

Board Meeting Agenda Book



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

TxDMV Board Meeting

8:30 a. m.

Thursday, August 16, 2018

AGENDA
BOARD MEETING
TEXAS DEPARTMENT OF MOTOR VEHICLES
4000 JACKSON AVE., BUILDING 1, LONE STAR ROOM
AUSTIN, TEXAS 78731
THURSDAY, AUGUST 16, 2018
8:30 A.M.

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

- 1. Roll Call and Establishment of Quorum**
- 2. Pledge of Allegiance**
- 3. Chair's Reports** - Chairman Raymond Palacios
 - A. Introduction of New Board Members Prewitt and Scott
 - B. Recognition of Service - Departing Members Ingram and Walker
 - C. Committee Member Appointments
- 4. Executive Director's Reports** - Whitney Brewster
 - A. Sunset Status Update
 - B. Business Continuity and Disaster Recovery Process Briefing
 - C. American Association of Motor Vehicle Administrators (AAMVA) Region 2
 - 2018 Conference (Attendance)
 - 2019 Conference (Hosting)
 - D. Fraud Training for County Tax Assessor-Collector Offices
 - E. Enterprise Projects Update
 - F. 100 Year Plate
 - G. Awards, Recognition of Years of Service, and Announcements

CONTESTED CASE

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- 5. Denial of Renewal Application, Revocation of General Distinguishing Number, and Appeal to SOAH under Texas Occupations Code, §53.021 and §53.022; and 43 Texas Administrative Code, §§215.88(i), 215.89(b), and 215.306.**
MVD Docket No. 17-0045.ENF; SOAH Docket No. 608-17-0908.ENF;
Texas Department of Motor Vehicles v. Putnam Darwin Richardson d/b/a Casual Car Sales - Daniel Avitia and Brian Coats

PAGE **RULES - ADOPTION**

- 25** 6. **Chapter 215, Motor Vehicle Distribution** - Corrie Thompson
Amendments, §215.85
(Relating to used motor vehicle referral fees)
(Proposal Published June 29, 2018 - 43 Tex. Reg. 4442)
- 46** 7. **Chapter 219, Oversize and Overweight Vehicles and Loads** - Jimmy Archer
Amendments, §§219.60-219.64
(Relating to authorizing travel with properly secured equipment, authorizing travel during daylight and at nighttime, making rule language consistent with current practice or policy, and cleaning up rule language)
(Proposal Published May 4, 2018 - 43 Tex. Reg. 2739)
- 80** 8. **Chapter 217, Vehicle Titles and Registration** - Jeremiah Kuntz
Amendments, §217.27
(Relating to clarifying requirements and procedures for the approval or denial of personalized license plates)
(Proposal Published May 4, 2018 - 43 Tex. Reg. 2737)
(Extension of Comment Period Published June 29, 2018 - 43 Tex. Reg. 4521)

RULES - PROPOSAL

- 91** 9. **Chapter 217, Vehicle Titles and Registration** - Jeremiah Kuntz
Amendments, §217.2 and §217.3
(Relating to titling assembled vehicles)
- 118** 10. **Chapter 217, Vehicle Titles and Registration** - Jeremiah Kuntz
New, Subchapter K
(Relating to accepting electronic signatures on secure and non-secure documents)
- 131** 11. **Chapter 217, Vehicle Titles and Registration** - Jimmy Archer
Amendments, §217.56
(Relating to adopting by reference the 1/1/18 and 1/1/19 editions of the International Registration Plan (IRP), addressing the display of an electronic image of a registration credential, and cleaning up rule language)

BRIEFINGS AND ACTION ITEMS

- 12. Vice Chair Election**
- 159** 13. **Finance and Audit**
A. **FY 2018 - 2019 Amendment of Interagency Contract between TxDMV and TxDOT for Camp Hubbard Building Maintenance and Improvements** - Linda M. Flores and Renita Bankhead
- 188** B. **FY 2019 Recommended Operating Budget** - Linda M. Flores and Renita Bankhead

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- 217 C. [FY 2020 - 2021 Legislative Appropriation Request, Baseline and Exceptional Items](#) - Linda M. Flores and Renita Bankhead (BRIEFING ONLY)
- 267 D. [Third Quarter Financial Summary](#) - Linda M. Flores and Renita Bankhead (BRIEFING ONLY)
- 278 E. [FY 2019 Internal Audit Plan](#) - Sandra Menjivar-Suddeath
- 287 F. [Internal Audit Division Status Report](#) - Sandra Menjivar-Suddeath (BRIEFING ONLY)
- [FY 2018 Internal Audit Plan Follow Up Report](#)
- 306 **14. Projects and Operations**
[Progress Report on Operations of Compliance and Investigations Division](#) - Tim Menke (BRIEFING ONLY)
- 307 **15. Specialty Plate Design (Non-Vendor)** - Jeremiah Kuntz
[Sea Turtle, New Design Proposed by Texas A&M University at Galveston under Transportation Code, §504.801](#)

EXECUTIVE SESSION

- 16. The Board may enter into closed session under one or more of the following provisions of the Texas Open Meetings Act, Government Code, Chapter 551:**
- **Section 551.071** - Consultation with and advice from legal counsel regarding:
 - pending or contemplated litigation, or a settlement offer;
 - a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Government Code, Chapter 551
 - Office of the Attorney General legal counsel training on handling of contested cases coming before the Board for final decision; or
 - any item on this agenda.
 - **Section 551.074** - Personnel matters.
 - Discussion relating to the appointment, employment, evaluation, reassignment, duties, discipline, and dismissal of personnel.
 - **Section 551.089** - Security devices or security audits:
 - the deployment, or specific occasions for implementation, of security personnel or devices; or
 - a security audit.
- 17. Action Items from Executive Session**
- 18. Public Comment**
- 19. Adjournment**

The Board will allow an open comment period to receive public comment on any agenda item or other matter that is under the jurisdiction of the Board. No action will be taken on matters that are not part of the agenda for the meeting. For subjects that are not otherwise part of the agenda for the meeting, Board members may respond in accordance with Government Code, Section 551.042 and consider the feasibility of placing the matter on the agenda for a future meeting.

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

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

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

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

CERTIFYING OFFICIAL: David D. Duncan, General Counsel, (512) 465-5665.

DATE: August 16, 2018

Action Requested: Deny Renewal Application and Revoke GDN

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Daniel Avitia, Director, Motor Vehicle Division
Agenda Item: 5
Subject: Texas Department of Motor Vehicles v. Putnam Darwin Richardson d/b/a Casual Car Sales; MVD Docket 17-0045 ENF, SOAH Docket No. 608-17-0908.ENF; Denial of Renewal Application and Revocation of GDN

RECOMMENDATION

Staff recommends the Board adopt the ALJ's findings of fact and conclusions of law, as modified. A draft Final Order is attached to this Executive Summary for the Board's consideration.

PURPOSE AND EXECUTIVE SUMMARY

The State Office of Administrative Hearings (SOAH) issued a Proposal for Decision (PFD) for consideration by the Board of the Texas Department of Motor Vehicles.

FINANCIAL IMPACT

None

BACKGROUND AND DISCUSSION

On or about November 4, 2015, Putnam Darwin Richardson d/b/a Casual Car Sales (Respondent) submitted an application to renew his motor vehicle dealer license, General Distinguishing Number P50966. Based on Respondent's criminal history and pattern of criminal activity convictions, the Motor Vehicle Division (MVD) recommended the Board deny the renewal application and revoke the license. MVD referred the matter to the Enforcement Division to pursue denial of Respondent's renewal application and revocation of the existing motor vehicle dealer license.

The Enforcement Division referred the contested case matter to the State Office of Administrative Hearings (SOAH) on or about October 27, 2016. After proper notice was given, this case was heard by the State Office of Administrative Hearings (SOAH), with the Administrative Law Judge (ALJ) Craig R. Bennett presiding.

The hearing convened on December 14, 2017. The ALJ issued a Proposal for Decision (PFD) containing Findings of Fact and Conclusions of Law on January 26, 2018. The PFD was properly served on all parties, who were given an opportunity to file exceptions and replies as part of the record herein. No exceptions were filed.

The following documents are attached to this Executive Summary for consideration by the Board:

1. Enforcement's Second Amended Notice of Department Decision, October 24, 2016;
2. Applicant's Request for Administrative Hearing Form, October 18, 2016;
3. SOAH ALJ's PFD, January 26, 2018; and
4. Draft Final Order for Board Consideration.

**MOTOR VEHICLE DIVISION
TEXAS DEPARTMENT OF MOTOR VEHICLES**

**IN THE MATTER OF THE LICENSE OF
PUTNAM DARWIN RICHARDSON,
d/b/a CASUAL CAR SALES**

§
§
§
§
§

MVD CAUSE NO. 17-0045 ENF

SECONDED AMENDED NOTICE OF DEPARTMENT DECISION

The Texas Department of Motor Vehicles, (hereinafter, "Department" or "Petitioner"), is the state agency with authority to administer and enforce Texas Occupations Code Chapter 2301; Texas Transportation Code Chapters 501, 502 and 503; and 43 Texas Administrative Code Chapter 215. An investigation of your business was conducted by the Department. As a result of that investigation, the Department determined that you, PUTNAM DARWIN RICHARDSON d/b/a CASUAL CAR SALES, (hereinafter "Respondent"), the holder of a license issued by the Department, violated certain provisions of Texas Occupations Code Chapter 2301; and/or Texas Transportation Code Chapters 501, 502 and 503 and/or 43 Texas Administrative Code Chapter 215. The Department alleges that Respondent committed the following violations:

- 1) On or about 2/26/2004, Putnam Darwin Richardson, was issued a motor vehicle dealer license (General Distinguishing Number P50966) from the Texas Department of Motor Vehicles to operate as a motor vehicle dealer as a sole proprietor under the assumed business name Casual Car Sales.
- 2) On or about 11/4/2015, Putnam Darwin Richardson submitted an application to renew the motor vehicle dealer license.
- 3) On or about 3/8/1984, in the Criminal District Court of Jefferson County, Texas, Putnam Darwin Richardson, was convicted of the felony offense of Aggravated Kidnapping in Cause Number 44063.
- 4) On or about 10/24/2005, in the County Court of Jefferson County at Law No. 2 for Jefferson County, Texas, Putnam Darwin Richardson, was convicted of the misdemeanor offense of Theft-Class B in Cause No. 252292.
- 5) On or about 5/1/2015, in the 260th District Court of Orange County, Texas, Putnam Darwin Richardson, was convicted of the misdemeanor offense of Theft-Class B in Cause No. D150048-R.
- 6) On or about 5/7/2015, in the County Court at Law of Orange County, Texas, Putnam Darwin Richardson, was convicted of the misdemeanor offense of Criminal Trespass in Cause

No. C107349.

7) The conviction for the criminal offense stated in paragraph 3 above is an offense listed in TEX. CRIM. CODE Art. 42.12(3g). The conviction for the criminal offense stated in paragraph 4 is an offense that directly relate to the duties and responsibilities of the licensed occupation per TEX. OCC. CODE §§ 53.021 and 53.022 and TEX. ADMIN. CODE § 215.88(i). The convictions for the criminal offenses listed under paragraphs 5 and 6 above occurred less than five years before the application to renew the motor vehicle dealer license for Putnam Darwin Richardson. As such, the motor vehicle dealer license for Putnam Darwin Richardson d/b/a Casual Car Sales is subject to revocation and/or the application to renew the license is subject to denial per TEX. ADMIN. CODE § 215.88(i), TEX. ADMIN. CODE § 215.89(b) and TEX. OCC. CODE § 53.021.

The Department is authorized to deny an application for a license, revoke or suspend a license, under Texas Occupations Code § 2301.851; Texas Transportation Code § 503.036; and 43 Texas Administrative Code § 215.141(a). Further, Texas Transportation Code § 503.095 allows for a civil penalty of up to \$1,000.00 for each violation of, or per day for a continuing violation, of Chapter 503, or a rule or order adopted under the chapter. Texas Occupations Code § 2301.801 allows for a civil penalty of up to \$10,000.00 for each violation of, or per day for a continuing violation, of Chapter 2301, or a rule or order adopted under the chapter.

Based on the aforementioned investigation and allegations, **THE DEPARTMENT RECOMMENDS THAT DEALER GENERAL DISTINGUISHING NUMBER LICENSE NO. P50966 BE REVOKED, OR ALTERNATIVELY, THE APPLICATION TO RENEW THE LICENSE FOR DEALER DISTINGUISHING NUMBER LICENSE NO. P50966 BE DENIED.**

If you wish to contest the allegations, recommended civil penalty, or other sanction you must first request an administrative hearing in writing. You may send your own request for hearing or use the Request For Administrative Hearing form included in this packet. Send your request for hearing to the following address:

Patrick Coats
Attorney, Enforcement Division
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, Texas 78731
(512) 465-4009
(512) 465-5650 Fax

You must include your name and the MVD Cause Number appearing in the heading of this Decision in your hearing request. The Department must receive your written hearing request not later than the 26th day after the date of this Decision.

If you timely submitted a written request for a hearing, the Department may enter into an informal settlement agreement with you regarding these violations and enforcement action at any time before a final decision is rendered in this case.

If a timely written hearing request is received and no settlement is reached, an administrative hearing will be scheduled before the State Office of Administrative Hearings (SOAH). You will be notified of the hearing date and time. Hearings will be held at SOAH's offices located at 300 W. 15th St., Austin, Texas 78701. Increased penalties or other sanctions may be recommended by the Department at the hearing.

If you do not request a hearing by the 26th day from the date of this notice, the Department Decision becomes final. After that date the Department may issue a Final Order implementing the Decision.

Failure to pay a civil penalty assessed by a Final Order within 30 days after the order becomes final may result in additional civil penalties or other sanctions being assessed against you.

Should this cause be set for hearing, Petitioner prays that it be found that Respondent has violated the statutes and implementing rules alleged above; and, that, as appropriate, Respondent's application for a license be denied or that Respondent's license be revoked, canceled or suspended or that Respondent be placed on probation, or reprimanded; that civil penalties be imposed; and that the conduct alleged above be ceased and not resumed.

If you have any questions regarding this Decision, please contact me at (512) 465-4009.

DATE OF DECISION: October 24, 2016

Respectfully submitted,

Patrick Coats

Attorney, Enforcement Division
State Bar Card No. 24072999
4000 Jackson Avenue
Austin, Texas 78731
(512) 465-4009
(512) 465-5650 Fax

CERTIFICATE OF SERVICE

I hereby certify that on October 24, 2016, a true and correct copy of the foregoing First Amended Petition in this matter was forwarded to the Respondent by certified mail, return receipt requested, U.S. mail and email.

Patrick Coats

Patrick Coats
Attorney, Enforcement Division

REQUEST FOR ADMINISTRATIVE HEARING

If you intend to contest the allegations listed in the Notice of Department of Decision in this matter or negotiate a settlement with the assigned enforcement division attorney you must first request an administrative hearing. You may use this form to request a hearing.

I request a hearing in Texas Department of Motor Vehicles Cause No. 17-0045 ENF
ENF. (The Cause Number is found in the heading of the Decision; i.e. MVD Cause No. 15-0000 ENF).

NOTE: Failure to include the Cause Number of this matter on this request may result in no hearing being scheduled and loss of the opportunity to settle this matter before a Final Order is issued.

Name of person requesting hearing: Putnam Richardson
(Please Print)

Phone Number of person requesting hearing: (409) 886-7223

Email Address of person requesting hearing: PutnamRich@msn.com

Would you like to discuss a resolution to this case without a hearing: Yes No *If it will result in a informal settlement and NOT resolved, canceled or suspended.*

This request for hearing must be received at the below address no later than 26 days from the date of the Notice of Department Decision in this matter.

TEXAS DEPARTMENT OF MOTOR VEHICLES
ENFORCEMENT DIVISION
4000 Jackson Avenue - Austin, Texas 78731

This request may also be faxed to phone number (512) 465-5660.

Work Item No. 903954

State Office of Administrative Hearings



Lesli G. Ginn
Chief Administrative Law Judge

RECEIVED
FEB 06 2018
TEXAS DEPARTMENT OF MOTOR VEHICLES
MOTOR VEHICLE DIVISION

January 26, 2018

Daniel Avitia, Director
Motor Vehicle Division
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, TX 78731

VIA INTERAGENCY MAIL

RE: **Docket No. 608-17-0908.ENF; MVD Docket No. 17-0045 ENF / *The Texas Department of Motor Vehicles, Enforcement Division v. Putnam Darwin Richardson d/b/a Casual Car Sales***

Dear Mr. Avitia:

Please find enclosed a Proposal for Decision in this case. It contains my recommendation and underlying rationale.

Exceptions and replies may be filed by any party in accordance with 1 Tex. Admin. Code § 155.507(c), a SOAH rule which may be found at www.soah.state.tx.us.

Sincerely,

Craig R. Bennett
Administrative Law Judge

CRB/et

Enclosure

cc: Putnam Darwin Richardson, Casual Car Sales, 3805 Huntwick Drive, Orange, TX 77632-9071 - **VIA REGULAR MAIL**
Patrick Coats, Attorney, Enforcement Division, Texas Department of Motor Vehicles, Motor Vehicle Division, 400 Jackson Ave., Austin, TX 78731 - **VIA INTERAGENCY MAIL**
Putnam Darwin Richardson, d/b/a Casual Car Sales, 2600 Martin Luther King Dr., Orange, TX 77630 - **VIA REGULAR MAIL**
Melinda Moreno, Docket Clerk, Texas Department of Motor Vehicle, 4000 Jackson Avenue, Austin, Texas 78731 - **VIA INTERAGENCY MAIL** (with 1 hearing CD; Certified Exhibits)

300 W. 15th Street, Suite 504, Austin, Texas 78701/P.O. Box 13025, Austin, Texas 78711-3025
512.475.4993 (Main) 512.475.3445 (Docketing) 512.475.4994 (Fax)
www.soah.texas.gov

August 16, 2018

**SOAH DOCKET NO. 608-17-0908.ENF
MOTOR VEHICLE CAUSE NO. 17-0045 ENF**

THE TEXAS DEPARTMENT OF MOTOR VEHICLES, ENFORCEMENT DIVISION	§ § § § § § § § §	BEFORE THE STATE OFFICE
v.		OF
PUTNAM DARWIN RICHARDSON d/b/a CASUAL CAR SALES		ADMINISTRATIVE HEARINGS

PROPOSAL FOR DECISION

The staff (Staff) of the Texas Department of Motor Vehicles (Department) seeks to revoke the existing license and deny the renewal application of Putnam Darwin Richardson d/b/a Casual Car Sales (Respondent) for a General Distinguishing Number (GDN) to operate as an independent motor vehicle dealer. Staff contends that Respondent is unfit for the GDN due to his criminal history. In this Proposal for Decision (PFD), the Administrative Law Judge (ALJ) recommends that Respondent's existing license be revoked and his renewal application be denied.¹

I. JURISDICTION, NOTICE, AND PROCEDURAL HISTORY

There are no issues of notice or jurisdiction in this proceeding. Therefore, these matters are addressed in the Findings of Fact and Conclusions of Law sections of this PFD without further discussion.

The hearing was held on December 14, 2017, before ALJ Craig R. Bennett in Austin, Texas. Staff was represented by Patrick Coats, Enforcement Division attorney. Respondent appeared and represented himself. The hearing concluded that day and the record closed on December 19, 2017, after Respondent filed additional documents.

¹ It is not clear that Respondent's existing license is still in effect. However, to the extent it is, it is properly revoked in addition to his renewal application being denied.

II. DISCUSSION

A. Applicable Law

A “dealer” is as an independent motor vehicle dealer who holds a GDN issued by the Department pursuant to Chapter 503 of the Texas Transportation Code.² The GDN constitutes a dealer’s license.³ A dealer is defined as “a person who regularly and actively buys, sells, or exchanges vehicles at an established and permanent location.”⁴ A person may not legally engage in the business of a dealer unless he holds a GDN.⁵

The Department may deny a GDN application if the applicant has been convicted of a criminal offense that either (1) directly relates to the duties and responsibilities of a dealer, (2) was committed less than five years before the date the person applied for the license, or (3) is listed in Texas Code of Criminal Procedure, Article 42.12, Section 3g (now found in Texas Code of Criminal Procedure, Article 42A.054)(the ALJ will use the reference “Article 42.12” to refer to an offense in this third category).⁶ Pursuant to Texas Occupations Code § 53.025, the Department has adopted a rule identifying which criminal convictions directly relate to the duties and responsibilities of a dealer and may indicate a lack of fitness for licensure.⁷ The rule identifies the following crimes, among others, as directly relating to the duties and responsibilities of dealers: kidnapping, theft, and criminal trespass.⁸ Further, the offense of aggravated kidnapping is an offense that is identified in Article 42.12.⁹

² Tex. Occ. Code § 2301.002(7); Tex. Transp. Code § 503.021 *et seq.*

³ Tex. Occ. Code § 2301.002(17).

⁴ Tex. Transp. Code § 503.001(4).

⁵ Tex. Occ. Code § 2301.251(a); Tex. Transp. Code § 503.021.

⁶ Tex. Occ. Code § 53.021(a); Tex. Occ. Code § 2301.651; 43 Tex. Admin. Code § 215.88(b)(1), (i)(1)-(3). The Department’s rule still refers to Texas Code of Criminal Procedure, Article 42.12, Section 3g, but that statute was repealed in 2015 when its provisions were recodified in the newly-created Chapter 42A of the Texas Code of Criminal Procedure. The substance of the statute was not changed, however, but simply recodified.

⁷ 43 Tex. Admin. Code § 215.88(j).

⁸ 43 Tex. Admin. Code § 215.88(j)(4), (11) and (12).

⁹ Tex. Code of Crim. Proc. § 42A.054(a)(4).

