified in the
 5-39 department's determination; and

5-40 (B) provide to the department the certification
 5-41 described by Subsection (d)(2); and

5-42 (3) specify which enforcement actions described by
 5-43 Subsections (a)(1) and (2) the department will take if the
 5-44 authorization holder fails to complete the actions described by
 5-45 Subdivision (2) within the specified period.

5-46 (d) Before the expiration of the period specified in a
 5-47 notice of intent provided under Subsection (a), the authorization
 5-48 holder shall:

5-49 (1) ensure the issues identified by the department in
 5-50 the notice are corrected; and

5-51 (2) provide to the department, in the form and manner
 5-52 prescribed by the department, a certification acknowledging that
 5-53 the issues identified by the department in the notice have been
 5-54 corrected.

5-55 (e) The department may extend the period specified in a
 5-56 notice provided under Subsection (a) on a written request for an
 5-57 extension that the department determines is reasonable.

5-58 (f) A certification provided under Subsection (d) must
 5-59 include an explanation of how the issues identified by the
 5-60 department in the notice of intent have been corrected, such as
 5-61 identifying specific adjustments made to the automated driving
 5-62 system or operational measures implemented.

5-63 (g) If the authorization holder fails to comply with
 5-64 Subsection (d) or the department determines that the certification
 5-65 provided to the department under that subsection is materially
 5-66 inaccurate, the department shall:

5-67 (1) issue a decision, as specified in the notice of
 5-68 intent, that:

5-69 (A) suspends, revokes, or cancels the

authorization issued under this subchapter for the vehicle; or
 (B) imposes restrictions on the operation of the vehicle; and

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

(h) An authorization holder notified of a decision issued under Subsection (g) may submit a written request to the department for review of the decision not later than the 10th day after the date the department issued the decision. Not later than the 10th day after the date the department receives a request under this subsection, the department shall review the decision and issue a final determination to the authorization holder either upholding or rescinding the decision. If the authorization holder does not submit a request for review of a decision issued under Subsection (g) during the period provided by this subsection, the decision becomes a final determination on the 11th day after the date the department issued the decision.

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

(j) The department shall promptly rescind a suspension, revocation, or cancellation under this section or remove a restriction under this section at any time if:

(1) the authorization holder subsequently takes the actions required by Subsections (d)(1) and (2); and

(2) the department does not determine that the certification provided under Subdivision (1) is materially inaccurate.

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

(l) The department may consider relevant citations issued to an authorization holder for traffic or motor vehicle violations incurred by an automated motor vehicle when exercising the department's enforcement authority under this section.

(m) Except as provided by Section 545.457, this section provides the exclusive means by which the department may:

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

(2) otherwise restrict the operation of an automated motor vehicle operating under an authorization issued by the department under Section 545.457.

~~[Sec. 545.456. VEHICLE CLASSIFICATION. An owner as defined by Section 502.001(31) may identify the vehicle to the department as an automated motor vehicle or an automated driving system.]~~

SECTION 2. Subchapter B, Chapter 1954, Insurance Code, is amended by adding Section 1954.0515 to read as follows:

Sec. 1954.0515. APPLICABILITY TO AUTOMATED MOTOR VEHICLES. An automated motor vehicle, as defined by Section 545.451, Transportation Code, is considered a transportation network company driver for purposes of this subchapter, and the coverage requirements of this subchapter apply to the automated motor vehicle.

SECTION 3. Section 2402.001, Occupations Code, is amended by amending Subdivisions (1) and (5) and adding Subdivision (1-a) to read as follows:

(1) "Automated driving system" and "automated motor vehicle" have the meanings assigned by Section 545.451,

7-1 Transportation Code.

7-2 (1-a) "Department" means the Texas Department of
 7-3 Licensing and Regulation.

7-4 (5) "Transportation network company" means a
 7-5 corporation, partnership, sole proprietorship, or other entity
 7-6 that, for compensation, enables a passenger to prearrange with a
 7-7 driver, exclusively through the entity's digital network or the
 7-8 digital network of another entity, a digitally prearranged
 7-9 ride. The term does not include an entity that provides:

7-10 (A) street-hail taxicab services;

7-11 (B) limousine or other car services arranged by a
 7-12 method other than through a digital network;

7-13 (C) shared expense carpool or vanpool
 7-14 arrangements; or

7-15 (D) a type of ride service for which:

7-16 (i) the fee received by the driver does not
 7-17 exceed the driver's costs of providing the ride; or

7-18 (ii) the driver receives a fee that exceeds
 7-19 the driver's costs associated with providing the ride but makes not
 7-20 more than three round-trips per day between the driver's or
 7-21 passenger's place of employment and the driver's or passenger's
 7-22 home.

7-23 SECTION 4. Subchapter A, Chapter 2402, Occupations Code, is
 7-24 amended by adding Section 2402.005 to read as follows:

7-25 Sec. 2402.005. APPLICABILITY TO AUTOMATED MOTOR VEHICLES.

7-26 (a) A transportation network company holding a permit under this
 7-27 chapter may use automated motor vehicles to provide digitally
 7-28 prearranged rides through the company's digital network or the
 7-29 digital network of another entity.

7-30 (b) A reference in this chapter or a rule adopted under this
 7-31 chapter to a "driver" includes an automated motor vehicle, except
 7-32 that a provision of this chapter or a rule adopted under this
 7-33 chapter that by its nature reasonably applies only to a human driver
 7-34 does not apply to an automated motor vehicle operating with the
 7-35 automated driving system engaged.

7-36 SECTION 5. Section 2402.111, Occupations Code, is amended
 7-37 by adding Subsection (d) to read as follows:

7-38 (d) Notwithstanding Subsection (a)(2)(A), an automated
 7-39 motor vehicle that is used to provide digitally prearranged rides
 7-40 is not required to have four doors.

7-41 SECTION 6. Section 2402.113, Occupations Code, is amended
 7-42 by adding Subsection (e) to read as follows:

7-43 (e) This section does not apply to a transportation network
 7-44 company that uses automated motor vehicles to provide digitally
 7-45 prearranged rides through the company's digital network or the
 7-46 digital network of another entity.

7-47 SECTION 7. (a) Not later than December 1, 2025:

7-48 (1) the board of the Texas Department of Motor
 7-49 Vehicles shall adopt the rules required by Subchapter J, Chapter
 7-50 545, Transportation Code, as amended by this Act; and

7-51 (2) the Public Safety Commission shall adopt the rule
 7-52 required by Section 545.456(c)(2), Transportation Code, as added by
 7-53 this Act.

7-54 (b) A person is not required to comply with Subchapter J,
 7-55 Chapter 545, Transportation Code, as amended by this Act, until the
 7-56 90th day after the effective date of rules adopted by the Public
 7-57 Safety Commission and the board of the Texas Department of Motor
 7-58 Vehicles under Subsection (a) of this section.

7-59 SECTION 8. This Act takes effect immediately if it receives
 7-60 a vote of two-thirds of all the members elected to each house, as
 7-61 provided by Section 39, Article III, Texas Constitution. If this
 7-62 Act does not receive the vote necessary for immediate effect, this
 7-63 Act takes effect September 1, 2025.

7-64

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