If, as in this case, an applicant has been convicted of an offense that directly relates to the occupation at issue, the agency must determine whether the conviction affects the applicant's fitness to perform the duties and discharge the responsibilities of the licensed occupation. Factors for an agency to consider in determining the fitness of a person who has been convicted of a crime are:

- (1) The extent and nature of the person's past criminal activity;
- (2) The age of the person when the crime was committed;
- (3) The amount of time that has elapsed since the person's last criminal activity;
- (4) The conduct and work activity of the person before and after the criminal activity;
- (5) Evidence of the person's rehabilitation or rehabilitative effort while incarcerated or after release; and
- (6) Other evidence of the person's fitness, including letters of recommendation from prosecutors, law enforcement and correctional officers; the sheriff or chief of police in the community where the person resides; and any other person in contact with the convicted person.¹⁰

The applicant also may also furnish proof that he has:

- (1) maintained a record of steady employment;
- (2) supported the applicant's dependents;
- (3) maintained a record of good conduct; and
- (4) paid all outstanding court costs, supervision fees, fines, and restitution ordered in any criminal case in which the applicant has been convicted.¹¹

¹⁰ Tex. Occ. Code § 53.023(a). The applicant has the responsibility, to the extent possible, to obtain and provide the required recommendations of the prosecution, law enforcement, and correctional authorities. Tex. Occ. Code § 53.023(b).

¹¹ Tex. Occ. Code § 53.023(c).

B. The Parties' Evidence and Arguments

At the hearing, Staff presented numerous exhibits and the testimony of Antonia Knight, a licensing manager with the Department. Respondent offered his own testimony as well as numerous documents.¹² The evidence establishes the following undisputed facts.

Respondent was first issued a GDN by the Department in 2004 to operate a sole-proprietorship motor vehicle dealership under the assumed business name Casual Car Sales. At the time of his original application, Respondent had a criminal conviction from 1984 for the felony offense of Aggravated Kidnapping. Despite being aware of Respondent's criminal convictions, the Department issued Respondent the GDN. In 2005, Respondent was convicted of the misdemeanor offense of Theft-Class B. Respondent's GDN was renewed multiple times after this conviction. In May 2015, Respondent was convicted of two misdemeanor offenses: Theft-Class B and Criminal Trespass. After these two convictions, the Department denied Respondent's renewal application filed in 2015 and began proceedings to revoke Respondent's GDN, resulting in this proceeding at SOAH.

As noted above, Respondent has been convicted of criminal offenses on four separate occasions. The details of his convictions are set out below:

- On or about March 8, 1984, in the Criminal District Court of Jefferson County, Texas, Respondent was convicted of the felony offense of Aggravated Kidnapping in Cause Number 44063.¹³
- On or about October 24, 2005, in the County Court of Jefferson County at Law No. 2 for Jefferson County, Texas, Respondent was convicted of the misdemeanor offense of Theft-Class B in Cause No. 252292.¹⁴

¹² The packet of documents submitted by Respondent after the hearing is admitted as Respondent Ex. 1. However, because they contain much personally-identifying confidential information, the documents are admitted as a confidential exhibit.

¹³ Dept. Ex. 2.

¹⁴ Dept. Ex. 3.

- On or about May 1, 2015, in the 260th District Court of Orange County, Texas, Respondent was convicted of the misdemeanor offense of Theft-Class B in Cause No. D150048—R.¹⁵
- On or about May 7, 2015, in the County Court at Law of Orange County, Texas, Respondent was convicted of the misdemeanor offense of Criminal Trespass in Cause No. C107349.¹⁶

Respondent disclosed his criminal convictions, as they existed at the time of application, in his original application and his renewal applications. The Department by rule has determined that each of the convictions relates to the occupation for which the license is required.¹⁷

At the hearing, Respondent sought to challenge the underlying facts of the more recent criminal offenses, essentially collaterally attacking their validity. The ALJ finds that convictions properly entered are not subject to collateral attack here. Rather, the occurrence of the criminal acts is established by the convictions. Respondent also testified regarding his disclosure of the convictions when questioned on his applications for licensure. As noted, after the hearing, Respondent also submitted a package of documents, many of which were already in the record, including many on which Respondent had included handwritten comments.

C. The ALJ's Analysis

Respondent has four criminal convictions, each of which is for a crime that the Department has determined to be directly related to the duties and responsibilities of a dealer.¹⁸ In other words, each of Respondent's four convictions may constitute grounds for the Department to deny his renewal application for licensure, pursuant to Texas Occupations Code § 53.021(a).¹⁹ However, as noted by the use of the word "may," the Department has discretion

¹⁵ Dept. Ex. 4.

¹⁶ Dept. Ex. 5.

¹⁷ 43 Tex. Admin. Code § 215.88(j)(4), (11), (12).

¹⁸ 43 Tex. Admin. Code § 215.89(b)(2).

¹⁹ Further, even if they did not relate directly to the licensed profession, two of the crimes would still meet other grounds for which denial is appropriate under Texas Occupations Code § 53.021(a)—one is less than five years since the last conviction, and another is listed in Article 42.12.

as to whether Respondent should be licensed, after considering the factors listed in the Texas Occupations Code § 53.023. The ALJ has considered each of the factors and ultimately concludes they do not support licensure. For ease of reference, the ALJ finds it appropriate to set out the factors in a chart below, along with the ALJ's analysis of each:

FACTOR	ANALYSIS
The extent and nature of the person's past criminal activity	Respondent has four criminal convictions, spanning a period of 31 years, with at least a decade between convictions (except for the last two, which were related). This shows an ongoing pattern of criminal behavior by Respondent, rather than behavior occurring in an isolated period of time. Thus, this factor weighs AGAINST licensure.
The age of the person when the crime was committed	Respondent was approximately 39 years old when his first conviction occurred in 1984, and was approximately 60 and 69 years old when his subsequent convictions occurred. Thus, this factor weighs AGAINST licensure.
The amount of time that has elapsed since the person's last criminal activity	Respondent's most recent criminal convictions were for conduct occurring in October 2014. Therefore, a relatively short period of time has elapsed since Respondent's last criminal activity. Thus, this factor weighs AGAINST licensure.
The conduct and work activity of the person before and after the criminal activity	Respondent has maintained a continuous history of regularly working. Therefore, this activity weighs FOR licensure.
Evidence of the person's rehabilitation or rehabilitative effort while incarcerated or after release	Respondent studied and obtained education while incarcerated for his first criminal offense. This showed rehabilitative effort. However, he was subsequently convicted of three more criminal offenses after being released from prison. Given this, the ALJ finds that the evidence does not adequately display rehabilitation. Thus, this factor weighs AGAINST licensure.

FACTOR	ANALYSIS
Other evidence of the person's fitness, including letters of recommendation from prosecutors, law enforcement and correctional officers; the sheriff or chief of police in the community where the person resides; and any other person in contact with the convicted person	Respondent provided numerous reference letters of his character during the application process. However, these letters are of questionable reliability. The Department attempted to contact the alleged writers of the letters and was unable to verify their authenticity. Some of the letters were not actually signed and the Department was unable to reach the alleged writers. One person whose letter was not signed, when contacted, stated that the letter she had submitted was signed by her. She also went on to state that her opinion of Respondent had changed and it would no longer be positive. Given the evidence, the ALJ finds that the letters submitted by Respondent do not provide adequate evidence of his fitness. Therefore, this factor is NEUTRAL .
Evidence that Respondent maintained a record of steady employment	Respondent has maintained a continuous history of regularly working. Therefore, this activity weighs FOR licensure.
Evidence that Respondent has supported his dependents	There is no contention that Respondent has failed to provide for his dependents. This factor weighs FOR licensure.
Evidence that Respondent has maintained a record of good conduct	Respondent's numerous convictions over a span of decades indicate that Respondent has not been able to maintain a record of good conduct over an adequate period of time. Therefore, this factor weighs AGAINST licensure.
Evidence that Respondent has paid all outstanding court costs, supervision fees, fines, and restitution ordered in any criminal case in which the applicant has been convicted	Insufficient evidence was offered of this, so this factor is NEUTRAL .

After weighing the evidence and considering the totality of the applicable factors for licensure, the ALJ concludes that Respondent's renewal application should be denied and any existing active GDN be revoked. At best, the Chapter 53 factors are mixed, with the more

significant factors weighing against licensure. Given Respondent's extensive criminal history, over a span of decades, the ALJ concludes that the Chapter 53 factors should weigh strongly in favor of licensure before licensure would be appropriate. But, the factors do not weigh in favor licensure. Thus, the ALJ concludes the Department rightly denied Respondent's renewal application and properly revoked any existing GDN. In support of this determination, the ALJ makes the following findings of fact and conclusions of law.

III. FINDINGS OF FACT

1. On or about March 8, 1984, in the Criminal District Court of Jefferson County, Texas, Putnam Darwin Richardson was convicted of the felony offense of Aggravated Kidnapping in Cause Number 44063.
2. In 2004, Putnam Darwin Richardson d/b/a Casual Car Sales (Respondent) was first issued by the Texas Department of Motor Vehicles (Department) a General Distinguishing Number (GDN), so that he could operate as an independent wholesale motor vehicle dealer (dealer).
3. Respondent has operated a sole-proprietorship motor vehicle dealership under the assumed business name Casual Car Sales since issuance of the GDN in 2004.
4. On or about October 24, 2005, in the County Court of Jefferson County at Law No. 2 for Jefferson County, Texas, Respondent was convicted of the misdemeanor offense of Theft-Class B in Cause No. 252292.
5. On or about May 1, 2015, in the 260th District Court of Orange County, Texas, Respondent was convicted of the misdemeanor offense of Theft-Class B in Cause No. D150048—R.
6. On or about May 7, 2015, in the County Court at Law of Orange County, Texas, Respondent was convicted of the misdemeanor offense of Criminal Trespass in Cause No. C107349.
7. Respondent's convictions in May 2015 were for crimes committed in October 2014.
8. On November 4, 2015, Respondent filed his GDN renewal application.
9. On September 20, 2016, staff (Staff) of the Department notified Respondent that it was proposing to revoke his existing license and deny his renewal application.
10. Respondent timely requested a hearing.

11. On October 28, 2016, Staff mailed a notice of hearing to Respondent by certified mail and first class mail.
12. The notice of hearing, and attached documents, contained a statement of the time, place, and nature of the hearing; a statement of the legal authority and jurisdiction under which the hearing was to be held; a reference to the particular sections of the statutes and rules involved; and a short, plain statement of the factual matters asserted.
13. The hearing was continued numerous times at the parties' request. All parties received proper notice of the new hearing settings, including the final setting.
14. The hearing on the merits was held on December 14, 2017, before Administrative Law Judge Craig R. Bennett in Austin, Texas. Staff was represented by Patrick Coats, Enforcement Division attorney. Respondent appeared and represented himself. The hearing concluded that day, and the record closed on December 19, 2017, after Respondent filed additional documents.
15. Respondent was approximately 39 years old when his first conviction occurred in 1984, and was approximately 60 and 69 years old when his subsequent convictions occurred.
16. Respondent's most recent convictions were for conduct occurring in October 2014. Thus, a short period of time has elapsed since Respondent's last criminal activity.
17. Respondent has maintained a continuous history of regularly working.
18. Respondent obtained education while incarcerated for his first criminal offense.
19. No letters of recommendation were provided from prosecutors, law enforcement and correctional officers, or the sheriff or chief of police in the community where Respondent resides, attesting to his overall character or fitness for licensure.

IV. CONCLUSIONS OF LAW

1. The Department has jurisdiction over dealers pursuant to Texas Occupations Code ch. 2301 and Tex. Transp. Code ch. 503.
2. The State Office of Administrative Hearings has jurisdiction over all matters related to conducting a contested case in this matter, including the preparation of a Proposal for Decision with proposed Findings of Fact and Conclusions of Law, under Texas Government Code ch. 2003.
3. Respondent received proper and timely notice of hearing as required by Tex. Gov't Code §§ 2001.051-.052.

4. A GDN constitutes a dealer's license, and a person may not legally engage in the business of a dealer without a GDN. Tex. Occ. Code §§ 2301.002(17), 2301.251(a); Tex. Transp. Code § 503.21.
5. The Department may revoke a GDN or deny a GDN application if the applicant has been convicted of a criminal offense that (1) directly relates to the duties and responsibilities of a dealer, (2) was committed less than five years before the date the person applies for the license, or (3) is listed in Texas Code of Criminal Procedure, Article 42.12, Section 3g (now found in Texas Code of Criminal Procedure, Article 42A.054). Tex. Occ. Code § 53.021(a); Tex. Occ. Code § 2301.651; 43 Tex. Admin. Code § 215.88(b)(1) and (i)(1)-(3). (The Department's rule still refers to Texas Code of Criminal Procedure, Article 42.12, Section 3g, but that statute was repealed in 2015 when its provisions were recodified in the newly-created Chapter 42A of the Texas Code of Criminal Procedure. The substance of the statute was not changed, however, but simply recodified.)
6. The four crimes for which Respondent was convicted all directly relate to duties and responsibilities of a dealer. 43 Tex. Admin. Code § 215.88(j)(4), (11), (12).
7. The offense of aggravated kidnapping is an offense identified in Texas Code of Criminal Procedure, Article 42.12, Section 3g (now found in Texas Code of Criminal Procedure, Article 42A.054).
8. When determining whether to revoke or deny a GDN application because the applicant has been convicted of a crime, the Department must consider a number of additional factors. Tex. Occ. Code § 53.023.
9. In this case, the applicable factors do not support issuance of a license to Respondent.
10. The Department should deny renewal of Respondent's GDN and revoke any existing GDN.

SIGNED January 26, 2018.



CRAIG R. BENNETT
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS

**MOTOR VEHICLE DIVISION
TEXAS DEPARTMENT OF MOTOR VEHICLES**

IN THE MATTER OF PUTNAM	§	MVD DOCKET NO. 17-0045 ENF
DARWIN RICHARDSON D/B/A	§	SOAH DOCKET NO. 608-17-0908.ENF
CASUAL CAR SALES	§	

FINAL ORDER

The referenced contested case matter is before the Board of the Texas Department of Motor Vehicles (TxDMV) in the form of a Proposal for Decision (PFD) from the State Office of Administrative Hearings (SOAH) and involves both the denial of the renewal application and the revocation of Putnam Darwin Richardson’s (Respondent) motor vehicle dealer license, General Distinguishing Number P50966.

The specific reasons and legal basis for the Board’s changes to the administrative law judge’s (ALJ) Findings of Fact and Conclusions of Law follow:

Finding of Fact 2 is modified in accordance with Texas Government Code § 2001.058(e)(3) because the ALJ made a technical error regarding Respondent’s license type. Respondent operates as an independent motor vehicle dealer, not as an independent wholesale motor vehicle dealer.

Conclusion of Law 1 is modified in accordance with Texas Government Code § 2001.058(e)(1) because the ALJ did not properly apply applicable law. Texas Occupations Code § 2301.151 provides the Board of the Texas Department of Motor Vehicles with exclusive original jurisdiction over the subject matter of this case.

Conclusion of Law 4 is modified in accordance with Texas Government Code § 2001.058(e)(1) because the ALJ did not properly apply applicable law. Texas Transportation Code § 503.001(4) provides the applicable definition of “dealer.” Additionally, the ALJ’s citation of Texas Transportation Code § 503.21 contains a technical error. Instead, it is Texas Transportation Code § 503.021 that requires a person to hold a general distinguishing number before engaging in business as a dealer.

Conclusion of Law 5 is modified in accordance with Texas Government Code Sec. 2301.058(e)(1) because the ALJ did not properly apply applicable law. Texas Occupations Code Sec. 2301.651 provides that the Board may revoke a license or deny an application for a license in this Enforcement proceeding.

Conclusion of Law 8 is modified in accordance with Texas Government Code § 2001.058(e)(1) because the ALJ did not properly apply applicable law. The Board, rather than the department, is the licensing authority authorized by Texas Occupations Code § 53.023 to deny a renewal application or to revoke an existing license.

Conclusion of Law 10 is modified in accordance with Texas Government Code § 2001.058(e)(1) because the ALJ did not properly apply applicable law. In this contested case matter, the Board, rather than the department, is authorized to deny a renewal application or to revoke an existing general distinguishing number license.

The Board adopts the Findings of Fact 1, and 3-19, and Conclusions of Law 2-3, 6-7, and 9, as presented in the ALJ's January 26, 2018, PFD. For the specific reasons and legal basis stated above, the Board modifies Finding of Fact 2 and Conclusions of Law 1, 4, 5, 8, and 10.

ACCORDINGLY, IT IS ORDERED:

1. That the Findings of Fact and Conclusions of law as set out in this Order are hereby adopted;
2. That Respondent's application to renew general distinguishing number P50966 is denied;
3. That Respondent's general distinguishing number P50966 is revoked; and
4. That all remaining motions, exceptions, or objections, of any party, if any, are hereby denied.

Date: _____

Raymond Palacios, Chairman
Board of Texas Department of Motor Vehicles

ATTESTED:

Daniel Avitia, Director
Motor Vehicle Division
Texas Department of Motor Vehicles

Date: August 16, 2018
Action Requested: APPROVAL

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Corrie Thompson, Director, Enforcement Division
Agenda Item: 6
Subject: Adoption of Rule under Title 43, Texas Administrative Code, Chapter 215, Motor Vehicle Distribution Amendments, §215.85
(Relating to used motor vehicle referral fees)

RECOMMENDATION

Approval to publish the adoption of amendments for publication in the *Texas Register*.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of the amendments is to add new §215.85(d) and (e) clarifying how a licensed dealer may pay a referral fee.

FINANCIAL IMPACT

There will be no fiscal implications for state or local governments as a result of enforcing or administering the proposed amendments. There are no anticipated economic costs for persons required to comply with the proposed amendments.

BACKGROUND AND DISCUSSION

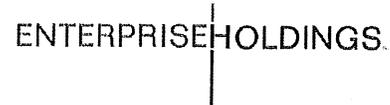
The amendments make the following changes:

- new subsection (d) provides that a licensed dealer holding a GDN pursuant to § 503.029(a)(6)(B), Transportation Code, may pay a referral fee in cash or value to an individual who has purchased a vehicle from the licensed dealer within the four-year period preceding the referral. The payment of the referral fee may be contingent upon the new referred individual purchasing a vehicle from the license dealer, or a fee may be paid for the referral of a new potential customer.

The proposal was published in the *Texas Register* on June 29, 2018. The comment period closed on August 6, 2018. The department received the attached comments from EAN Holdings, LLC (dba Enterprise Rent-A-Car, Alamo Rent A Car, National Car Rental and Enterprise Car Sales), Texas Automobile Dealers Association, Texas Recreational Vehicle Association, and Texas Independent Automobile Dealers Association. Changes in the adopted amendments respond to public comment requesting the department to delete proposed subsection (e); modifying the proposed rule to clarify that the intent of the rule is to apply only to those licensed dealers that hold a GDN issued pursuant to §503.029(a)(6)(B), Transportation Code, as Independent Motor Vehicle Dealers; and changing subsection (d) to reflect a four year period to be consistent with records retention requirements.

If the board adopts the amendments during its August 16, 2018, open meeting, staff anticipates:

- publication in the September 7, 2018, issue of the *Texas Register*, and
- an effective date of September 16, 2018.



EAN HOLDINGS, LLC
4210 South Congress Avenue
Austin, TX 78745
enterpriseholdings.com

August 2, 2018

Mr. David D. Duncan
General Counsel, Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, Texas 78731

Re: Comment on referral fees in proposed rules in 43 TAC §215.85

Dear Mr. Duncan:

On behalf of EAN Holdings, LLC (dba Enterprise Rent-A-Car, Alamo Rent A Car, National Car Rental and Enterprise Car Sales), I want to thank you for the opportunity to provide comments on proposed amendments to Chapter 215 of the Texas Department of Motor Vehicles rules relating to Brokering Used Motor Vehicles, published in the June 29, 2018 edition of the Texas Register.

The Texas business units of EAN Holdings, LLC (EAN) hold General Distinguishing Numbers (GDN) with the Department and are also classified as commercial fleet buyers pursuant to Transportation Code §501.0234. EAN, through its various business units and employees, acting on its behalf, operates as an independent automobile dealer of used motor vehicles.

Proposed amendments to Chapter 215 add new subsection 215.85(d), which would allow EAN business units to pay a "referral fee" to certain prior car sale customers who send another individual to one of our dealer locations. While this is not a practice of EAN, we have no objection to the adoption of this subsection in the proposed rule.

However, EAN respectfully objects to the adoption of proposed subsection 215.85(e) as written. If adopted as written, the resulting rule will conflict internally, create confusion, and, in the case of EAN, interfere with our private employer/employee relationships.

Proposed subsection 215.85(e) states: *A referral fee under subsection (d) of this section may not be offered or provided to an individual who is employed by a licensed dealer.*

According to applicable Department statutes and rules and the Texas Motor Vehicle Dealer Manual, the prohibited practices of brokering new vehicles or engaging in unauthorized business as a dealer without a GDN are defined as offering to arrange a transaction (determined to include the payment of referral fees) involving the sale of a new or used motor vehicle for a fee, commission, or other valuable consideration.

We note, however, that the Texas Motor Vehicle Dealer Manual expressly states “(t)he brokering of used motor vehicles is allowed by those licensees possessing a valid GDN, which would include all licensed franchised and independent dealers.” (See TxDMV Motor Vehicle Dealer Manual, page 4-29.) Similarly, applicable laws and rules provide an important and logical exception to these prohibitions, expressly stating that a new or used car dealer holding a GDN and its bona fide employees acting for the dealer are not brokers. (See Tex. Occ. Code 2301.002 and 43 TAC 215.85(a)). Thus, GDN holders and their own employees are exempt from the prohibitions. They could not operate today otherwise.

EAN offers a number of incentives to its employees in the form of fees, commissions, and other valuable consideration in the conduct of its car sales business. For example, an EAN employee not working on a commission sales basis may nonetheless earn a compensation for referring a customer to EANs car sales division as a prospect or ultimate purchaser. This and other incentives are private business compensation arrangements between an employer and its employees. As applied to EAN, proposed subsection 215.85(e) is overbroad, unclear, and in conflict with existing subsection 215.85(a).

Read together, subsections 215.85 (a), (d), and (e), can be interpreted as allowing referral fees to former customers or bona fide employees of EAN, but simultaneously prohibiting EAN from paying referral fees to bona fide employees who have purchased a car from EAN within the five-year period preceding a referral. On the other hand, section 215.85 as proposed with the two new subsections can be interpreted as interfering with private employer/employee affairs to prevent EAN from paying referral fees to bona fide employees who act on its behalf in the conduct of its car sales business.

The first interpretation is terribly confusing. The second is contrary to long-standing provisions in current law and applicable rules that logically harmonize the fact that if you are a dealer engaged in the car sale business with actual employees, you are not a broker or brokering but merely a car dealer, and how you pay your employees is not subject to government regulation. (See subsection 215.85(a)). In the instance described here, there is no broker middleman between a buyer and a seller who is unaffiliated with a licensed dealer.

Accordingly, we respectfully request that subsection 215.85(e) as proposed be deleted.

Alternatively, we request that subsection (e) be amended so that its purpose is clear. If the purpose is to prevent a used car dealer or its employees from accepting a referral fee on the prospective sale of a new car from a new car dealer (as stated in the TxDMV Dealer manual), then the phrase “for a referral relating to a new motor vehicle customer” could be added to the end of proposed subsection (e) to make it clear.

I want to thank you and the Department again for the opportunity to provide comments on the proposed rules in Chapter 215. In considering these comments, we hope the Department will either remove subsection (e) or take appropriate action to clarify the subsection so that it does not interfere with our employee relationships. We take pride in our workforce, treating them fairly and with respect. Accordingly, we request that such issues (whether they pertain to compensation arrangements, vacation allowances, or sick leave policies) determining relationships with our employees in a very competitive labor market be left to our discretion.

If I can provide further information or be a resource in any way, please do not hesitate to contact me at the phone or address listed in the letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Schwent". The signature is stylized with a large, circular initial "D" and a long, horizontal stroke extending to the right.

Don Schwent
Group Controller – North Texas/Austin Division



1108 Lavaca, Suite 800
Austin, Texas 78701
Phone: 512-476-2686
www.tada.org

August 3, 2018

Mr. David D. Duncan
General Counsel
TxDMV
4000 Jackson Avenue
Austin, TX 78731

Sent via email: rules@txdmv.gov

Re: Proposed amendment to 43 TAC § 215.85. *Brokering, Used Motor Vehicles.*

Dear Mr. Duncan:

The proposed amendment to 43 TAC § 215.85. *Brokering, Used Motor Vehicles*, as published in the *Texas Register*, 43 *TexReg* 4442 - 4443 (June 29, 2018) impacts each licensed dealer, as discussed in the "Explanation of Proposed Amendments" which states:

Amendments add new subsection (d) to provide that a *licensed dealer* may pay a referral fee in cash or value to an individual who has purchased a vehicle from the *licensed dealer* within the five-year period preceding the referral.¹
(Emphasis added.)

The aforementioned "license" at issue is a dealer's General Distinguishing Number as set forth in Chapter 503, Transportation Code. As each member of TADA holds a General Distinguishing Number and sells new motor vehicles as well as used motor vehicles, the proposed rule, if adopted, will affect franchised dealers as each is a "licensed dealer."

¹43 Tex. Reg. 4442 (2018) (to be codified as an amendment to 43 TEX. ADMIN. CODE § 215.85) (proposed June 29, 2018) (Texas Department of Motor Vehicles).

Proposed Amendment

In order to be a “dealer” in Texas, a person must have a state-issued General Distinguishing Number, a/k/a “GDN.” According to § 503.021, Transportation Code:

A person may not engage in the business as a dealer, directly or indirectly, including by consignment, without a general distinguishing number in one of the categories described by Section 503.029(a)(6) for each location from which the person conducts business as a dealer.²

Section 503.029(a)(6), Transportation Code, as referenced above in § 503.021, allows for seven (7) types of GDNs. An applicant applies to the department for a GDN in accordance with § 503.029(a)³ and files to be a licensed GDN holder in one of the following categories:

- (A) franchised motor vehicle dealer;
- (B) independent motor vehicle dealer;
- (C) wholesale motor vehicle dealer;

²TEX. TRANS. CODE ANN. § 503.021 (Vernon 2018).

³*Id.* § 503.029(a): “An applicant for an original or renewal dealer general distinguishing number must submit to the department a written application on a form that:

- (1) is provided by the department;
- (2) contains the information required by the department;
- (3) contains information that demonstrates the person meets the requirements prescribed by Section 503.032;
- (4) contains information that demonstrates the applicant has complied with all applicable state laws and municipal ordinances;
- (5) states that the applicant agrees to allow the department to examine during working hours the ownership papers for each registered and unregistered vehicle in the applicant’s possession or control; and
- (6) specifies whether the applicant proposed to be a:
 - (A) franchised motor vehicle dealer;
 - (B) independent motor vehicle dealer;
 - (C) wholesale motor vehicle dealer;
 - (D) motorcycle dealer;
 - (E) house trailer dealer;
 - (F) trailer or semitrailer dealer; or
 - (G) independent mobility motor vehicle dealer.”

(Emphasis added.)

- (D) motorcycle dealer;
- (E) house trailer dealer;
- (F) trailer or semitrailer dealer; or
- (G) independent mobility motor vehicle dealer.

The proposed amendment to 43 TAC § 215.85 does not discuss any particular type of GDN that is applicable to the amendment as the rule's current language references Transportation Code § 503.021, which prohibits a person from being in business as a dealer without a GDN. The proposed amendment to 43 TAC § 215.85 states:

- (a) Transportation Code, § 503.021 prohibits a person from engaging in business as a dealer, directly or indirectly, including by consignment *without a GDN*. Except as provided by this section. [~~The phrase~~] "directly or indirectly" includes the practice of arranging or offering to arrange a transaction involving the sale of a used motor vehicle for a fee, commission, or other valuable consideration. A person who is a bona fide employee *of a dealer holding a GDN* and acts for the dealer is not a broker for the purposes of this section.
(Emphasis added.)

Although the rule amendments propose to revise the regulation regarding the brokering of *used* motor vehicles, it nonetheless applies to any GDN holder selling used motor vehicles, not just the independent motor vehicle dealer GDN holder.

Directly or indirectly arranging or offering to arrange a transaction involving the sale of a used vehicle for a fee, commission, or other valuable consideration is not allowed except as provided for in proposed subsection (d):

- (d) A licensed dealer may pay a referral fee in cash or value to an individual who has purchased a vehicle from the licensed dealer within the five-year period preceding the referral. The fee may be made contingent upon the new referred individual purchasing a vehicle from the licensed dealer, or a fee may be paid for the referral of a new potential purchaser.
(Emphasis added.)

Allowing a referral fee payment to a motor vehicle purchaser by a licensed dealer raises a concern regarding the proposed rule's compliance with the Texas Finance Code. A dealer holds licenses from the Texas Department of Motor Vehicles (TxDMV) as well as from the Office of Consumer Credit Commissioner (OCCC) if that dealer is selling motor vehicles to retail buyers in

retail installment transactions.⁴

An OCCC dealer licensee must comply with § 348.403, Finance Code, which precludes a retail seller from promising to pay, paying, or otherwise tendering cash to a retail buyer as a part of a transaction unless specifically authorized:

A retail seller may not promise to pay, pay, or otherwise tender cash to a retail buyer as a part of a transaction under this chapter unless specifically authorized by this chapter.

The authorized reasons to pay, promise to pay, or to tender cash to a retail buyer as a part of a retail installment transaction are outlined in § 348.404.⁵ None of the statutory provisions allowing for the payment, the promise of payment, or the tendering of cash to a purchaser as a part of a retail installment transaction include the payment of a referral fee to an individual who has purchased a vehicle from a licensed dealer.⁶

⁴TEX. FIN. CODE ANN. § 348.501 (Vernon 2016). *See also* § 348.001(3) and (5).

⁵TEX. FIN. CODE ANN. § 348.403 (Vernon 2016).

⁶*Id.* § 348.404:

(a) A retail seller may pay, promise to pay, or tender cash or other thing of value to the manufacturer, distributor, or retail buyer of the product if the payment, promise, or tender is made in order to participate in a financial incentive program offered by the manufacturer or distributor of the vehicle to the buyer.

(b) A retail seller, in connection with a retail installment transaction, may:

(1) advance money to retire:

(A) an amount of money owed against a motor vehicle used as a trade-in or a motor vehicle owned by the buyer that has been declared a total loss by the buyer's insurer; or

(B) the retail buyer's outstanding obligation under a motor vehicle lease contract, a credit transaction for the purchase of a motor vehicle, or another retail installment transaction; and

(2) finance repayment of that money in a retail installment contract.

(c) A retail seller may pay in cash to the retail buyer any portion of the net cash value of a motor vehicle owned by the buyer and used as a trade-in in a transaction involving the sale of another motor vehicle. In this subsection, "net cash value" means the cash value of a motor vehicle after payment of all amounts secured by the motor vehicle.

(d) A retail seller may include money advanced under Subsection (b) in the retail installment contract only if it is included as an itemized charge and may disclose money advanced under Subsection (b) in any manner permitted by 12 C.F.R. Part 226 (Regulation Z) adopted under the Truth in Lending Act (15 U.S.C. Section 1601 et seq.) Section 349.003 does not apply to this subsection. This subsection does not create a private right of action. The

Presumably, if the Legislature intended for a referral fee to be payable to a vehicle purchaser under a retail installment contract in a Chapter 348 transaction, it would have specifically authorized the payment. The Legislature provided for a referral payment in § 345.053, Finance Code, which states that:

- (a) A written or oral promise of a retail seller to compensate a retail buyer for referring customers or prospective customers to the seller or for referring the seller to customers or prospective customers must be disclosed in a retail installment contract if the promise is:
 - (1) part of the contract;
 - (2) made to induce the buyer to become a party to the contract; or
 - (3) made incidental to negotiations between the seller and the buyer with respect to the sale of the goods or services that are the subject of the contract.
- (b) A contract that contains a provision required by Subsection (a) must provide that the amount owed under the contract at any time is reduced by the amount of compensation owed under the promise.

However, Chapter 348, Finance Code does not provide for the payment of a referral fee as is allowed in Chapter 345, Finance Code and to pass a rule authorizing such a payment as proposed in 43 TAC § 215.85, may create a compliance issue for a dealer who is licensed by the OCCC.

Conclusion

For GDN holders who sell both new and used motor vehicles, there are compliance concerns for those dealers and confusion for consumers inherent in the proposal. The purpose or rationale for the five-year period for payment of a referral fee is unclear. The meaning and use of “new potential customer” who may be cause for the payment of a referral fee to a used vehicle purchaser is not defined. Additionally, the enforcement of the proposal will be challenging for the TxDMV.

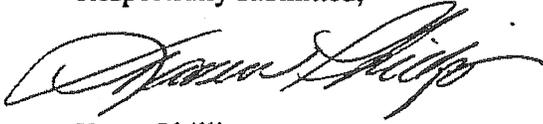
If a determination is made by the OCCC that a license holder knowingly or without the exercise of due care, violated § 348.403, Finance Code, by promising to pay, paying, or otherwise tendering cash to a retail buyer as a part of a retail installment transaction, then the commissioner may suspend or revoke that dealer’s license after a notice and hearing.⁷

commissioner has exclusive jurisdiction to enforce this subsection.

⁷§ 348.508.

TADA requests the board not to adopt the proposed rule to 43 TAC § 215.85 as it may be in conflict with the Texas Finance Code as well as having the potential to create confusion for consumers and licensees.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karen Phillips", written in a cursive style.

Karen Phillips
General Counsel/EVP



TRVA
 10816 Crown Colony Drive, Suite 200
 Austin, TX 78747 • www.trva.org
 P 512-327-4514 • F 512-327-4516
 Serving the RV industry since 1974!

August 5, 2018

Mr. David D. Duncan
 General Counsel
 Texas Department of Motor Vehicles
 4000 Jackson Avenue
 Austin, TX 78731

Sent via email: rules@txdmv.gov

Re: Proposed amendment to 43 TAC § 215.85. Brokering, Used Motor Vehicles.

Dear Mr. Duncan:

On behalf of Texas Recreational Vehicle Association dealer members, please accept the following input regarding the proposed amendment to 43 TAC § 215.85 regarding the Brokering of Used Motor Vehicles.

Recreational vehicle dealers are concerned they will be responsible for maintaining records, records which are auditable by both the Texas Department of Motor Vehicles and the Office of the Consumer Credit Commissioner, for five or more years on transactions related to referral fees. Although these audits from the Texas Department of Motor Vehicles, if the proposed amendment were to be approved, would not appear to be problematic, our concerns center upon those audits by the Office of the Consumer Credit Commissioner.

Our analysis of Chapters 345 and 348 of the Texas Finance Code would indicate a referral fee paid to a consumer under 345 is acceptable, however, under 348 a licensee is not allowed to pay a referral fee. Most of the dealer members of the Texas Recreational Vehicle Association are licensed under Chapter 348 which the proposed amendment would create, potentially, an offense for those dealers if they were to pay a referral fee to a consumer.

Many of our dealer members hold both a registration under Chapter 345 and a license under Chapter 348. The logic behind this is these dealers began as travel trailer only dealerships early on and later elected to also sell motor homes which necessitated obtaining the 348 licenses. Over time, dealers simply maintained both rather than dropping the 345 registrations.





-page 2-

RV dealers are also concerned regarding the potential liability created when consumers demand payment of a referral fee which may be disputed by the dealer. The referral arrangement, as proposed by the amendment, seems to our industry to be too loosely framed to provide a defensible position for either the consumer or the dealer in the event of a dispute.

The RV industry also wishes to apprise the Texas Department of Motor Vehicles that our members, registered under Chapter 345 of the Texas Finance Code, do not historically pay referral fees even though they may be authorized to do so. Referral fees are simply a non-issue for the RV industry and we see little or no benefit for approving them for Chapter 348 licensees.

As an industry, RV dealers believe the widespread proliferation of referral fees would add to the confusion, and perhaps even add to the distrust, which consumers have for dealers when shopping for a used RV or other motor vehicles.

I would be pleased to discuss these comments with Texas Department of Motor Vehicle staff or its General Counsel should the need arise.

Best regards,

A handwritten signature in cursive script that reads "Phil Elam".

Phil Elam
Executive Director
philelam@trva.org





August 6, 2018

Mr. David Duncan
General Counsel
Texas Department of Motor Vehicles
4000 Jackson Ave.
Austin, TX 78731

Sent via email: rules@txdmv.gov

Re: Proposed TAC, Chapter 215, §215.85 Amendments published in the Texas Register June 29, 2018

Dear Mr. Duncan:

The Texas Independent Automobile Dealers Association thanks you for the opportunity to submit the following comment with regard to referral fees.

The association is supportive of this amendment, specifically the addition of new subsection (d). It will allow, but not require, a licensed dealer to develop a referral program for used vehicles without infringing on the current brokering laws. As written, the referral fee could only be paid to an individual who has purchased a vehicle from the licensed dealer within the five-year period preceding the referral.

The association believes referral programs will foster good customer services benefiting the public and the dealer.

Subsection (e) does not appear to add any benefit to the public nor clarify the rule. We would respectfully recommend striking subsection (e):

~~(e) — A referral fee under subsection (d) of this section may not be offered or provided to an individual who is employed by a licensed dealer.~~

TIADA encourages the board to strike section (e) and adopt the proposed rule. Again, we appreciate the opportunity and look forward to working with the agency in the future. Please feel free to contact me directly with any questions or concerns you may have.

Sincerely,

Jeffery Lee Martin
Executive Director, TIADA

1 Adoption Preamble

2 The Texas Department of Motor Vehicles (department) adopts
3 amendments to Chapter 215, Motor Vehicle Distribution,
4 Subchapter C, Licenses, Generally, §215.85, Brokering, Used
5 Motor Vehicles, with changes to the proposed text as published
6 in the June 29, 2018, issue of the *Texas Register* (43 TexReg
7 4442). The rule will be republished.

8

9 EXPLANATION OF AMENDMENTS

10 The purpose of the amendments is to clarify how a licensed
11 dealer holding only a General Distinguishing Number (GDN)
12 pursuant to §503.029(a)(6)(B), Transportation Code, may pay a
13 referral fee.

14

15 Amendments add new subsection (d) to provide that a licensed
16 dealer holding only a GDN pursuant to §503.029(a)(6)(B),
17 Transportation Code, may pay a referral fee in cash or value to
18 an individual who has purchased a vehicle from the licensed
19 dealer within the four-year period preceding the referral. The
20 payment of the referral fee may be contingent upon the new
21 referred individual purchasing a vehicle from the license
22 dealer, or a fee may be paid for the referral of a new potential
23 customer.

1 COMMENTS

2 The department received comments from Enterprise Holdings, LLC
3 (EAN), Texas Automobile Dealers Association (TADA), Texas
4 Recreational Vehicle Association (TRVA), and Texas Independent
5 Automobile Dealers Association (TIADA).

6

7 COMMENT

8 EAN objects to the adoption of proposed subsection 215.85(e) as
9 written, and believes the rule as adopted will conflict
10 internally, create confusion, and in the case of EAN, interfere
11 with private employer/employee relationships. Accordingly, EAN
12 requests that subsection 215.85(e) as proposed be deleted.
13 Alternatively, EAN requests that the phrase "for a referral
14 relating to a new motor vehicle customer" could be added to the
15 end of proposed subsection (e) to make it clear.

16

17 RESPONSE

18 The department has reviewed the comment and agrees that the
19 proposed new subsection (e) conflicts with subsection (a) of
20 §215.85, and thus, the proposed new subsection (e) will be
21 deleted.

22

23 COMMENT

1 TADA states that the proposed amendment as published in the
2 *Texas Register*, impacts each licensed dealer and as each member
3 holds a GDN and sells both new and used motor vehicles, the
4 proposed rule, if adopted, will affect franchised dealers as
5 each is a "licensed dealer." TADA further states that there are
6 compliance concerns for dealers and confusion for consumers
7 inherent in the current proposal. The purpose for the five-year
8 period for payment of a referral fee is unclear and the use of
9 "new potential customer" who may be cause for the payment of the
10 referral fee to a used vehicle purchaser is not defined. TADA
11 requests the board not to adopt the proposed rule to 43 TAC
12 §215.85 as it may be in conflict with the Texas Financial Code
13 as well as having the potential to create confusion for
14 consumers and licensees.

15

16 RESPONSE

17 In response to the comment, the department will modify the
18 proposed rule to clarify that the intent of the rule is to apply
19 only to those licensed dealers that hold a GDN issued pursuant
20 to §503.029(a)(6)(B), Transportation Code, as independent motor
21 vehicle dealers. The department disagrees that consumers will be
22 confused, and with the commenter regarding its concerns relating
23 to potential violations of the Texas Finance Code. The

1 department believes that this rule amendment is fully within its
2 statutory authority, and that any action allowed by a department
3 rule cannot authorize any violation of another state statute or
4 federal law.

5

6 COMMENT

7 TRVA provided input regarding recreational vehicle dealers.
8 These dealers are concerned they will be responsible for
9 maintaining records, records which are auditable by the Texas
10 Department of Motor Vehicles and Office of Consumer Credit
11 Commissioner, for five or more years on transactions related to
12 referral fees. If the proposed amendments were to be approved
13 and not be problematic, TRVA concerns center upon those audits
14 by the Office of Consumer Credit Commissioner. The RV industry
15 do not historically pay referral fees even though they may be
16 authorized to do so.

17

18 RESPONSE

19 The department appreciates the commenter's comment. The
20 department has determined that the subsection should be changed
21 to reflect a four-year period to be consistent with records
22 retention requirements.

23

1 COMMENT

2 TIADA commented generally in support of the rule amendment, but
3 noted that subsection (e) of the proposed rule does not appear
4 to add any benefit to the public nor clarify the rule. As noted
5 in response to a previous comment, the department agrees with
6 the comment regarding this reference, and subsection (e) has
7 been removed.

8

9 STATUTORY AUTHORITY

10 The amendments are adopted under Transportation Code, §1002.001,
11 which provides the board of the Texas Department of Motor
12 Vehicles with the authority to adopt rules that are necessary
13 and appropriate to implement the powers and the duties of the
14 department; and more specifically, Transportation Code, §503.002
15 which provides the board may adopt rules for the administration
16 of Chapter 503.

17

18 CROSS REFERENCE TO STATUTE

19 Transportation Code, Chapter 503.

1 SUBCHAPTER C. LICENSES, GENERALLY

2 §215.85. Brokering, Used Motor Vehicles.

3 (a) Transportation Code, §503.021 prohibits a person from
4 engaging in business as a dealer, directly or indirectly,
5 including by consignment without a GDN. Except as provided by
6 this section, [The phrase] "directly or indirectly" includes the
7 practice of arranging or offering to arrange a transaction
8 involving the sale of a used motor vehicle for a fee,
9 commission, or other valuable consideration. A person who is a
10 bona fide employee of a licensed dealer holding a GDN pursuant
11 to §503.029(a)(6)(B), Transportation Code, and that acts for the
12 dealer is not a broker for the purposes of this section.

13 (b) A buyer referral service, program, plan, club, or any
14 other entity that accepts a fee for arranging a transaction
15 involving the sale of a used motor vehicle is required to meet
16 the requirements for and obtain a GDN, unless the referral
17 service, program, plan, or club is operated in the following
18 manner.

19 (1) There is no exclusive market area offered to a dealer
20 by the program. All dealers are allowed to participate in the
21 program on equal terms.

22 (2) Participation by a dealer in the program is not
23 restricted by conditions, such as limiting the number of line-

1 makes or discrimination by size of dealership or location. The
2 total number of participants in the program may be restricted if
3 the program is offered to all dealers at the same time, with no
4 regard to the line-make.

5 (3) All participants pay the same fee for participation
6 in the program. The program fee shall be a weekly, monthly, or
7 annual fee, regardless of the size, location, or line-makes sold
8 by the dealer.

9 (4) A person is not to be charged a fee on a per referral
10 fee basis or any other basis that could be considered a
11 transaction-related fee.

12 (5) The program does not set or suggest to the dealer any
13 price of a motor vehicle or a trade-in.

14 (6) The program does not advertise or promote its plan in
15 a manner that implies that the buyer, as a customer of that
16 program, receives a special discounted price that cannot be
17 obtained unless the customer is referred through that program.

18 (c) All programs must comply with Subchapter H of this
19 chapter (relating to Advertising).

20 (d) A licensed dealer holding a GDN pursuant to
21 §503.029(a)(6)(B), Transportation Code, may pay a referral fee
22 in cash or value to an individual who has purchased a vehicle
23 from the licensed dealer within the four-year period preceding

1 the referral. The fee may be paid contingent upon either the
2 new referred individual:

3 (1) purchasing a vehicle from the independent motor
4 vehicle dealer; or

5 (2) the referral of a new potential purchaser.

DRAFT

Date: August 16, 2018
Action Requested: APPROVAL

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Jimmy Archer, Director, Motor Carrier Division
Agenda Item: 7
Subject: Adoption of Rules under Title 43, Texas Administrative Code, Chapter 219, Oversize and Overweight Vehicles and Loads Amendments, §§219.60-219.64
(Relating to authorizing travel with properly secured equipment, authorizing travel during daylight and at nighttime, making rule language consistent with current practice or policy, and cleaning up rule language)

RECOMMENDATION

Approve adoption of amendments for publication in the *Texas Register*.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of the amendments is to:

1. authorize a crane to travel with properly secured equipment to the extent the equipment is necessary for the crane to perform its intended function;
2. authorize a crane to travel at nighttime without a front or rear escort vehicle if the crane does not exceed certain size limits, consistent with the language in §219.41 regarding oil well related vehicles;
3. provide uniform requirements for permitted cranes to travel at nighttime; and
4. clean up the rule language.

FINANCIAL IMPACT

There will be no fiscal implications for state or local governments as a result of enforcing or administering the amendments. There are no anticipated economic costs for persons required to comply with the amendments.

BACKGROUND AND DISCUSSION

Industry asked the department to consider amending our rules to allow properly secured equipment to be transported with the crane. Industry must comply with different standards when they cross the state line into Texas because other states currently allow properly secured equipment to be transported on the crane, rather than being transported in a separate vehicle. The amendments authorize a crane with a permit to travel with properly secured equipment to the extent the equipment is necessary for the crane to perform its intended function, consistent with the definition of a “nondivisible vehicle” in §219.2.

The department received calls from law enforcement and industry after drivers were stopped by law enforcement for traveling at nighttime without a front and rear escort vehicle when the permitted crane (annual permit) was overweight, but did not exceed legal size limits. The amendments authorize a permitted crane to travel at nighttime without a front or rear escort vehicle if the crane is overweight, but does not exceed certain size limits. This amendment is consistent with the department’s general rule for a permitted vehicle traveling at nighttime, as well as the language in §219.41 regarding oil well related vehicles.

The proposal was published in the *Texas Register* for public comment on May 4, 2018. The comment period closed on June 4, 2018.

Transportation Code, §623.195 requires the board of the Texas Department of Motor Vehicles to consult with the Texas Transportation Commission (commission) prior to the adoption of certain rules regarding oversize and overweight permits for the operation of unladen lift equipment motor vehicles. The commission considered the proposed amendments during its open meeting on July 26, 2018, and issued the attached Minute Order to document compliance with Transportation Code, §623.195, and to indicate that the Texas Department of Transportation staff did not have any comments on the proposed amendments.

The department received the attached comment from the Texas Crane Owners Association (TCOA). TCOA requests the department to modify the proposed amendments to allow cranes that do not exceed nine feet in width, 14 feet in height, or 65 feet in length to operate during nighttime without escort vehicles, regardless of the weight of the crane. TCOA also states this modification is consistent with the rule for oil well servicing units. The department adopts §219.61 with amendments to allow cranes that do not exceed nine feet in width, 14 feet in height, or 65 feet in length to operate during nighttime without escort vehicles, regardless of the weight of the crane. This language is consistent with the language in §219.41(d)(4) regarding permits for oversize and overweight oil well related vehicles.

If the board adopts the amendments during its August 16, 2018, open meeting, staff anticipates:

- publication in the September 7, 2018, issue of the *Texas Register*; and
- an effective date of September 16, 2018.



June 4, 2018

Mr. David Duncan
General Counsel
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, Texas 78731

Re: Proposed Rules to Texas Administrative Code, Chapter 219, Oversized and Overweight Vehicles and Loads

Dear Mr. Duncan,

I am writing on behalf of the Texas Crane Owners Association (TCOA), an industry trade organization representing 35 crane owners, equipment manufacturers, and associated companies that support the crane industry in Texas. TCOA thanks the Texas Department of Motor Vehicles (DMV) and the DMV Board for identifying an opportunity for regulatory change that can ease operational hurdles in transporting mobile crane units across the state. We also appreciate your allowing stakeholders an opportunity to review and provide comments on the proposed rules under Texas Administrative Code (TAC), Chapter 219 related to oversized and overweight vehicles and loads.

Overall, TCOA agrees with and supports the rules as proposed. As you acknowledge, Texas laws and rules are often inconsistent with rules and regulations of other states, and your efforts to align the varying standards are to be commended. In light of this endeavor, TCOA respectfully suggests that language be included in the proposed amendments to TAC, Ch. 219 to reflect:

- that cranes that do not exceed 9 feet in width, 14 feet in height, or 65 feet length, regardless of weight, are allowed 24-hour movement, with no escorts required, and;
- that those cranes that meet these width/height/length criteria but exceed 175,000 pounds should adhere to existing rules pertaining to bridge crossing under TAC, Chapter 219.

These limits were in place for self-propelled cranes until January, 2018 with regard to hubometer permits, and adopting these modifications would align mobile cranes with Oil Well Servicing Units under current regulations, as they have been in the past.

Texas Crane Owners Association
5629 FM 1960 West, Suite 354 | Houston, Texas 77069
Toll Free: 877-355-4400 | Direct: 281-440-4380 | Fax: 281-440-4386

August 16, 2018

Again, we appreciate the opportunity to provide comments and for your consideration of our suggested language. TCOA and its members are always available to the Department to provide additional insight going forward in this regard. Please do not hesitate to contact us at 281-440-4380.

Sincerely,

R. Keith McKee

Keith McKee,
President, Texas Crane Owners Association

Texas Crane Owners Association
5629 FM 1960 West, Suite 354 | Houston, Texas 77069
Toll Free: 877-355-4400 | Direct: 281-440-4380 | Fax: 281-440-4386

TEXAS TRANSPORTATION COMMISSION

All Counties

MINUTE ORDER

Page 1 of 1

All Districts

Pursuant to Transportation Code, §623.145 and §623.195, the Department of Motor Vehicles Board (board) must consult with the Texas Transportation Commission (commission) prior to the adoption of rules regarding oversize and overweight permits for the operation of oil well servicing and drilling machinery and unladen lift equipment motor vehicles.

The board proposed changes to 43 TAC Chapter 219, Oversize and Overweight Vehicles and Loads, on April 12, 2018. The proposed rule amendments were published in the *Texas Register* on May 4, 2018.

To comply with the statutory requirements, the board consulted with the commission on the amendments to 43 TAC §219.60 - §219.63. Texas Department of Transportation (department) staff reviewed the amendments to those provisions and had no comments on the proposed changes.

IT IS THEREFORE ORDERED by the commission that the executive director or the director's designee is directed to provide a copy of this minute order to the board as documentation of the board's consultation with the commission, in accordance with those sections.

Submitted and reviewed by:



 Director, Bridge Division

Recommended by:



 Executive Director

115285 JUL 26 '18
 Minute Date
 Number Passed August 16, 2018

1 Adoption Preamble

2 The Texas Department of Motor Vehicles (department) adopts
3 amendments to Chapter 219, Oversize and Overweight Vehicles and
4 Loads, Subchapter E, Permits for Oversize and Overweight Unladen
5 Lift Equipment Motor Vehicles, §219.61, General Requirements for
6 Permits for Oversize and Overweight Unladen Lift Equipment Motor
7 Vehicles; and §219.62, Single Trip Mileage Permits, with changes
8 to the proposed text as published in the May 4, 2018, issue of
9 the *Texas Register* (43 TexReg 2739). These rules will be
10 republished. The department also adopts amendments to §219.60,
11 Purpose and Scope; §219.63, Quarterly Hubometer Permits; and
12 §219.64, Annual Permits, without changes to the proposed text,
13 and these rules will not be republished.

14
15 The department republishes §219.61 with changes to the proposed
16 text to address a comment from the Texas Crane Owners
17 Association. The department also republishes §219.62 with
18 changes to the proposed text to clarify that the language in the
19 proposed subsection (b) after paragraph (b)(4) only applies if
20 the applicant's crane has any group of axles that exceeds the
21 limits established by Figure 1: 43 TAC §219.62(f), "Maximum
22 Permit Weight Table," and Figure 2: 43 TAC §219.62(f), "Maximum
23 Permit Weight Formulas."

1 EXPLANATION OF AMENDMENTS

2 The amendments authorize a crane that is permitted under Chapter
3 219, Subchapter E to travel with properly secured equipment in
4 accordance with manufacturer's specifications to the extent the
5 equipment is necessary for the crane to perform its intended
6 function. For example, counterweights are necessary at the job
7 site to stabilize the crane. The Federal Highway Administration
8 (FHWA) authorizes the states to determine whether such equipment
9 should travel with the crane or be removed for transport on a
10 separate vehicle. Other states, such as Louisiana and Oklahoma,
11 authorize properly secured equipment to be transported with the
12 crane.

13
14 Industry representatives asked the department to consider
15 amending our rules because the Texas rules are not consistent
16 with the laws and rules of other states. Industry is required to
17 comply with different standards when they cross the state line
18 into Texas. The department adopts these amendments to allow
19 properly secured equipment to be transported with the crane in
20 accordance with the definition of a "nondivisible vehicle" in
21 §219.2.

22

23 The Specialized Carriers & Rigging Association submitted a

1 letter to the FHWA in March of 2018, requesting clarification on
2 the definition of "nondivisible load." The FHWA responded in
3 April of 2018, authorizing a state to issue a special permit if
4 the applicant presented evidence or information demonstrating
5 that a vehicle or load meets one of the three criteria listed in
6 the federal definition for "nondivisible load or vehicle" found
7 in 23 C.F.R. §658.5. The FHWA also stated as follows:

8 "When the final rule establishing the definition of
9 nondivisible was issued in 1994, it was anticipated
10 that because of the complexity, there would be
11 inconsistencies and disagreements between State
12 permitting officials, enforcement officers, motor
13 carriers, and shippers. In light of this potential,
14 the Federal definition provides States latitude in
15 implementing the definition. Unless there are
16 indications of non-enforcement or abuse, FHWA does not
17 intervene in decisions related to the issuance of
18 permits for specific vehicles or loads."

19 The department thinks the language in §219.61(g) complies
20 with the definition of "nondivisible load or vehicle" found
21 in 23 C.F.R. §658.5 and 43 TAC §219.2. The language in
22 §219.61(g) is limited to equipment that is necessary for
23 the crane to perform its intended function. Also, the

1 language is limited to equipment for which the manufacturer
2 provided specifications to properly secure the equipment.

3

4 The department adopts other amendments because it received calls
5 from industry and law enforcement after drivers were stopped by
6 law enforcement for traveling at nighttime without a front and
7 rear escort vehicle when the permitted crane (annual permit) was
8 overweight, but did not exceed legal size limits under
9 Transportation Code, Chapter 621, Subchapter C. Except as
10 otherwise specified in Chapter 219, Subchapter E, amendments
11 authorize a permitted crane to travel at nighttime without a
12 front or rear escort vehicle if the crane is overweight, but
13 does not exceed certain size limits. These amendments are
14 consistent with the language in §219.11(1)(2) (A)(i) and
15 §219.41(d)(4). A front and rear escort vehicle is not required
16 to protect the safety of the traveling public or to protect the
17 roadways from an overweight crane, except as otherwise specified
18 in Chapter 219, Subchapter E. The language in §219.62 and
19 §219.63 will continue to require a crane that exceeds 175,000
20 pounds gross weight to have a front and rear escort vehicle to
21 prevent traffic from traveling beside the crane as it crosses a
22 bridge.

23

1 A front and rear escort vehicle is needed to protect the safety
2 of the traveling public when the permitted crane is traveling at
3 nighttime and exceeds the size limits listed in amended
4 §219.61(d)(3). The amendments provide uniform requirements for
5 permitted cranes to travel at nighttime, including existing
6 requirements that were previously only listed on the
7 department's website.

8
9 Other amendments improve the terminology, correct errors, modify
10 the language for consistency with other rules in Chapter 219,
11 delete language that duplicates language in Chapter 219 or in
12 statute, make the rules consistent with current practice, and
13 restructure portions of Chapter 219 due to deletions.

14
15 COMMENTS

16 Transportation Code, §623.195 requires the board of the Texas
17 Department of Motor Vehicles (board) to consult with the Texas
18 Transportation Commission (commission) prior to the adoption of
19 certain rules regarding oversize and overweight permits for the
20 operation of unladen lift equipment motor vehicles. The
21 commission considered the proposed amendments during its open
22 meeting on July 26, 2018, and issued a Minute Order to document
23 compliance with Transportation Code, §623.195, and to indicate

1 that the Texas Department of Transportation staff did not have
2 any comments on the proposed amendments.

3

4 The Texas Crane Owners Association (TCOA) submitted a comment in
5 which they request the department to modify the proposed
6 amendments to allow cranes that do not exceed nine feet in
7 width, 14 feet in height, or 65 feet in length to operate during
8 nighttime without escort vehicles, regardless of the weight of
9 the crane. TCOA also states that cranes that fall within these
10 dimensions but exceed 175,000 pounds should adhere to the
11 existing rules pertaining to crossing bridges. TCOA further
12 states this modification is consistent with the rule for oil
13 well servicing units.

14

15 RESPONSE

16 The department adopts §219.61 with amendments to allow cranes
17 that do not exceed nine feet in width, 14 feet in height, or 65
18 feet in length to operate during nighttime without escort
19 vehicles, regardless of the weight of the crane. This language
20 is consistent with the language in §219.41(d)(4) regarding
21 permits for oversize and overweight oil well related vehicles.
22 The Texas Department of Transportation adopted the language in
23 the current §219.41(d)(4), which was transferred to the

1 department in 2012 by Senate Bill 1420, 82nd Legislature, 2011.
2 The oil well related vehicles have been allowed to travel on
3 public roadways at nighttime within the listed dimensions for
4 years, and the department has no evidence that such travel
5 causes any safety issues. Also, the department conferred with
6 the Texas Department of Public Safety (TxDPS) regarding TCOA's
7 requested amendment, and TxDPS thinks the request seems
8 reasonable.

9
10 Any cranes permitted under §219.62 and §219.63, will continue to
11 be subject to the existing rule language in §219.62 and §219.63,
12 which require a crane that exceeds 175,000 pounds gross weight
13 to have a front and rear escort vehicle to prevent traffic from
14 traveling beside the crane as it crosses a bridge, regardless of
15 whether the crane is being operated during daylight or
16 nighttime. The amendments do not eliminate any other
17 restrictions or requirements that apply to permitted cranes
18 under Subchapter E of Chapter 219, such as the restrictions
19 specified in §219.61(d), which include curfew restrictions.

20

21 STATUTORY AUTHORITY

22 The amendments are adopted under Transportation Code, §1002.001,
23 which provides the board with the authority to adopt rules that

1 are necessary and appropriate to implement the powers and the
2 duties of the department; and more specifically, Transportation
3 Code, §623.002 which authorizes the board to adopt rules that
4 are necessary to implement and enforce Chapter 623; and
5 Transportation Code §623.195 which authorizes the board to adopt
6 rules to provide for the issuance of crane permits under
7 Subchapter J of Chapter 623.

8

9 CROSS REFERENCE TO STATUTE

10 Transportation Code, Chapter 623.

1 SUBCHAPTER E. PERMITS FOR OVERSIZE AND OVERWEIGHT UNLADEN LIFT
2 EQUIPMENT MOTOR VEHICLES

3 §219.60. Purpose [~~and Scope~~].

4 [~~In accordance with Transportation Code, Chapter 623,~~
5 ~~Subchapters I and J, the department may issue a permit for the~~
6 ~~operation of an oversize or overweight crane which is designed~~
7 ~~for use as lift equipment when the crane cannot comply with one~~
8 ~~or more of the restrictions set out in Transportation Code,~~
9 ~~Chapter 623, Subchapter C, and §621.101.] The [following]
10 sections in this subchapter set forth the requirements and
11 procedures applicable to [those] permits issued for cranes under
12 the provisions of Transportation Code, Chapter 623, Subchapters
13 I and J.~~

14
15 §219.61. General Requirements for Permits for Oversize and
16 Overweight Unladen Lift Equipment Motor Vehicles.

17 (a) General information.

18 (1) Unless otherwise noted, permits issued under this
19 subchapter are subject to the requirements of this section.

20 (2) Cranes are eligible for an annual permit under this
21 subchapter.

22 (3) Cranes are also eligible for the following permits
23 under this subchapter at weights above those established by

1 §219.11(d)(2) of this title (relating to General
2 Oversize/Overweight Permit Requirements and Procedures):

3 (A) single-trip mileage permits; and

4 (B) quarterly hubometer permits.

5 (4) If a truck-tractor is used to transport a trailer-
6 mounted crane, the combination of vehicles is limited to the
7 dimensions and weights listed in this subchapter.

8 [~~Unladen lift equipment motor vehicles (cranes) permitted under~~
9 ~~this subchapter are eligible for:]~~

10 [~~(1) permit weight limits above those established by~~
11 ~~§219.11(d)(2) of this title (relating to General~~
12 ~~Oversize/Overweight Permit Requirements and Procedures);]~~

13 [~~(2) single trip mileage permits;]~~

14 [~~(3) quarterly hubometer permits; and]~~

15 [~~(4) annual permits.]~~

16 (b) Permit application. An application shall be made on a
17 form and in a manner prescribed by the department. The applicant
18 shall provide all applicable information, including:

19 (1) name, address, telephone number, and email address

20 (if requested) of the applicant;

21 (2) year and make of the crane;

22 (3) vehicle identification number of the crane;

23 (4) width, height, and length of the crane;

1 (5) crane [~~unit~~] axle and tire information, including the
2 number of axles, distance between axles, gauge per axle, axle
3 weights, number of tires, and tire size; and

4 (6) any other information required by law.

5 (c) Payment of permit fees. Fees for permits issued under
6 this subchapter are payable as described in §219.11(f).

7 (d) Restrictions.

8 (1) A crane [~~vehicle~~] permitted under this subchapter is
9 subject to the restrictions specified in §219.11(1)(1), (3), and
10 (4), and the permittee is responsible for obtaining information
11 concerning current restrictions from the department.

12 (2) A crane [~~vehicle~~] permitted under this subchapter may
13 travel through highway construction or maintenance areas
14 provided the dimensions do not exceed the construction
15 restrictions as published by the department.

16 (3) A crane permitted under this subchapter may only be
17 operated during daylight, unless:

18 (A) the crane is overweight only; or

19 (B) the crane complies with one of the following,

20 regardless of whether the crane is overweight:

21 (i) the crane does not exceed nine feet in width,
22 14 feet in height, or 65 feet in length; or

23 (ii) the crane is accompanied by a front and rear

1 escort vehicle and does not exceed:

2 (I) 10 feet, 6 inches in width;

3 (II) 14 feet in height; or

4 (III) 95 feet in length.

5 [~~(e) Void permits. A permit will be voided when the~~
6 ~~department is informed by law enforcement that a citation has~~
7 ~~been issued for a violation of a permit's terms and conditions.]~~

8 (e) [(f)] Transferability. Unless otherwise noted, a permit
9 issued under this subchapter may not be transferred between
10 cranes or between permittees.

11 [~~(g) Records retention. A crane permitted under this~~
12 ~~section must keep the permit and any attachments to the permit~~
13 ~~in the crane until the day after the date the permit expires.]~~

14 (f) [(h)] Escort requirements. In addition to any other
15 escort requirements specified in this subchapter, cranes
16 permitted under this subchapter are subject to the escort
17 requirements specified in §219.11(k).

18 (g) Properly secured equipment. A crane permitted under
19 this subchapter may travel with properly secured equipment, such
20 as outriggers, booms, counterweights, jibs, blocks, balls,
21 cribbing, outrigger pads, and outrigger mats, in accordance with
22 the manufacturer's specifications to the extent the equipment is
23 necessary for the crane to perform its intended function,

1 provided the axle weights, axle group weights, and gross weight
2 do not exceed the maximum permit weights listed in this
3 subchapter.

4
5 §219.62. Single-Trip [~~Single Trip~~] Mileage Permits.

6 (a) General information.

7 (1) Permits issued under this section are subject to the
8 requirements of §219.61 of this title (relating to General
9 Requirements for Permits for Oversize and Overweight Unladen
10 Lift Equipment Motor Vehicles).

11 (2) A single-trip mileage permit:

12 (A) is limited to a maximum of seven consecutive days;

13 (B) is routed from the point of origin to the point of
14 destination and has the route listed on the permit; and

15 (C) allows the crane to be returned to the point of
16 origin on the same permit, provided the return trip is made
17 within the time period stated in the permit.

18 (3) A crane exceeding 175,000 pounds gross weight must:

19 (A) have front and rear escort vehicles to prevent
20 traffic from traveling beside the crane as it crosses a bridge;

21 (B) cross all multi-lane bridges by centering the crane
22 on a lane line;

23 (C) cross all two-lane bridges in the center of the

1 bridge; and

2 (D) cross each bridge at a speed not greater than 20
3 miles per hour.

4 (4) A crane exceeding 12 feet in width must be centered
5 in the outside traffic lane of any highway that has paved
6 shoulders.

7 (5) Except as otherwise provided in this section, the
8 permitted crane [~~The permitted vehicle~~] must not cross a load-
9 restricted [~~load restricted~~] bridge when exceeding the posted
10 capacity of the bridge. [~~such.~~]

11 (b) Maximum permit weight limits.

12 (1) The maximum permit weight for any single axle must
13 not exceed 30,000 pounds or 850 pounds per inch of tire width,
14 whichever is less.

15 (2) The maximum permit weight for any group of axles on a
16 crane is determined by calculating the "W" weight for the group,
17 using the formulas shown in Figure 2: 43 TAC §219.62(f),
18 "Maximum Permit Weight Formulas," and comparing the calculated
19 "W" weight with the corresponding "W" weight that is established
20 in Figure 1: 43 TAC §219.62(f), "Maximum Permit Weight Table."

21 (3) The maximum permit weight per inch of tire width for
22 axles that are steerable must not exceed 950 pounds, and the
23 maximum permit weight per inch of tire width for axles that are

1 not steerable must not exceed 850 pounds.

2 ~~[(4) A crane that does not have any group of axles that~~
3 ~~exceeds the limits established in Figure 1: 43 TAC §219.62(f),~~
4 ~~"Maximum Permit Weight Table," and Figure 2: 43 TAC §219.62(f),~~
5 ~~"Maximum Permit Weight Formulas," will be permitted with a~~
6 ~~single-trip mileage permit or a quarterly hubometer permit for~~
7 ~~travel on any route that does not include a load restricted~~
8 ~~bridge.]~~

9 (4) [(5)] An applicant with a [A] crane that has any
10 group of axles that exceeds the limits established by Figure 1:
11 43 TAC §219.62(f), "Maximum Permit Weight Table," and Figure 2:
12 43 TAC §219.62(f), "Maximum Permit Weight Formulas," must comply
13 with the following process and requirements:

14 (A) submit the following to the department to determine
15 if a permit can be issued:

16 (i) a detailed diagram, on a form prescribed by the
17 department, which illustrates the required information listed in
18 §219.61(b)(5);

19 (ii) the exact beginning and ending points relative
20 to a state highway; and

21 (iii) the name and contact information of the
22 applicant's TxDOT-approved licensed professional engineer. [will
23 be eligible, on an individual case by case basis, for a single-

1 ~~trip mileage permit only. Permit approval or denial will be~~
2 ~~based on a detailed route study and an analysis conducted by~~
3 ~~TxDOT of each bridge on the proposed travel route to determine~~
4 ~~if the road(s) and bridge(s) are capable of sustaining the~~
5 ~~movement.]~~

6 (B) The department will select and provide the
7 applicant with a tentative route based on the size of the crane,
8 excluding the weight. The applicant must inspect the tentative
9 route and advise the department, in writing, that the route is
10 capable of accommodating the crane.

11 (C) Before the department will issue a permit, the
12 applicant's TxDOT-approved licensed professional engineer must
13 submit to TxDOT a written certification that includes a detailed
14 structural analysis of the bridges on the proposed route
15 demonstrating that the bridges and culverts on the travel route
16 are capable of sustaining the crane. The certification must be
17 approved by TxDOT and submitted to the department before the
18 department will issue the permit.

19 ~~[(6) A road or bridge that has been analyzed and~~
20 ~~determined to be incapable of sustaining the crane will be~~
21 ~~excluded from the permit route.]~~

22 (c) Permit application and issuance.

23 (1) An application for a single-trip mileage permit under

1 this section must be made in accordance with §219.61(b) of this
2 title and must also include the origin and destination points of
3 the crane.

4 (2) Upon receipt of the application, the department will
5 review and verify size and weight information, check the route
6 and mileage to be traveled, compute the permit fee, and advise
7 the applicant of the permit fee.

8 (3) Upon receipt of the permit fee, the department will
9 advise the applicant of the permit number and will provide a
10 copy of the permit to the applicant.

11 (d) Permit fees and refunds.

12 (1) Minimum fee. The minimum fee for a single-trip
13 mileage permit is either the calculated permit fee or \$31,
14 whichever is the greater amount.

15 (2) Permit fee calculation. The permit fee for a single-
16 trip mileage permit is calculated by multiplying the number of
17 miles traveled, the highway use factor, and the total rate per
18 mile, and then adding the indirect cost share to the product.

19 (A) Highway use factor. The highway use factor for a
20 single-trip mileage permit is 0.6.

21 (B) Total rate per mile. The total rate per mile is the
22 combined mileage rates for width, height, and weight for the
23 crane [~~unit~~]. The rate per mile for a trailer-mounted [~~trailer~~

1 ~~mounted~~] crane is based on the overall width, overall height,
2 and all axle weights, including the truck-tractor axles.

3 (i) The mileage rate for width is \$.06 per mile for
4 each foot (or fraction thereof) above legal width.

5 (ii) The mileage rate for height is \$.04 per mile for
6 each foot (or fraction thereof) above legal height.

7 (iii) The mileage rate for a single axle or any axle
8 within a group that exceeds 20,000 pounds, but is less than or
9 equal to 25,000 pounds, is calculated by multiplying \$.045 times
10 the amount by which the axle or axle group weight exceeds the
11 legal weight for the axle or axle group and dividing the
12 resultant figure by 1,000 pounds.

13 (iv) The mileage rate for a single axle or any axle
14 within a group that exceeds 25,000 pounds, but is less than or
15 equal to 30,000 pounds, is calculated by multiplying \$.055 times
16 the amount by which the axle or axle group weight exceeds the
17 legal weight for the axle or axle group and dividing the
18 resultant figure by 1,000 pounds.

19 (3) Exceptions to fee computations. A crane with two or
20 more axle groups that does not have a spacing of at least 12
21 feet between the closest axles of the opposing groups must have
22 the permit fee calculated by the following method.

23 (A) The axle group with the lowest weight will have the

1 axle closest to the next axle group temporarily disregarded from
2 its group in order to create a spacing of at least 12 feet
3 between the two groups for fee calculation purposes.

4 (B) An axle group will not have more than one axle
5 disregarded.

6 (C) The permit fee for the axle group with the
7 temporarily disregarded axle must be based on the actual weight
8 of the entire axle group minus the legal weight for the
9 remaining axles of the group.

10 (4) Refunds. Fees for permits issued under this section
11 are non-refundable.

12 (e) Amendments. A single-trip mileage permit issued under
13 this section may not be amended unless an exception is granted
14 by the department.

15 (f) Weight table and formulas. The following table entitled
16 "Maximum Permit Weight Table" is Figure 1: 43 TAC §219.62(f),
17 and the list of formulas entitled "Maximum Permit Weight
18 Formulas," is Figure 2: 43 TAC §219.62(f).

19 Figure 1: 43 TAC §219.62(f) (No change.)

20 Figure 2: 43 TAC §219.62(f) (No change.)

21

22 §219.63. Quarterly Hubometer Permits.

23 (a) General information.

1 (1) Permits issued under this section are subject to the
2 requirements of §219.61 of this title (relating to General
3 Requirements for Permits for Oversize and Overweight Unladen
4 Lift Equipment Motor Vehicles).

5 (2) A quarterly hubometer permit:

6 (A) is effective for three consecutive months;

7 (B) allows the crane [~~vehicle~~] to travel on all state-
8 maintained highways; and

9 (C) allows the crane [~~unit~~] to travel on a state-wide
10 basis.

11 (3) A crane permitted under this section must not exceed
12 any of the following dimensions:

13 (A) 12 feet in width;

14 (B) 14 feet, 6 inches in height; or

15 (C) 95 feet in length.

16 (4) With the exception of cranes that are overlength
17 only, cranes operated with a quarterly hubometer permit must be
18 equipped with a hubometer. The permittee must maintain the
19 hubometer in good working condition.

20 (5) A crane exceeding 175,000 pounds gross weight must:

21 (A) have front and rear escort vehicles to prevent
22 traffic from traveling beside the crane as it crosses a bridge;

23 (B) cross all multi-lane bridges by centering the crane

1 on a lane line;

2 (C) cross all two-lane bridges in the center of the
3 bridge; and

4 (D) cross each bridge at a speed not greater than 20
5 miles per hour.

6 [~~(6) A crane exceeding 12 feet in width must be centered~~
7 ~~in the outside traffic lane of any highway that has paved~~
8 ~~shoulders.~~]

9 [~~(7) A crane will be permitted for night movement~~
10 ~~provided that it does not exceed 10 feet 6 inches in width, 14~~
11 ~~feet in height, or 95 feet in length. A crane moving at night~~
12 ~~must be accompanied by a front and rear escort vehicle.~~]

13 (6) [~~(8)~~] The permitted crane [~~vehicle~~] must not cross a
14 load-restricted [~~load restricted~~] bridge when exceeding the
15 posted capacity of the bridge.

16 (7) [~~(9)~~] The permit may be amended only to indicate:

17 (A) a new hubometer serial number; or

18 (B) a new license plate number.

19 (b) Maximum permit weight limits.

20 (1) The maximum permit weight for any single axle must
21 not exceed 30,000 pounds or 850 pounds per inch of tire width,
22 whichever is less.

23 (2) The maximum permit weight for any group of axles on a

1 crane will be determined by calculating the "W" weight for the
2 group, using the formulas in Figure 2: 43 TAC §219.62(f),
3 "Maximum Permit Weight Formulas," and comparing the calculated
4 "W" weight with the corresponding "W" weight that is established
5 in Figure 1: 43 TAC §219.62(f), "Maximum Permit Weight Table."

6 (3) The maximum permit weight per inch of tire width for
7 axles that are steerable must not exceed 950 pounds, and the
8 maximum permit weight per inch of tire width for axles that are
9 not steerable must not exceed 850 pounds.

10 [~~(4) A crane that does not have any group of axles that~~
11 ~~exceeds the limits established in Figure 1: 43 TAC §219.62(f),~~
12 ~~"Maximum Permit Weight Table," and Figure 2: 43 TAC §219.62(f),~~
13 ~~"Maximum Permit Weight Formulas," will be permitted with a~~
14 ~~single-trip mileage permit or a quarterly hubometer permit for~~
15 ~~travel on any route that does not include a load restricted~~
16 ~~bridge.]~~

17 (4) [(5)] A crane that has any group of axles that
18 exceeds the limits established by Figure 1: 43 TAC §219.62(f),
19 "Maximum Permit Weight Table," and Figure 2: 43 TAC §219.62(f),
20 "Maximum Permit Weight Formulas," is not eligible for a permit
21 under this section; however, it is eligible for a permit under
22 §219.62 of this title (relating to Single-Trip Mileage Permits).

23 [~~will be eligible, on an individual case by case basis, for a~~

1 ~~single trip mileage permit only; permit approval or denial will~~
2 ~~be based on a detailed route study and an analysis conducted by~~
3 ~~TxDOT of each bridge on the proposed travel route to determine~~
4 ~~if the road(s) and bridge(s) are capable of sustaining the~~
5 ~~movement.]~~

6 ~~[(6) A bridge that has been analyzed and determined to be~~
7 ~~incapable of sustaining the crane will be excluded from the~~
8 ~~permit route.]~~

9 (c) Initial permit application and issuance.

10 (1) An application for an initial quarterly hubometer
11 permit must be made in accordance with §219.61(b) of this title.
12 In addition, the applicant must provide the current hubometer
13 mileage reading and an initial \$31 processing fee.

14 (2) Upon verification of the crane [~~unit~~] information and
15 receipt of the permit fee, the department will provide a copy of
16 the permit to the applicant, and will also provide a renewal
17 application form to the applicant.

18 (d) Permit renewals and closeouts.

19 (1) An application for a permit renewal or closeout must
20 be made on a form and in a manner prescribed by the department.

21 (2) Upon receipt of the renewal application, the
22 department will verify crane information, check mileage traveled
23 on the last permit, calculate the new permit fee, and advise the

1 applicant of the permit fee.

2 (e) Permit fees.

3 (1) Minimum fee. The minimum fee for a quarterly
4 hubometer permit is either the calculated permit fee or \$31,
5 whichever is the greater amount.

6 (2) Fees for overlength cranes [units]. A crane that is
7 overlength only is not required to have a hubometer. The fee for
8 this permit is \$31. [~~must obtain a quarterly hubometer permit~~
9 ~~with a fee of \$31, and is not required to have a hubometer.~~]

10 (3) Quarterly hubometer permit fee calculation. The
11 permit fee for a quarterly hubometer permit is calculated by
12 multiplying the hubometer mileage, the highway use factor, and
13 the total rate per mile, and then adding the indirect cost share
14 to the product.

15 (A) Hubometer mileage. Mileage for a quarterly
16 hubometer permit is determined by the crane's current hubometer
17 mileage reading minus the crane's hubometer mileage reading from
18 the previous quarterly hubometer permit.

19 (B) Highway use factor. The highway use factor for a
20 quarterly hubometer permit is 0.3.

21 (C) Total rate per mile. The total rate per mile is the
22 combined mileage rates for width, height, and weight for the
23 crane.

1 (i) The mileage rate for width is \$.06 per mile for
2 each foot (or fraction thereof) above legal width.

3 (ii) The mileage rate for height is \$.04 per mile for
4 each foot (or fraction thereof) above legal height.

5 (iii) The mileage rate for a single axle or any axle
6 within a group that exceeds 20,000 pounds, but is less than or
7 equal to 25,000 pounds, is calculated by multiplying \$.045 times
8 the amount by which the axle or axle group weight exceeds the
9 legal weight for the axle or axle group and dividing the
10 resultant figure by 1,000 pounds.

11 (iv) The mileage rate for a single axle or any axle
12 within a group that exceeds 25,000 pounds, but is less than or
13 equal to 30,000 pounds, is calculated by multiplying \$.055 times
14 the amount by which the axle or axle group weight exceeds the
15 legal weight for the axle or axle group and dividing the
16 resultant figure by 1,000 pounds.

17 (4) Special fee provisions. A crane with two or more axle
18 groups that do not have a spacing of at least 12 feet between
19 the closest axles of the opposing groups must have the permit
20 fee calculated by the following method.

21 (A) The axle group with the lowest weight will have the
22 axle closest to the next axle group temporarily disregarded from
23 its group in order to create a spacing of at least 12 feet

1 between the two groups for fee calculation purposes.

2 (B) An axle group will not have more than one axle
3 disregarded.

4 (C) The permit fee for the axle group with the
5 temporarily disregarded axle must be based on the actual weight
6 of the entire axle group minus the legal weight for the
7 remaining axles of the group.

8

9 §219.64. Annual Permits.

10 (a) General information. Permits issued under this section
11 are subject to the requirements of §219.61 of this title
12 (relating to General Requirements for Permits for Oversize and
13 Overweight Unladen Lift Equipment Motor Vehicles).

14 (1) A crane permitted under this section must not exceed:

15 (A) the weight limits established in §219.11(d)(1),

16 (2), and (3) of this title (relating to General

17 Oversize/Overweight Permit Requirements and Procedures);

18 (B) a gross weight of 120,000 pounds;

19 (C) legal length and height limits as specified in

20 Transportation Code, Chapter 621, Subchapter C; and

21 (D) 10 feet in width.

22 (2) A permit issued under this section may not be

23 amended.

1 (3) A crane permitted under this section must not cross a
2 load-restricted [~~load-restricted~~] bridge or a load-restricted
3 [~~load-restricted~~] road when exceeding the posted capacity of
4 such.

5 [~~(4) A crane permitted under this section may travel at
6 night with front and rear escort vehicles.~~]

7 [~~(5) The fee for an annual permit issued under this
8 section is \$100.~~]

9 (b) Permit application and issuance.

10 (1) Initial permit application. An application for an
11 annual permit under this section must be made in accordance with
12 §219.61(b) of this title.

13 (2) Permit issuance. Upon receipt of the application and
14 the appropriate permit fee, the department will verify the
15 application information and provide the permit to the applicant.

Figure 1: 43 TAC §219.62(f)

MAXIMUM PERMIT WEIGHT TABLE

Length (L) Feet	Weight (W) (lb/ft)	Length (L) Feet	Weight (W) (lb/ft)	Length (L) Feet	Weight (W) (lb/ft)
4	7520	30	3676	55	3111
5	6345	31	3646	56	3094
6	5947	32	3616	57	3077
7	5698	33	3586	58	3061
8	5500	34	3557	59	3045
9	5326	35	3529	60	3030
10	5169	36	3501	61	3015
11	5027	37	3474	62	3000
12	4898	38	3448	63	2985
13	4781	39	3423	64	2971
14	4675	40	3399	65	2957
15	4579	41	3376	66	2943
16	4492	42	3354	67	2929
17	4413	43	3333	68	2915
18	4340	44	3313	69	2901
19	4272	45	3293	70	2887
20	4208	46	3274	71	2874
21	4146	47	3255	72	2861
22	4087	48	3236	73	2848
23	4030	49	3218	74	2835
24	3974	50	3200	75	2822
25	3920	51	3182	76	2809
26	3867	52	3164	77	2796
27	3815	53	3146	78	2783
28	3764	54	3128	79	2771
29	3714	55	3111	80	2759

Figure 2: 43 TAC §219.62(f)

MAXIMUM PERMIT WEIGHT FORMULAS

$$W = T / (L + 4)$$

- “W” - The value of the equivalent distributed load expressed in pounds per linear foot.
- “T” - The sum of the axle loads or equivalent axle loads of any group of two or more axles expressed in pounds. Any combination of axle loads may be considered as a group, up to the total number of axles for the unit.
- “L” - The length between axles, expressed in feet and measured to the nearest inch, from the center of the first axle to the center of last axle in the axle group, series of groups, or total axles for the unit.

A unit with axle groups composed of various numbers of tires per axle or with axle groups with a gauge distance greater than 6.0 feet on each axle may have additional reduction factors applied to each axle before summing “T.” The revised equivalent axle load is calculated by the following formula.

$$A = (RS)(\text{THE AXLE LOAD})$$

- “A” - Equivalent axle load for axles with gauge greater than 6.0 feet and/or more than four tires.
- “R” - A reduction factor for a unit with a gauge distance greater than 6.0 feet, calculated by the following formula.

$$R = (6.0 + G) / (2 G)$$

- “G” - The gauge distance, expressed in feet and measured to the nearest inch, from the center of the outside dual wheels on one side of the axle to the center of the outside dual wheels on the opposite side of the axle. The gauge distance of an axle equipped with two tires per axle must be measured to the nearest inch from center of tire to center of opposite tire.
- “S” - A reduction factor based on the number of tires per axle.
 $S = 1.0$ for axles with four or fewer tires, and
 $S = 0.96$ for axles with eight tires.

Date: August 16, 2018
Action Requested: APPROVAL

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Jeremiah Kuntz, Director, Vehicle Titles and Registration Division
Agenda Item: 8
Subject: Adoption of Rule under Title 43, Texas Administrative Code, Chapter 217, Vehicle Titles and Registration Amendments, §217.27
(Relating to clarifying requirements and procedures for the approval or denial of personalized license plates)

RECOMMENDATION

Approval to publish the adoption of the amendments for publication in the *Texas Register*.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of the amendments is to clarify requirements and procedures for the approval or denial of personalized license plates and make the rule consistent with current practice.

FINANCIAL IMPACT

There will be no fiscal implications related to the amendments.

BACKGROUND AND DISCUSSION

The amendments:

- clarify requirements and procedures for approval or denial of personalized license plates;
- identify the director of the Vehicle Titles and Registration Division, or the director's designee, as the initial decision maker;
- clarify that the director may approve or deny an application for a personalized plate, and may cancel a previously issued personalized license plate;
- identify and clarify the criteria that the director considers in evaluating plate patterns;
- add an appeal mechanism for rejections and cancellations of personalized license plates; and
- add options for a person whose personalized initial application has been denied or for a person whose existing personalized plate has been cancelled.

The proposal was published in the *Texas Register* on May 4, 2018. The comment period closed on June 4, 2018. No comments were received. The department published an extension of comment period in the *Texas Register* on June 29, 2018. The extended comment period closed on July 30, 2018 and no comments were received.

If the board adopts the amendments during its August 16, 2018, open meeting, staff anticipates:

- publication in the September 7, 2018, issue of the *Texas Register*; and
- an effective date of September 16, 2018.

1 Adoption Preamble

2 The Texas Department of Motor Vehicles (department) adopts
3 amendments to Chapter 217, Vehicle Titles and Registration,
4 Subchapter B, Motor Vehicle Registration, §217.27, Vehicle
5 Registration Insignia, with changes to the proposed text as
6 published in the May 4, 2018, issue of the *Texas Register* (43
7 TexReg 2737). The rule will be republished. The changes correct
8 references to obsolete language and improve clarity and
9 consistency.

10

11 EXPLANATION OF AMENDMENTS

12 Amendments to §217.27 clarify requirements and procedures for
13 the approval or denial of personalized license plates, and make
14 the rule consistent with current practice.

15

16 The amendments identify the director of the Vehicle Titles and
17 Registration Division, or the director's designee, as the
18 initial decision maker. The amendments clarify that the

19 director may approve or deny an application for a personalized
20 plate, and may cancel a previously issued personalized plate.

21 The amendments identify and clarify the criteria that the
22 director considers in evaluating plate patterns. More

23 specifically, the amendments establish criteria for identifying

1 personalized plates that may be viewed as indecent, vulgar, or
2 derogatory. Criteria are added to identify plates that contain
3 references to gangs, violence, drugs, or the military.

4

5 The amendments add an appeal mechanism for rejections and
6 revocation of personalized license plates. A decision of the
7 director may be appealed to the executive director or the
8 executive director's designee within 20 days of cancellation
9 notification or non-issuance. The decision of the executive
10 director or the executive director's designee is final and may
11 not be appealed.

12

13 The amendments add that a person whose personalized initial
14 application has been denied may either receive a refund or
15 select a new alpha-numeric pattern. If an existing personalized
16 alpha-numeric pattern has been cancelled, the person may choose
17 a new personalized alpha- numeric pattern which will be valid
18 for the remainder of the term or will forfeit the remaining term
19 purchased.

20

21 COMMENTS

22 No comments on the proposed amendments were received.

23

1 STATUTORY AUTHORITY

2 The amendments are adopted under Transportation Code, §1002.001,
3 which provides the board of the Texas Department of Motor
4 Vehicles (board) with the authority to adopt rules that are
5 necessary and appropriate to implement the powers and the duties
6 of the department under the Transportation Code; and more
7 specifically, Transportation Code, §504.0011, which provides
8 that the board may adopt rules to implement and administer
9 Chapter 504, License Plates.

10

11 CROSS REFERENCE TO STATUTE

12 Transportation Code, Chapter 504.

1 SUBCHAPTER B. MOTOR VEHICLE REGISTRATION

2 §217.27. Vehicle Registration Insignia.

3 (a) On receipt of a complete initial application for
4 registration with the accompanying documents and fees, the
5 department will issue vehicle registration insignia to be
6 displayed on the vehicle for which the registration was issued
7 for the current registration period.

8 (1) If the vehicle has a windshield, the symbol, tab, or
9 other device prescribed by and issued by the department shall be
10 attached to the inside lower left corner of the vehicle's front
11 windshield in a manner that will not obstruct the vision of the
12 driver.

13 (2) If the vehicle has no windshield, the symbol, tab, or
14 other device prescribed by and issued by the department shall be
15 attached to the rear license plate, except that registration
16 receipts, retained inside the vehicle, may provide the record of
17 registration for vehicles with permanent trailer plates.

18 (3) If the vehicle is registered as a former military
19 vehicle as prescribed by Transportation Code, §504.502, the
20 vehicle's registration number shall be displayed instead of
21 displaying a symbol, tab, or license plate.

22 (A) Former military vehicle registration numbers shall
23 be displayed on a prominent location on the vehicle in numbers

1 and letters of at least two inches in height.

2 (B) To the extent possible, the location and design of
3 the former military vehicle registration number must conform to
4 the vehicle's original military registration number.

5 (b) Unless otherwise prescribed by law, each vehicle
6 registered under this subchapter:

7 (1) must display two license plates, one at the exterior
8 front and one at the exterior rear of the vehicle that are
9 securely fastened at the exterior front and rear of the vehicle
10 in a horizontal position of not less than 12 inches from the
11 ground, measuring from the bottom, except that a vehicle
12 described by Transportation Code, §621.2061 may place the rear
13 plate so that it is clearly visible; or

14 (2) must display one plate that is securely fastened at
15 or as close as practical to the exterior rear of the vehicle in
16 a position not less than 12 inches from the ground, measuring
17 from the bottom if the vehicle is a road tractor, motorcycle,
18 trailer or semitrailer.

19 (c) Each vehicle registered under this subchapter must
20 display license plates:

21 (1) assigned by the department for the period; or

22 (2) validated by a registration insignia issued by the
23 department for a registration period consisting of 12

1 consecutive months at the time of application for registration.
2 Vehicles may be registered for 24 consecutive months only in
3 accordance with Transportation Code, §548.102. However, the
4 vehicle must be registered for 24 consecutive months and all
5 fees must be paid for each year of registration, regardless of
6 the number of months remaining on the inspection at the time of
7 registration, if both of the following occur:

8 (A) the vehicle receives a two-year inspection under
9 §548.102; and

10 (B) the application for registration is made in the
11 name of the purchaser under Transportation Code, §501.0234.

12 (d) The department may cancel any personalized alpha-
13 numeric pattern that was issued if the department subsequently
14 determines or discovers that the personalized license plate was
15 not in compliance with these guidelines when issued, or if due
16 to changing language usage, meaning or interpretation, the
17 personalized license plate has become non-compliant with these
18 guidelines. When reviewing a personalized alpha-numeric pattern,
19 the department need not consider the applicant's subjective
20 intent or declared meaning. The department will [~~cancel or~~] not
21 issue any license plate containing an alpha-numeric pattern that
22 meets one or more of the following criteria.

23 (1) The alpha-numeric pattern conflicts with the

1 department's current or proposed regular license plate numbering
2 system.

3 (2) The ~~[executive]~~ director of the department's
4 Vehicle Titles and Registration Division or the director's
5 designee finds that the personalized alpha-numeric pattern,
6 including plate patterns that feature foreign or slang words or
7 phrases, use phonetic, numeric or reverse spelling, acronyms,
8 patterns viewed in mirror image, or use a code which only a small
9 segment of the community may be able to readily decipher, that
10 may be considered objectionable or misleading, including that
11 the pattern may be viewed as, directly or indirectly:

12 (A) indecent (defined as including a reference or
13 connotation to a sexual [~~sex~~] act, [~~an excretory function or~~
14 ~~material, or~~] sexual body parts, excrement, or bodily fluids or
15 functions. Additionally, "69" formats are prohibited unless used
16 in combination with the vehicle make, for example, "69 CHEV".);

17 (B) a vulgarity (defined as profane, swear, or curse
18 words);

19 (C) derogatory (defined as an expression [~~of hate~~
20 ~~directed toward people or groups~~] that is demeaning to,
21 belittles, or disparages any person, group, race, ethnicity,
22 nationality, gender, sexual orientation, or refers to [~~people or~~
23 ~~groups, or associated with~~] an organization that advocates such

1 expressions);

2 (D) a reference to race, ethnicity, gender or sexual
3 orientation whether the reference is derogatory or not;

4 (E) [~~(D)~~] a reference to gangs, illegal activities,
5 violence, [~~or substances, or,~~] implied threats of harm, or
6 expressions that describe, advertise, advocate, promote,
7 encourage, glorify, or condone violence, crime or unlawful
8 conduct;

9 (F) a reference to illegal drugs, controlled
10 substances, the physiological state produced by such substances,
11 intoxicated states, or references that may express, describe,
12 advertise, advocate, promote, encourage, glorify such items or
13 states;

14 (G) [~~(E)~~] a representation [~~misrepresentation~~] of, or
15 reference to, law enforcement, military branches, or other
16 governmental entities and their titles[~~-~~], including any
17 reference to public office or position, military or law
18 enforcement rank or status, or any other official government
19 position or status; or

20 (H) deceptively similar to a military, restricted
21 distribution, or other specialty plate.

22 (3) The alpha-numeric pattern is currently issued to
23 another owner.

1 (e) A decision to cancel or not issue a personalized alpha-
2 numeric under subsection (d) of this section may be appealed to
3 the executive director of the department or the executive
4 director's designee within 20 days of notification of the
5 cancellation or non-issuance. All appeals must be in writing and
6 the requesting party may include any written arguments, but
7 shall not be entitled to a contested case hearing. The executive
8 director or the executive director's designee will consider the
9 requesting party's arguments and issue a decision no later than
10 30 days after the submission of the appeal, unless additional
11 information is sought from the requestor, in which case the time
12 for decision is tolled until the additional information is
13 provided. The decision of the executive director or the
14 executive director's designee is final and may not be appealed.
15 An appeal is denied by operation of law 31 days from the
16 submission of the appeal, or if the requestor does not provide
17 additional requested information within ten days of the request.

18 (f) [(e)] The provisions of subsection (a) of this section
19 do not apply to vehicles registered with annual license plates
20 issued by the department.

21 (g) A person whose initial application has been denied may
22 either receive a refund or select a new alpha-numeric pattern.
23 If an existing personalized alpha-numeric pattern has been

- 1 cancelled, the person may choose a new personalized alpha-
- 2 numeric pattern which will be valid for the remainder of the
- 3 term or will forfeit the remaining term purchased.

DRAFT

Date: August 16, 2018
 Action Requested: APPROVAL

To: Texas Department of Motor Vehicles (TxDMV) Board
 From: Jeremiah Kuntz, Director, Vehicle Titles and Registration Division
 Agenda Item: 9
 Subject: Proposal of Rules under Title 43, Texas Administrative Code
 Chapter 217, Vehicle Titles and Registration
 Amendments, §217.2 and 217.3
 (Relating to titling assembled vehicles)

RECOMMENDATION

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

PURPOSE AND EXECUTIVE SUMMARY

The purpose of the proposed amendments is to clarify the definition of an assembled vehicle and to detail the process the department requires to issue a certificate of title to the owner of an assembled vehicle.

FINANCIAL IMPACT

There will be no fiscal implications related to the proposed amendments.

BACKGROUND AND DISCUSSION

The proposed amendments include:

- A comprehensive definition of “assembled vehicle” in §217.2(4). Namely, an assembled vehicle is either a vehicle that is:
 - (A) reconstructed using an unmodified original body;
 - (B) reconstructed using a modified original body and an unmodified original frame;
 - (C) reconstructed using a modified original body and a modified original frame;
 - (D) constructed using a body that does not reflect a manufacturer’s established make and an unmodified original frame; OR
 - (E) constructed using a non-original body resembling a manufactured motor vehicle and an unmodified original frame.
- The details on the process for issuing a certificate of title to the owner of an assembled vehicle in §217.3(5), including:
 - requiring an assembled vehicle consist of statutorily-required vehicle equipment;
 - requiring an assembled vehicle consist of an established body style;
 - requiring an assembled vehicle to pass a compulsory inspection;
 - detailing what information the department needs in an application for certificate of title;
 - detailing what brand the department will place on a certificate of title depending on how an assembled vehicle is constructed; and
 - requiring an owner to obtain insurance that matches how the assembled vehicle will be titled.
- The details on what vehicles are not eligible for title, including:
 - those that do not contain statutorily-required vehicle equipment or fail a compulsory inspection;
 - vehicles titled as “not for resale” in other jurisdictions; and
 - vehicles not intended for on-road use, as designated by the manufacturer.
- Requiring a person who modifies their vehicle to the extent it is classified as an assembled vehicle to reapply for certificate of title with the department.

1 Proposed Preamble

2 The Texas Department of Motor Vehicles (department) proposes
3 amendments to Chapter 217, Vehicle Titles and Registration,
4 Subchapter A, Motor Vehicle Titles, §217.2 Definitions, and
5 §217.3 Motor Vehicle Titles.

6
7 EXPLANATION OF PROPOSED AMENDMENTS

8 Transportation Code, §501.0041 allows the department to adopt
9 rules to administer Chapter 501, Certificate of Title Act.

10 Amendments to these sections clarify the department's authority
11 to title assembled vehicles.

12
13 Amendments to §217.2(4) clarify what vehicles may be defined as
14 assembled vehicles, and amendments to §217.3(5) clarify the
15 requirements for, and manner in which, the department will title
16 assembled vehicles. With the approval and implementation of
17 these rules, more assembled vehicles will be eligible for title.

18
19 Based on the Certificate of Title Act (Transportation Code,
20 Chapter 501), motor vehicles are required to be issued
21 certificate of title, and either as new or used. The definitions
22 added to §217.2(4) reflect the various construction types of an
23 assembled vehicle that do not meet the definition of a new motor

1 vehicle, as provided in Transportation Code §501.002(18). Other
2 than unmodified manufactured motor vehicles that have not been
3 subject to a first sale, constructed vehicles not listed in
4 §217.2(4) are new motor vehicles and may only be manufactured,
5 distributed, or assembled by a licensed manufacturer.

6 There are five types of assembled vehicles. An assembled vehicle
7 must be constructed with a motor, frame, and body, of which the
8 body and frame were not manufactured together.

9 First, §217.2(4)(A) represents reconstructed vehicles
10 constructed with an unmodified original body from a manufactured
11 motor vehicle, attached to a frame not originally manufactured
12 with the body. Second, §217.2(4)(B) defines another category of
13 reconstructed vehicles, consisting of an unmodified original
14 frame and a modified original body, both originally from a
15 manufactured motor vehicle. Third, §217.2(4)(C) defines another
16 category of reconstructed vehicles, consisting of a modified
17 original body and a modified original frame from a manufactured
18 motor vehicle, that is modified to the extent it no longer
19 reflects the original manufacturer's configuration. Fourth,
20 §217.2(4)(D) consists of vehicles which have a body not
21 reflecting a manufacturer's established make, and an unmodified
22 original frame from a manufactured motor vehicle. Lastly,
23 §217.2(4)(E) consists of vehicles that are constructed from an

1 unmodified original frame of a manufactured motor vehicle, and a
2 body which is not original to the vehicle but resembles the body
3 of a manufactured motor vehicle.

4

5 The department proposes to repeal several provisions in
6 §217.3(5)-(6) related to whether an assembled vehicle qualifies
7 for certificate of title. Namely, the department removed: the
8 requirement all assembled vehicles pass a safety inspection by
9 an Automotive Service Excellence technician before title is
10 issued; the requirement that assembled vehicles meet Federal
11 Motor Vehicle Safety Standards for on-road use; the requirement
12 that manufacturers of certain assembled vehicles report to the
13 National Highway Traffic Safety Administration; the discretion
14 by the department to determine a vehicle is for off-road use
15 only or on-track use only (the new provisions look to the
16 manufacturer's designation for vehicle use).

17

18 The amended sections in §217.3(5) clarify what is required for
19 the department to title an assembled vehicle. Section
20 217.3(5)(A)(ii) clarifies that, per Transportation Code Chapter
21 547, all vehicles, including assembled vehicles, must include
22 the vehicle equipment found in that chapter to operate on a
23 roadway. §217.3(5)(A)(iii) clarifies that an assembled vehicle

1 must have an established body style to be eligible for title.

2 §217.3(5)(A)(iv) clarifies that an assembled vehicle must pass a
3 compulsory inspection, per Transportation Code Chapter 548.

4 §217.3(5)(A)(v-ix) clarifies the documentation the department
5 will need to title an assembled vehicle. §217.3(5)(C) is amended
6 to indicate how an assembled vehicle will be titled.

7 §217.3(5)(D) clarifies that owners of assembled vehicles must
8 present to the department proof of insurance compliant with
9 Transportation Code Chapter 601. This proof of insurance must
10 indicate the policy is insuring the same year, make, and model
11 of assembled vehicle as entered into the department's
12 registration and title database. §217.3(5)(E) provides the
13 procedure for titling out-of-state assembled vehicles, and
14 requires all the same steps as in-state titling, except that the
15 applicant need not provide construction or assembly information
16 to the department. §217.3(5)(F) requires applicants for an
17 assembled vehicle title first present a satisfactory application
18 to the department, prior to applying for title at a county tax-
19 assessor collector's office.

20

21 §217.3(6) clarifies what assembled vehicles are not eligible for
22 title. Assembled vehicles without required equipment listed in
23 Transportation Code Chapter 547, fail an inspection in Chapter

1 548, or are branded in another jurisdiction as "not for resale,"
2 will not be titled. Vehicles not intended for on-road use by the
3 manufacturer unless defined as a motor vehicle in Transportation
4 Code, Chapter 501, may not be titled, even if altered for on-
5 road use. A motor vehicle constructed from a new frame and new
6 body (thus a new vehicle) may not be titled unless assembled by
7 a licensed manufacturer. Lastly, §217.3(7) clarifies that owners
8 who modify their vehicle to the extent it becomes an assembled
9 vehicle as defined in §217.2(4), at any point in the vehicle's
10 life, must reapply for certificate of title with the department
11 as an assembled vehicle.

12

13 FISCAL NOTE

14 Linda M. Flores, Chief Financial Officer, has determined that
15 for each of the first five years the proposed amendments are in
16 effect, there will be no significant fiscal implications for
17 state or local governments as a result of enforcing or
18 administering the proposals.

19

20 Jeremiah Kuntz, Director of the Vehicle Titles and Registration
21 Division, has determined that there will be no impact on local
22 economies or overall employment as a result of enforcing or
23 administering the proposed amendments.

1

2 PUBLIC BENEFIT AND COST

3 Mr. Kuntz has also determined that for each year of the first
4 five years the proposed amendments are in effect, the public
5 benefit anticipated as a result of enforcing or administering
6 the amendments will be to create a uniform policy on issuing
7 title to qualifying assembled vehicles. There are no anticipated
8 economic costs for persons required to comply with the proposed
9 amendments, except that every owner of a motor vehicle on the
10 roadway is required to apply for title and registration with the
11 department. There will be no adverse economic effect on small
12 businesses, micro-businesses, or rural communities.

13

14 TAKINGS IMPACT ASSESSMENT

15 The department has determined that this proposal affects no
16 private real property interests and that this proposal does not
17 restrict or limit an owner's right to property that would
18 otherwise exist in the absence of government action, and so does
19 not constitute a taking or require a takings impact assessment
20 under Government Code, §2007.043.

21

22 GOVERNMENT GROWTH IMPACT STATEMENT

23 The department has determined that during the first five years

1 the proposed amendments are in effect, no government program
2 would be created or eliminated. Implementation of the proposed
3 amendments would not require the creation of new employee
4 positions or elimination of existing employee positions.
5 Implementation would not require an increase or decrease in
6 future legislative appropriations to the department or an
7 increase or decrease of fees paid to the department (other than
8 the statutory fee to apply for certificate of title).
9 Additionally, the proposed amendments do not create a new
10 regulation, or expand or limit existing regulation. The proposed
11 amendments do, however, repeal several existing provisions
12 related to issuing certificate of title to an assembled vehicle.
13 Implementation does not affect the number of individuals subject
14 to the rule's applicability and will not affect this state's
15 economy.

16

17 SUBMITTAL OF COMMENTS

18 Written comments on the proposed amendments may be submitted to
19 David D. Duncan, General Counsel, Texas Department of Motor
20 Vehicles, 4000 Jackson Avenue, Austin, Texas 78731 or by email
21 to rules@txdmv.gov. The deadline for receipt of comments is 5:00
22 p.m. on _____.

23

1 STATUTORY AUTHORITY

2 The amendments are proposed under Transportation Code,
3 §1002.001, which provides the board of the Texas Department of
4 Motor Vehicles (board) with the authority to adopt rules that
5 are necessary and appropriate to implement the powers and the
6 duties of the department under the Transportation Code; and more
7 specifically, Transportation Code, §501.0041, which provides
8 that the department may adopt rules to implement and administer
9 Transportation Code, Chapter 501, Certificate of Title Act.

10

11 CROSS REFERENCE TO STATUTE

12 Transportation Code, Chapter 501, and Chapter 503.

1 SUBCHAPTER A. MOTOR VEHICLE TITLES

2 §217.2. Definitions.

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

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

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

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

18 (4) Assembled vehicle--A motor vehicle, except a
19 trailer, semitrailer, or travel trailer, constructed by someone
20 not regulated as a motor vehicle manufacturer, that is composed
21 of three basic component parts (motor, frame, and body) of which
22 the frame and body were not originally manufactured together,
23 except that a motorcycle must have a modified frame and motor,

1 and that is:

2 (A) reconstructed using an unmodified original
3 body from a manufactured motor vehicle;

4 (B) reconstructed using a modified original body
5 from a manufactured motor vehicle, modified to the extent it no
6 longer substantially reflects the exact original manufacturer's
7 configuration, and an unmodified original frame;

8 (C) reconstructed using a modified original body
9 and a modified original frame from a manufactured motor vehicle,
10 modified to the extent it no longer substantially reflects the
11 exact original manufacturer's configuration; or

12 (D) constructed using a body that does not
13 reflect an established make of a manufactured motor vehicle and
14 an unmodified original frame from a manufactured motor vehicle;
15 or

16 (E) constructed using a non-original body that
17 resembles a body from a manufactured motor vehicle and an
18 unmodified original frame from a manufactured motor vehicle.

19 (5) [(4)] Bond release letter--Written notification
20 from the United States Department of Transportation authorizing
21 United States Customs to release the bond posted for a motor
22 vehicle imported into the United States to ensure compliance
23 with federal motor vehicle safety standards.

1 (6) [~~+5~~] Date of sale--The date of the transfer of
2 possession of a specific vehicle from a seller to a purchaser.

3 (7) [~~+6~~] Division director--The director of the
4 department's Vehicle Titles and Registration Division.

5 (8) [~~+7~~] Executive administrator--The director of a
6 federal agency, the director of a Texas state agency, the
7 sheriff of a Texas county, or the chief of police of a Texas
8 city who by law possesses the authority to conduct covert
9 criminal investigations.

10 (9) [~~+8~~] Exempt agency--A governmental body exempt by
11 law from paying title or registration fees for motor vehicles.

12 (10) [~~+9~~] Federal motor vehicle safety standards--
13 Motor vehicle safety requirements promulgated by the United
14 States Department of Transportation, National Highway Traffic
15 Safety Administration, set forth in Title 49, Code of Federal
16 Regulations.

17 (11) [~~+10~~] House moving dolly--An apparatus
18 consisting of metal beams and axles used to move houses. House
19 moving dollies, by nature of their construction and use,
20 actually form large semitrailers.

21 (12) [~~+11~~] Identification certificate--A form issued
22 by an inspector of an authorized safety inspection station in
23 accordance with Transportation Code, Chapter 548.

1 (13) [~~(12)~~] Implements of husbandry--Farm implements,
2 machinery, and tools used in tilling the soil, including self-
3 propelled machinery specifically designed or especially adapted
4 for applying plant food materials or agricultural chemicals.

5 This term does not include an implement unless it is designed or
6 adapted for the sole purpose of transporting farm materials or
7 chemicals. This term does not include any passenger car or
8 truck. This term does include a towed vehicle that transports to
9 the field and spreads fertilizer or agricultural chemicals; or a
10 motor vehicle designed and adapted to deliver feed to livestock.

11 (14) [~~(13)~~] Manufacturer's certificate of origin--A
12 form prescribed by the department showing the original transfer
13 of a new motor vehicle from the manufacturer to the original
14 purchaser, whether importer, distributor, dealer, or owner, and
15 when presented with an application for title, showing, on
16 appropriate forms prescribed by the department, each subsequent
17 transfer between distributor and dealer, dealer and dealer, and
18 dealer and owner.

19 (15) [~~(14)~~] Moped--A motor-driven cycle whose
20 attainable speed is not more than 30 miles per hour and that is
21 equipped with a motor that produces not more than two-brake
22 horsepower. If an internal combustion engine is used, the piston
23 displacement may not exceed 50 cubic centimeters and the power

1 drive system may not require the operator to shift gears.

2 (16) [~~(15)~~] Motor vehicle importation form--A
3 declaration form prescribed by the United States Department of
4 Transportation and certified by United States Customs that
5 relates to any motor vehicle being brought into the United
6 States and the motor vehicle's compliance with federal motor
7 vehicle safety standards.

8 (17) [~~(16)~~] Non United States standard motor vehicle--
9 A motor vehicle not manufactured in compliance with federal
10 motor vehicle safety standards.

11 (18) [~~(17)~~] Obligor--An individual who is required to
12 make payments under the terms of a support order for a child.

13 (19) [~~(18)~~] Person--An individual, firm, corporation,
14 company, partnership, or other entity.

15 (20) [~~(19)~~] Recreational off-highway vehicle or ROV--A
16 motor vehicle as defined by Transportation Code, §502.001, and
17 designed primarily for recreational use. The term does not
18 include a "utility vehicle" as defined by Transportation Code,
19 §663.001, or a self-propelled, motor-driven vehicle designed or
20 marketed by the manufacturer primarily for non-recreational
21 uses.

22 (21) [~~(20)~~] Safety certification label--A label placed
23 on a motor vehicle by a manufacturer certifying that the motor

1 vehicle complies with all federal motor vehicle safety
2 standards.

3 (22) [~~(21)~~] Statement of fact--A written declaration
4 that supports an application for a title, that is executed by an
5 involved party to a transaction involving a motor vehicle, and
6 that clarifies an error made on a title or other negotiable
7 evidence of ownership. An involved party is the seller or an
8 agent of the seller involved in the motor vehicle transaction.
9 When a written declaration is necessary to correct an odometer
10 disclosure error, the signatures of both the seller and buyer
11 when the error occurred are required.

12 (23) [~~(22)~~] Title application--A form prescribed by
13 the division director that reflects the information required by
14 the department to create a motor vehicle title record.

15 (24) [~~(23)~~] Verifiable proof--Additional documentation
16 required of a vehicle owner, lienholder, or agent executing an
17 application for a certified copy of a title.

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

22 (B) Business applicant. If the applicant is a
23 business, verifiable proof consists of an original or copy of a

1 letter of signature authority on letterhead, a business card, or
2 employee identification and a copy of current photo
3 identification issued by this state or by the United States or
4 foreign passport.

5 (C) Power of attorney. If the applicant is a
6 person in whose favor a power of attorney has been executed by
7 the owner or lienholder, verifiable proof consists of the
8 documentation required under subparagraph (A) or (B) of this
9 paragraph both for the owner or lienholder and for the person in
10 whose favor the power of attorney is executed.

11
12 §217.3. Motor Vehicle Titles.

13 Unless otherwise exempted by law or this chapter, the owner of
14 any motor vehicle that is required to be registered in
15 accordance with Transportation Code, Chapter 502, shall apply
16 for a Texas title in accordance with Transportation Code,
17 Chapter 501.

18 (1) Motorcycles, motor-driven cycles, autocycles, and
19 mopeds.

20 (A) The title requirements of a motorcycle,
21 motor-driven cycle, autocycle, and moped are the same
22 requirements prescribed for any motor vehicle.

23 (B) A vehicle that meets the criteria for a moped

1 and has been certified as a moped by the Department of Public
2 Safety will be registered and titled as a moped. If the vehicle
3 does not appear on the list of certified mopeds published by
4 that agency, the vehicle will be treated as a motorcycle for
5 title and registration purposes.

6 (2) Farm vehicles.

7 (A) The term "motor vehicle" does not apply to
8 implements of husbandry, which may not be titled.

9 (B) Farm tractors owned by agencies exempt from
10 registration fees in accordance with Transportation Code,
11 §502.453, are required to be titled and registered with "Exempt"
12 license plates issued in accordance with Transportation Code,
13 §502.451.

14 (C) Farm tractors used as road tractors to mow
15 rights of way or used to move commodities over the highway for
16 hire are required to be registered and titled.

17 (D) Farm semitrailers with a gross weight of more
18 than 4,000 pounds that are registered in accordance with
19 Transportation Code, §502.146, may be issued a Texas title.

20 (3) Neighborhood electric vehicles. The title
21 requirements of a neighborhood electric vehicle (NEV) are the
22 same requirements prescribed for any motor vehicle.

23 (4) Trailers, semitrailers, and house trailers. Owners

1 of trailers and semitrailers shall apply for and receive a Texas
2 title for any stand alone (full) trailer, including homemade or
3 shopmade full trailers, or any semitrailer having a gross weight
4 in excess of 4,000 pounds. Owners of trailers and semitrailers
5 having a gross weight of 4,000 pounds or less may apply for and
6 receive a Texas title. If a trailer or semitrailer having a
7 gross weight of 4,000 pounds or less has been titled previously,
8 any subsequent owner shall apply for a Texas title for the
9 trailer or semitrailer. House trailer-type vehicles must meet
10 the criteria outlined in subparagraph (C) of this paragraph to
11 be titled.

12 (A) The rated carrying capacity will not be less
13 than one-third of its empty weight.

14 (B) Mobile office trailers, mobile oil field
15 laboratories, and mobile oil field bunkhouses are not designed
16 as dwellings, but are classified as commercial semitrailers and
17 must be registered and titled as commercial semitrailers if
18 operated on the public streets and highways.

19 (C) House trailer-type vehicles and camper
20 trailers must meet the following criteria in order to be titled.

21 (i) A house trailer-type vehicle that is
22 less than eight feet six inches in width or less than 45 feet in
23 length is classified as a travel trailer and shall be registered

1 and titled.

2 (ii) A camper trailer shall be titled as a
3 house trailer and shall be registered with travel trailer
4 license plates.

5 (iii) A recreational park model type trailer
6 that is primarily designed as temporary living quarters for
7 recreational, camping or seasonal use, is built on a single
8 chassis, and is 400 square feet or less when measured at the
9 largest horizontal projection when in the set up mode shall be
10 titled as a house trailer and may be issued travel trailer
11 license plates.

12 (5) Assembled vehicles.

13 [~~(A) An assembled vehicle is a vehicle assembled~~
14 ~~from the three basic component parts (motor, frame, and body),~~
15 ~~except that a motorcycle must have a frame and motor, and a~~
16 ~~trailer or travel trailer will have no motor, and that is:]~~

17 [~~(i) assembled from new or used materials~~
18 ~~and parts by someone not regulated as a motor vehicle~~
19 ~~manufacturer:]~~

20 [~~(ii) altered or modified to the extent that~~
21 ~~it no longer reflects the original manufacturer's configuration;~~
22 ~~or]~~

23 [~~(iii) assembled from a kit even if a~~

1 ~~Manufacturer's Certificate of Origin or Manufacturer's Statement~~
2 ~~of Origin is provided.]~~

3 (A) [~~(B)~~] An [~~A newly~~] assembled vehicle [~~, for~~
4 ~~which a title has never been issued in this jurisdiction or any~~
5 ~~other,~~] may be titled if:

6 [~~(i) it is assembled and completed with a~~
7 ~~body, motor, and frame, except that a motorcycle must have a~~
8 ~~frame and motor, and a trailer or travel trailer will have no~~
9 ~~motor;~~]

10 (i) [~~(ii)~~] it is not created from different
11 vehicle classes [~~, (as established by the Federal Highway~~
12 ~~Administration, except as provided by subparagraph (C) of this~~
13 ~~paragraph),~~] that were never engineered or manufactured to be
14 combined with one another;

15 (ii) [~~(iii)~~] it consists of [~~has~~] all
16 safety vehicle equipment [~~components~~] required by Transportation
17 Code, Chapter 547, and rules adopted by the Texas Department of
18 Public Safety under that chapter, [~~federal law~~] during the year
19 of assembly, unless the vehicle qualifies and is registered as a
20 custom vehicle or street rod in accordance with Transportation
21 Code, §504.501;

22 (iii) it is affixed with a body that meets
23 an established vehicle style (VST) as defined by the National

1 Crime Information Center (NCIC);

2 (iv) it passes a compulsory inspection
3 required by Transportation Code, Chapter 548, unless the vehicle
4 is exempt under §548.502;

5 (v) the applicant submits detailed
6 information, on a department form, related to the construction
7 or reconstruction of the assembled vehicle and information on
8 where component parts were obtained;

9 ~~[(iv) it is not a vehicle described by~~
10 ~~paragraph (6) of this section;]~~

11 ~~[(v) for a vehicle assembled with a body,~~
12 ~~motor, and frame, the applicant provides proof, on a form~~
13 ~~prescribed by the department, of a safety inspection performed~~
14 ~~by an Automotive Service Excellence (ASE) technician with valid~~
15 ~~certification as a Certified Master Automobile and Light Truck~~
16 ~~Technician, certifying that the vehicle:]~~

17 ~~[(I) is structurally stable;]~~

18 ~~[(II) meets the necessary conditions to~~
19 ~~be operated safely on the roadway; and]~~

20 ~~[(III) is equipped and operational with~~
21 ~~all equipment required by statute or rule as a condition of sale~~
22 ~~during the year the vehicle was assembled unless it is being~~
23 ~~inspected pursuant to Subchapter G of this chapter;]~~

1 (vi) [~~for a vehicle assembled with a body,~~
2 ~~motor, and frame,~~] the applicant submits proof of a law
3 enforcement identification number inspection [~~a copy of the~~
4 ~~Certified Master Automobile and Light Truck Technician's ASE~~
5 ~~certification~~];

6 (vii) the applicant submits proof of
7 installation of a department assigned number if the department
8 determines assignment of a number is required or when the law
9 enforcement inspection is unable to determine an original
10 manufacturer's identification number; [~~a Rebuilt Vehicle~~
11 ~~Statement; and~~]

12 (viii) the applicant submits photographs of
13 the front, side, and rear of the vehicle; [~~the following to~~
14 ~~establish the vehicle's vehicle identification number:~~]

15 [~~(I) an Application for Assigned or~~
16 ~~Reassigned Number, and Notice of Assigned Number or Installation~~
17 ~~of Reassigned Vehicle Identification Number, on forms prescribed~~
18 ~~by the department; or~~]

19 [~~(II) acceptable proof, as established~~
20 ~~by the department, of a vehicle determines assignment of a~~
21 ~~number is required or when the law enforcement inspection is~~
22 ~~unable to determine an original manufacturer's identification~~
23 ~~number assigned by the manufacturer of the component part by~~

1 ~~which the vehicle will be identified.]~~

2 (ix) the applicant submits evidence of
3 ownership for the motor, body, and frame; and

4 (x) it is not a vehicle described by
5 paragraph (6) of this section.

6 (B) [(C)] Component parts from the following
7 vehicle classes may be interchanged with one another or used in
8 the creation of an assembled vehicle:

9 (i) 2-axle, 4-tire passenger cars;

10 (ii) 2-axle, 4 tire pickups, panels and
11 vans;

12 (iii) 6-tire dually pickups, of which the
13 rear tires are dual tires.

14 ~~[(D) The ASE inspection for a newly assembled~~
15 ~~vehicle required under subparagraph (B) of this paragraph is in~~
16 ~~addition to the inspection required by Transportation Code,~~
17 ~~Chapter 548, except a vehicle that qualifies and is registered~~
18 ~~as a custom vehicle or street rod in accordance with~~
19 ~~Transportation Code, §504.501, is exempt from the inspection~~
20 ~~required under Transportation Code, Chapter 548, for the~~
21 ~~duration the vehicle is registered as such.]~~

22 ~~[(E) An assembled vehicle which has previously~~
23 ~~been titled and/or registered in this or any other jurisdiction~~

1 ~~is subject to subparagraph (B)(i) — (iv) of this paragraph, but~~
2 ~~is not subject to subparagraph (B)(v) — (viii); however, it is~~
3 ~~subject to the inspection required by Transportation Code,~~
4 ~~Chapter 548, except a vehicle that qualifies and is registered~~
5 ~~as a custom vehicle or street rod in accordance with~~
6 ~~Transportation Code, §504.501.]~~

7 (C) [~~F~~] An assembled vehicle defined in
8 §217.2(4)(D) of this title (relating to Definitions) will be
9 titled using the year it was assembled as the model year and
10 "ASSEMBLED" or "ASVE" as the make of the vehicle [~~unless the~~
11 ~~body of the vehicle is established to the department's~~
12 ~~satisfaction to be an original body from a particular year and~~
13 ~~make]. An assembled vehicle under §217.2(4)(A)-(C) of this
14 title, [~~utilizing an original body~~] may be titled by the year
15 and the make of the original body, but must reflect a
16 "RECONSTRUCTED" remark. An assembled vehicle under §217.2(4)(E)
17 of this title [~~not utilizing an original body~~] may obtain a
18 title with a "REPLICA" remark featuring the year and make of the
19 replica if the vehicle resembles a prior model year vehicle.
20 This subparagraph applies regardless of how the vehicle's model
21 year or make was previously identified in this or any other
22 jurisdiction.~~

23 (D) An assembled vehicle may not be registered

1 unless the applicant provides proof of financial responsibility
2 to the department or county tax-assessor collector according to
3 Transportation Code, Chapter 601. An insurance policy, bond, or
4 deposit that complies with Chapter 601 must provide the year,
5 make, model, and vehicle identification number (VIN) of the
6 vehicle, as it is entered in the department's registration and
7 title system in compliance with subparagraph (C) of this
8 paragraph. Any difference between the proof of financial
9 responsibility presented and how the vehicle is titled by the
10 department will result in denial of registration.

11 (E) An assembled vehicle previously titled in
12 another jurisdiction must satisfy the requirements of
13 subparagraph (A), except clause (v) of that subparagraph.

14 (F) Proof of meeting the requirements of
15 subparagraph (A) of this paragraph must be submitted to the
16 department for approval prior to application for title being
17 submitted to a county tax assessor-collector's office. Proof of
18 approval is required to be submitted to the county tax assessor-
19 collector with application for title.

20 (6) Not Eligible for Title. The following are not
21 eligible for a Texas title regardless of the vehicle's previous
22 title and/or registration in this or any other jurisdiction:

23 (A) vehicles that are missing or [~~are~~] stripped

1 of their [~~motor, frame, or~~] body, to the extent that it
2 materially alters the manufacturer's original design [or makes
3 the vehicle unsafe for on-road operation as determined by the
4 department];

5 (B) assembled vehicles [~~designed or determined by~~
6 ~~the department to be a dune buggy~~] that do not comply with
7 Transportation Code, Chapters 547 and 548;

8 (C) vehicles titled in another jurisdiction under
9 "not for resale" or a similar provision [~~designed or determined~~
10 ~~by the department to be for on-track racing, unless such~~
11 ~~vehicles meet Federal Motor Vehicle Safety Standards (FMVSS) for~~
12 ~~on-road use and are reported to the National Highway Traffic~~
13 ~~Safety Administration~~];

14 (D) vehicles not intended [~~designed or determined~~
15 ~~by the department to be~~] for on-road [~~off-road~~] use [~~only~~], as
16 designated by the original manufacturer, unless specifically
17 defined as a [~~"]~~motor vehicle[~~"]~~ under [~~in~~] Transportation Code,
18 Chapter 501, regardless of whether the vehicle has been modified
19 for on-road use; or

20 (E) vehicles assembled, built, constructed,
21 rebuilt, or reconstructed in any manner with:

22 (i) a body or frame from a vehicle which is
23 a "nonrepairable motor vehicle" as that term is defined in

1 Transportation Code, §501.091(9); or

2 (ii) a motor or engine from a vehicle which
3 is flood damaged, water damaged, or any other term which may
4 reasonably establish the vehicle from which the motor or engine
5 was obtained is a loss due to a water related event[-] ; or

6 (F) a vehicle, constructed from a new frame and
7 new body, by someone not regulated as a motor vehicle
8 manufacturer.

9 (7) A person who modifies a motor vehicle to the
10 extent the motor vehicle is an assembled motor vehicle shall
11 comply with paragraph (5) of this section.

Date: August 16, 2018
Action Requested: APPROVAL

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Jeremiah Kuntz, Director, Vehicle Titles and Registration Division
Agenda Item: 10
Subject: Proposal of Rules under Title 43, Texas Administrative Code
Chapter 217, Vehicle Titles and Registration
New, Subchapter K
(Relating to accepting electronic signatures on secure documents)

RECOMMENDATION

Approval to publish the proposed new subchapter in the *Texas Register* for public comment.

PURPOSE AND EXECUTIVE SUMMARY

The purpose of the proposed new subchapter is to implement Senate Bill 1062, 85th Legislature, Regular Session, 2017, regarding process to accept electronic signatures on secure documents. that have been electronically signed through a system not controlled by the department. The proposed new subchapter establishes that process for electronic signatures on secure documents and non-secure documents.

FINANCIAL IMPACT

There will be no fiscal implications related to the proposed new subchapter.

BACKGROUND AND DISCUSSION

The proposed new subchapter, Electronic Signatures, adds:

- §217.301, Purpose and Scope - establishes that the new rules prescribe the policies and procedures for the acceptance of electronic signatures on secure documents and the use and acceptance of electronic signatures on non-secure documents.
- §217.302, Definitions - defines key terms used in the proposed new subchapter, including department, electronic signature, secure document, and webDEALER.
- §217.303, Process for Accepting Electronic Signatures - authorizes persons to use electronic signatures for records submitted to the department if the requirements of the subchapter are met; clarifies electronic signatures may not be used for any purpose other than the purpose indicated by the signer on the document; electronic signatures must be linked to their respective electronic records and match the signer's printed name; provides that the department does not certify or approve an electronic signature process or vendor; provides that a secure document with an electronic signature may only be submitted through webDEALER; requires a TAC to accept a secure document with an electronic signature submitted in compliance with the subchapter; provides that a non-secure document with an electronic signature may be submitted electronically through webDEALER or physically, requires a TAC to accept a secure document with an electronic signature submitted in compliance with the subchapter; requires a system used to electronically sign documents to capture and retain the signer's name, the date, and the electronic signature; requires an electronic signature physically printed or affixed on a document to indicate it is an electronic signature; requires that the electronic signature system verify the identity of the user and that the access be secure and utilize unique credentials for each user; establishes a retention period; requires information to be provided to the department on request; and exempts an electronic signature captured by physical means.

1 Proposed Preamble

2 The Texas Department of Motor Vehicles (department) proposes new
3 Chapter 217, Vehicle Titles and Registration, Subchapter K,
4 Electronic Signatures, §217.301, Purpose and Scope; §217.302,
5 Definitions; and §217.303, Process for Accepting Electronic
6 Signatures.

7

8 EXPLANATION OF PROPOSED NEW SUBCHAPTER

9 Senate Bill 1062, 85th Legislature, Regular Session, 2017,
10 amended Transportation Code, §501.174, directing the department
11 by rule to establish a process to accept electronic signatures
12 on secure documents that have been electronically signed through
13 a system not controlled by the department. The proposed new
14 subchapter establishes that process for electronic signatures on
15 secure documents and non-secure documents.

16

17 Proposed new §217.301, Purpose and Scope, establishes that the
18 new rules prescribe the policies and procedures for the
19 acceptance of electronic signatures on secure documents and the
20 use and acceptance of electronic signatures on non-secure
21 documents.

22

23 Proposed new §217.302, Definitions, defines key terms used in

1 the proposed new subchapter, including department, electronic
2 signature, secure document, and webDEALER. Electronic signature
3 is defined by reference to Transportation Code, §501.172; secure
4 document is defined as a document that incorporates features
5 that can be used to identify and authenticate a document as
6 original, printed by a secure printing process, and provided by
7 the department or an equivalent department in another
8 jurisdiction; and webDEALER is defined by reference to §217.71
9 of this title (relating to Automated and Web-Based Vehicle
10 Registration and Title Systems).

11
12 Proposed new §217.303, Process for Accepting Electronic
13 Signatures, authorizes persons to use electronic signatures for
14 records submitted to the department if the requirements of the
15 subchapter are met. New §217.303(b) clarifies that electronic
16 signatures may not be used for any purpose other than the
17 purpose indicated by the signer on the document and that the
18 electronic signatures must be linked to their respective
19 electronic records and match the signer's printed name.

20
21 New §217.303(c) provides that the department does not certify or
22 approve an electronic signature process or vendor. An entity
23 offering an electronic signature process assumes responsibility

1 for the accuracy of the signature.

2

3 New §217.303(d) provides that a secure document with an
4 electronic signature may only be submitted through webDEALER and
5 requires a county tax assessor-collector to accept a secure
6 document with an electronic signature submitted in compliance
7 with the subchapter.

8

9 New §217.303(e) provides that a non-secure document with an
10 electronic signature may be submitted electronically through
11 webDEALER or physically, and requires a county tax assessor-
12 collector to accept a secure document with an electronic
13 signature submitted in compliance with the subchapter.

14

15 New §217.303(f) requires a system used to electronically sign
16 documents to capture and retain the signer's name, the date, and
17 the electronic signature. New §217.303(g) requires an
18 electronic signature physically printed or affixed on a document
19 to indicate it is an electronic signature. New §217.303(h)
20 requires that the electronic signature system verify the
21 identity of the user and that the access be secure and utilize
22 unique credentials for each user. This new subsection also
23 establishes a retention period for information captured by an

1 electronic signature system and requires that the information
2 retained be provided to the department on request.

3

4 New §217.303(i) exempts an electronic signature captured by
5 physical means, such as a stylus, pen pad, or mouse, from the
6 requirements of §217.303(h) if the signer presents a current
7 photo identification described by §217.5(d) of this title
8 (relating to Evidence of Motor Vehicle Ownership); the identity
9 of the signer is verified in person by the holder of a general
10 distinguishing number issued under Transportation Code, Chapter
11 503, or Occupations Code, Chapter 2301; and the photo
12 identification is retained in accordance with §217.5(d).

13

14 FISCAL NOTE

15 Linda M. Flores, Chief Financial Officer, has determined that
16 for each of the first five years the new subchapter as proposed
17 is in effect, there will be no fiscal implications for state or
18 local governments as a result of enforcing or administering the
19 proposed new subchapter.

20

21 Jeremiah Kuntz, Director of the Vehicle Titles and Registration,
22 has determined that there will be no significant impact on local
23 economies or overall employment as a result of enforcing or

1 administering the proposed new subchapter.

2

3 PUBLIC BENEFIT AND COST

4 Mr. Kuntz has also determined that for each year of the first
5 five years the new subchapter is in effect, the public benefit
6 anticipated as a result of enforcing or administering the new
7 subchapter will be increased efficiency, convenience, and
8 security in the submission of title applications and other
9 documents to the county tax assessor-collector and the
10 department. There are no anticipated economic costs for persons
11 required to comply with the proposed new subchapter as the use
12 of electronic signatures is optional. There will be no adverse
13 economic effect on small businesses, micro-businesses, or rural
14 communities.

15

16 TAKINGS IMPACT ASSESSMENT

17 The department has determined that this proposal affects no
18 private real property interests and that this proposal does not
19 restrict or limit an owner's right to property that would
20 otherwise exist in the absence of government action, and so does
21 not constitute a taking or require a takings impact assessment
22 under Government Code, §2007.043.

23

1 GOVERNMENT GROWTH IMPACT STATEMENT

2 The department has determined that during the first five years
3 the proposed new subchapter is in effect, no government program
4 would be created or eliminated. Implementation of the proposed
5 new subchapter would not require the creation of new employee
6 positions or elimination of existing employee positions.

7 Implementation would not require an increase or decrease in
8 future legislative appropriations to the department or an
9 increase or decrease of fees paid to the department.

10 Additionally, the proposed new subchapter does not create a new
11 regulation, or expand, limit, or repeal an existing regulation -
12 it authorizes an additional method by which certain documents
13 may be signed and submitted to county tax assessor-collectors
14 and the department. The proposed new subchapter does not affect
15 the number of individuals subject to the rule's applicability
16 and will not affect this state's economy.

17

18 SUBMITTAL OF COMMENTS

19 Written comments on the proposed new subchapter may be submitted
20 to David D. Duncan, General Counsel, Texas Department of Motor
21 Vehicles, 4000 Jackson Avenue, Austin, Texas 78731 or by email
22 to rules@txdmv.gov. The deadline for receipt of comments is
23 5:00 p.m. on _____.

1 STATUTORY AUTHORITY

2 The new subchapter is proposed under Transportation Code,
3 §1002.001, which provides the board of the Texas Department of
4 Motor Vehicles with the authority to adopt rules that are
5 necessary and appropriate to implement the powers and the duties
6 of the department; and more specifically, Transportation Code,
7 §501.174, and Business and Commerce Code, §322.017.

8

9 CROSS REFERENCE TO STATUTE

10 Transportation Code, Chapter 501.

DRAFT

1 SUBCHAPTER K. ELECTRONIC SIGNATURES

2 §217.301. Purpose and Scope.

3 Transportation Code, §501.174, requires the department to
4 establish a process to accept electronic signatures on secure
5 documents that have been electronically signed through a system
6 not controlled by the department. 1 T.A.C. §203.20 requires
7 state government agencies that send and accept electronic
8 records and electronic signatures to and from other persons and
9 to state agencies that otherwise create, generate, communicate,
10 store, process, use, and rely upon electronic records and
11 electronic signatures to comply with Guidelines for the
12 Management of Electronic Transactions and Signed Records. This
13 subchapter prescribes the policies and procedures for the
14 acceptance of electronic signatures on secure documents and the
15 use and acceptance of electronic signatures on non-secure
16 documents.

17
18 §217.302. Definitions.

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

22 (1) Department -- The Texas Department of Motor
23 Vehicles.

1 (2) Electronic signature -- An electronic signature as
2 defined in Transportation Code, §501.172.

3 (3) Secure document -- A document that incorporates
4 features that can be used to identify and authenticate a
5 document as original, printed by a secure printing process, and
6 provided by the department or issued by an equivalent department
7 in another jurisdiction.

8 (4) webDEALER -- The department's web-based titling
9 and registration system as defined in §217.71 of this title
10 (relating to Automated and Web-Based Vehicle Registration and
11 Title Systems).

12

13 §217.303. Process for Accepting Electronic Signatures.

14 (a) For records submitted to the department, persons may
15 use electronic signatures in lieu of traditional signatures, as
16 authorized by this subchapter, provided the requirements of this
17 subchapter are met.

18 (b) Electronic signatures may not be used for any purpose
19 other than the purpose indicated by the signer on the document,
20 and:

21 (1) shall be linked to their respective electronic
22 records to ensure that the signatures cannot be excised, copied,
23 or otherwise transferred; and

1 (2) must match the signer's printed name on the form
2 or application on which the signature is affixed.

3 (c) The department does not certify or approve an
4 electronic signature process or vendor. An entity offering an
5 electronic signature process under this subchapter assumes all
6 responsibility for the accuracy of that signature.

7 (d) A secure document with an electronic signature may only
8 be submitted to the county or department through webDEALER. A
9 secure document with an electronic signature will not be
10 accepted unless submitted through webDEALER. A secure document
11 with an electronic signature submitted in compliance with this
12 subchapter must be accepted by the county tax assessor-
13 collector.

14 (e) A non-secure document with an electronic signature may
15 be submitted to a county tax assessor-collector or the
16 department electronically through webDEALER or physically if the
17 electronic signature is printed on the document. A non-secure
18 document with an electronic signature submitted in compliance
19 with this subchapter must be accepted by the county tax
20 assessor-collector.

21 (f) A system used to electronically sign documents,
22 regardless of how the documents are submitted, must capture and
23 retain the:

1 (1) name of the signer;

2 (2) date; and

3 (3) electronic signature of the signer.

4 (g) An electronic signature physically printed or
5 electronically affixed on any document submitted to the
6 department or a county must indicate the signature is an
7 electronic signature.

8 (h) Unless exempted from this requirement by subsection (i)
9 of this section, a system used by a person to apply or capture
10 an electronic signature or electronically sign a document must
11 verify the identity of the user accessing the system to execute
12 the document with an electronic signature. Access to the system
13 must be secure and utilize unique credentials for each user.
14 The system must:

15 (1) be securely maintained;

16 (2) capture and retain the user information by
17 providing the Internet Protocol address of the signer;

18 (3) indicate the area(s) electronically signed on any
19 document; and

20 (4) retain all information provided to the system for
21 a period of five years. This information must be made available
22 to the department upon request.

23 (i) An electronic signature captured using a stylus, pen

1 pad, mouse, or other physical means, is exempt from subsection
2 (h) of this section and meets the requirements of this
3 subchapter if the signer presents a current photo identification
4 described by §217.5(d) of this title (relating to Evidence of
5 Motor Vehicle Ownership); the identity of the signer is verified
6 in person by a person who holds a general distinguishing number
7 issued under Transportation Code, Chapter 503, or Occupations
8 Code, Chapter 2301; and the photo identification presented is
9 retained in accordance with §217.5(d).

DRAFT

Date: August 16, 2018
Action Requested: APPROVAL

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Jimmy Archer, Director, Motor Carrier Division
Agenda Item: 11
Subject: Proposal of Rule under Title 43, Texas Administrative Code, Chapter 217, Vehicle Titles and Registration Amendments, §217.56
(Relating to adopting by reference the 1/1/18 and 1/1/19 editions of the International Registration Plan (IRP), addressing the display of an electronic image of a registration credential, and cleaning up rule language)

RECOMMENDATION

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

PURPOSE AND EXECUTIVE SUMMARY

The purpose of the proposed amendments is to:

- 1) incorporate by reference the January 1, 2018, and the January 1, 2019, editions of the IRP;
- 2) clarify the scope and applicability of the language regarding the display of an electronic image of a registration credential (cab card) on a wireless communication device or other electronic device (device); and
- 3) clean up the rule language.

FINANCIAL IMPACT

There will be no fiscal implications related to the proposed amendments.

BACKGROUND AND DISCUSSION

Texas is bound by the IRP, which is a registration reciprocity agreement between the 48 contiguous states, the District of Columbia, and the Canadian provinces. The IRP was updated on January 1, 2018, to add a decision of the IRP Dispute Resolution Committee to an appendix to the IRP. The IRP will be updated on January 1, 2019, to incorporate the amendments from IRP Ballot No. 412 (Ballot 412).

Ballot 412 gives the registrant the option to display an electronic image of its cab card, in addition to the current authority to display a paper original or paper copy of the cab card, to a peace officer upon request. Ballot 412 also clarifies that member jurisdictions are authorized to issue the cab card as an electronic image. See attached Ballot 412.

Section 217.56 should incorporate the latest edition of the IRP because it contains language regarding the nature and requirements of apportioned vehicle registration. Section 217.56 should also clarify the scope and applicability of Ballot 412. For example, when a peace officer is relying on voluntary consent as the authority for the search, Ballot 412 does not impact the registrant's authority to either consent to the officer's request or to decline the officer's request to search all or parts of the registrant's device.

Amendments are also proposed to §217.56 to make the language consistent with the following:

- 1) other department rules, including rules regarding the display of an electronic image of an oversize or overweight permit and an insurance cab card for a motor carrier;

- 2) Transportation Code, Chapter 502; and
- 3) the attached resolution of the board of the Texas Department of Motor Vehicles, which delegated the following to the department's executive director or her designee: final order authority regarding the assessment of additional registration fees, the cancellation of registration, or the revocation of registration.

1 Proposed Preamble

2 The Texas Department of Motor Vehicles (department) proposes
3 amendments to Chapter 217, Vehicle Titles and Registration,
4 Subchapter B, Motor Vehicle Registration, §217.56, Registration
5 Reciprocity Agreements.

6

7 EXPLANATION OF PROPOSED AMENDMENTS

8 An amendment incorporates by reference the January 1, 2018, and
9 the January 1, 2019, editions of the International Registration
10 Plan (IRP). The IRP was updated on January 1, 2018, to add a
11 decision of the IRP Dispute Resolution Committee to Appendix E
12 of the IRP. The IRP will be updated on January 1, 2019, to
13 incorporate the amendments from IRP Ballot Number 412 -
14 Electronic Image of Cab Card (Ballot 412), which allows the
15 registrant to display an electronic image of the cab card, which
16 is a vehicle registration credential.

17

18 Texas is bound by the IRP, which is a vehicle registration
19 reciprocity agreement between the 48 contiguous states, the
20 District of Columbia, and the Canadian provinces. Section 217.56
21 should incorporate the latest edition of the IRP because it
22 contains language regarding the nature and requirements of
23 apportioned vehicle registration.

1 Amendments to §217.56 are also proposed to clarify the scope and
2 applicability of the IRP language regarding the display of an
3 electronic image of a cab card. The IRP is a registration
4 reciprocity agreement that does not have the authority to: 1)
5 force a registrant to voluntarily consent to a peace officer's
6 request or any other person's request to search the contents of
7 the registrant's wireless communication device or other
8 electronic device (device); 2) override a peace officer's
9 authority, if any, to search the contents of the registrant's
10 device; 3) override any other authority to search the contents
11 of the registrant's device, such as a valid court order; or 4)
12 override the rules and procedures that apply in courts of law or
13 administrative tribunals.

14
15 When the member jurisdictions voted on Ballot 412, the votes
16 didn't authorize the IRP to: 1) amend the Fourth Amendment to
17 the United States Constitution or Article I, §9 of the Texas
18 Constitution regarding searches and seizures; 2) overrule case
19 law interpreting the Fourth Amendment to the United States
20 Constitution or Article I, §9 of the Texas Constitution; or 3)
21 amend or enact laws or rules for the member jurisdictions, such
22 as laws or rules regarding court procedures or court orders. The
23 United States Constitution, and the constitution and laws of

1 each member jurisdiction do not give these powers to the IRP or
2 to the member jurisdictions of the IRP when voting on IRP
3 ballots. Even if the member jurisdictions had these powers when
4 voting on Ballot 412, it was not their intent to amend or change
5 constitutions, laws, or case law regarding the issues listed
6 above.

7
8 Ballot 412 gives the registrant the choice of presenting a paper
9 original, a legible paper copy, or a legible electronic image of
10 its cab card to a peace officer upon request. The amendment was
11 intended to give the registrant the choice to use modern
12 technology to present its cab card to a peace officer. Ballot
13 412 was not intended to constitute the registrant's voluntary
14 consent to authorize a peace officer or any other person to
15 search the contents of the registrant's device. When a peace
16 officer is relying on voluntary consent as the authority for the
17 search, Ballot 412 does not impact the registrant's authority to
18 either consent to the officer's request or to decline the
19 officer's request to search all or parts of the registrant's
20 device.

21
22 The IRP website includes a webpage regarding the implementation
23 of Ballot 412. The webpage includes draft language for member

1 jurisdictions to use to make it clear that the ballot language
2 does not constitute voluntary consent for a peace officer to
3 view the contents of the registrant's device.

4 See <https://www.irponline.org/page/ECBallotImplement>

5
6 When a peace officer is relying on authority other than
7 voluntary consent for the search, Ballot 412 does not impact
8 such authority, if any, to search the contents of the
9 registrant's device. This authority, if any, may exist
10 regardless of whether the registrant chooses to display an
11 electronic image of the registrant's cab card or chooses to
12 display a paper copy of the cab card. At the annual IRP meeting
13 in May of 2018, the member jurisdictions discussed the
14 implementation of Ballot 412 during the presentation of an
15 agenda item titled Implementation of Electronic Cab Card Ballot.
16 Part of the discussion focused on the fact that the ballot
17 language does not impact any authority that a peace officer
18 might have to search the contents of the registrant's device.

19
20 Also, Ballot 412 was not intended to override any rules
21 regarding the form of evidence that is required or used in
22 connection with a hearing, trial, or discovery proceeding in a
23 court or administrative tribunal. A proposed amendment to

1 §217.56 clarifies that the language does not impact any
2 requirements to provide a paper copy of the cab card in a
3 proceeding before the Texas State Office of Administrative
4 Hearings or a court of competent jurisdiction.

5
6 If the language in an IRP ballot expressly conflicts with a
7 member jurisdiction's statute, the member jurisdiction's
8 legislature may need to amend the statute to be consistent with
9 the IRP. For example, if a Texas statute required the registrant
10 to provide a peace officer with the original paper cab card or a
11 paper copy of the cab card, such a statute would expressly
12 conflict with the language in Ballot 412, which authorizes the
13 registrant to provide an electronic image of the cab card.

14
15 The language in Ballot 412 does not expressly conflict with any
16 Texas statutes. Also, the proposed amendments are consistent
17 with the department's rules regarding the electronic display of
18 an oversize or overweight permit and an insurance cab card for a
19 motor carrier. The proposed amendments are also consistent with
20 Transportation Code, §601.053(d) and (e) regarding the
21 electronic display of insurance information on a wireless
22 communication device.

23

1 Amendments are also proposed to make the language consistent
2 with the following: 1) other rules in Chapter 217; 2)
3 Transportation Code, Chapter 502; and 3) a resolution of the
4 board of the Texas Department of Motor Vehicles (board) dated
5 December 3, 2009, in which the board delegated the following to
6 the department's executive director or her designee: the final
7 order authority in contested cases involving the assessment of
8 additional registration fees, the cancellation of registration,
9 or the revocation of registration after an audit of the
10 registrant's operational records.

11

12 FISCAL NOTE

13 Linda M. Flores, Chief Financial Officer, has determined that
14 for each of the first five years the amendments as proposed are
15 in effect, there will be no fiscal implications for state or
16 local governments as a result of enforcing or administering the
17 proposed amendments.

18

19 Jimmy Archer, Director of the Motor Carrier Division, has
20 determined that there will be no impact on local economies or
21 overall employment as a result of enforcing or administering the
22 proposed amendments.

23

1 PUBLIC BENEFIT AND COST

2 Mr. Archer has also determined that for each year of the first
3 five years the amendments are in effect, the public benefit
4 anticipated as a result of enforcing or administering the
5 amendments will be: 1) clarity regarding the scope and
6 applicability of the language regarding the display of an
7 electronic image of a cab card; and 2) consistency between
8 §217.56 and the following: a) the IRP; b) the department's other
9 administrative rules; c) Transportation Code, Chapter 502; and
10 d) a resolution of the board dated December 3, 2009. There are
11 no anticipated economic costs for persons required to comply
12 with the proposed amendments. There will be no adverse economic
13 effect on small businesses, micro-businesses, or rural
14 communities.

15
16 TAKINGS IMPACT ASSESSMENT

17 The department has determined that this proposal does not affect
18 any private real property interests and does not restrict or
19 limit an owner's right to property that would otherwise exist in
20 the absence of government action, and so does not constitute a
21 taking or require a takings impact assessment under Government
22 Code, §2007.043.

23

1 GOVERNMENT GROWTH IMPACT STATEMENT

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

14

15 SUBMITTAL OF COMMENTS

16 Written comments on the proposed amendments may be submitted to
17 David D. Duncan, General Counsel, Texas Department of Motor
18 Vehicles, 4000 Jackson Avenue, Austin, Texas 78731 or by email
19 to *rules@txdmv.gov*. The deadline for receipt of comments is 5:00
20 p.m. on _____.

21

22 STATUTORY AUTHORITY

23 The amendments are proposed under Transportation Code,

1 §1002.001, which authorizes the board to adopt rules that are
2 necessary and appropriate to implement the powers and the duties
3 of the department; Government Code, §2001.004(1), which requires
4 state agencies to adopt rules of practice that state the nature
5 and requirements of all available formal and informal
6 procedures; and more specifically, Transportation Code
7 §502.0021, which authorizes the department to adopt rules to
8 administer Transportation Code, 502; and Transportation Code,
9 §502.091(b), which authorizes the department to adopt rules to
10 carry out the IRP.

11

12 CROSS REFERENCE TO STATUTE

13 Transportation Code, §502.091.

1 SUBCHAPTER B. MOTOR VEHICLE REGISTRATION

2 §217.56. Registration Reciprocity Agreements.

3 (a) Purpose. To promote and encourage the fullest possible
4 use of the highway system and contribute to the economic
5 development and growth of the State of Texas and its residents,
6 the department is authorized by Transportation Code, §502.091 to
7 enter into agreements with duly authorized officials of other
8 jurisdictions, including any state of the United States, the
9 District of Columbia, a foreign country, a state or province of
10 a foreign country, or a territory or possession of either the
11 United States or of a foreign country, and to provide for the
12 registration of vehicles by Texas residents and nonresidents on
13 an allocation or distance apportionment basis, and to grant
14 exemptions from the payment of registration fees by nonresidents
15 if the grants are reciprocal to Texas residents.

16 (b) Definitions. The following words and terms, when used
17 in this section, shall have the following meanings, unless the
18 context clearly indicates otherwise:

19 (1) Cab card--The apportioned vehicle registration
20 receipt that contains, but is not limited to, the vehicle
21 description and the registered weight at which the vehicle may
22 operate in each jurisdiction.

23 (2) Department--The Texas Department of Motor

1 Vehicles.

2 (3) Director--The director of the Motor Carrier
3 Division, Texas Department of Motor Vehicles.

4 (4) Executive director--The chief executive officer of
5 the department.

6 (5) Regional Service Center--A department office which
7 provides specific services to the public, including replacement
8 titles, bonded title rejection letters, and apportioned
9 registration under the International Registration Plan (IRP).

10 (6) Temporary cab card--A temporary registration
11 permit authorized by the department that allows the operation of
12 a vehicle for 30 days subject to all rights and privileges
13 afforded to a vehicle displaying apportioned registration.

14 (c) Multilateral agreements.

15 (1) Authority. The executive director may on behalf of
16 the department enter into a multilateral agreement with the duly
17 authorized officials of two or more other jurisdictions to carry
18 out the purpose of this section.

19 (2) International Registration Plan.

20 (A) Applicability. The IRP is a registration
21 reciprocity agreement among states of the United States and
22 other jurisdictions providing for payment of registration fees
23 on the basis of fleet distance operated in various

1 jurisdictions. Its purpose is to promote and encourage the
2 fullest possible use of the highway system by authorizing
3 apportioned registration for commercial motor vehicles and
4 payment of appropriate vehicle registration fees and thus
5 contributing to the economic development and growth of the
6 member jurisdictions.

7 (B) Adoption. The department adopts by reference
8 the January 1, 2018 [~~2017~~], edition of the IRP. Effective
9 January 1, 2019, the department adopts by reference the
10 amendments to the IRP with an effective date of January 1, 2019.
11 The department also adopts by reference the January 1, 2016,
12 edition of the IRP Audit Procedures Manual. In the event of a
13 conflict between this section and the IRP or the IRP Audit
14 Procedures Manual, the IRP and the IRP Audit Procedures Manual
15 control. Copies of the documents are available for review in the
16 Motor Carrier Division, Texas Department of Motor Vehicles.
17 Copies are also available on request. The following words and
18 terms, when used in the IRP or in paragraph (2) of this
19 subsection, shall have the following meanings, unless the
20 context clearly indicates otherwise.

21 (i) Apportionable vehicle--Any vehicle -
22 except recreational vehicles, vehicles displaying restricted
23 plates, city pickup and delivery vehicles, and government-owned

1 vehicles - used or intended for use in two or more member
2 jurisdictions that allocate or proportionally register vehicles
3 and used either for the transportation of persons for hire or
4 designed, used, or maintained primarily for the transportation
5 of property and:

6 (I) is a power unit having two axles
7 and a gross vehicle weight or registered gross vehicle weight in
8 excess of 26,000 pounds (11,793.401 kilograms);

9 (II) is a power unit having three or
10 more axles, regardless of weight;

11 (III) is used in combination, when the
12 weight of such combination exceeds 26,000 pounds (11,793.401
13 kilograms) gross vehicle weight; or

14 (IV) at the option of the registrant, a
15 power unit, or the power unit in a combination of vehicles
16 having a gross vehicle weight of 26,000 pounds (11,793.401
17 kilograms) or less.

18 (ii) Commercial vehicle--A vehicle or
19 combination of vehicles designed and used for the transportation
20 of persons or property in furtherance of any commercial
21 enterprise, for hire or not for hire.

22 (iii) Erroneous issuance--Apportioned
23 registration issued based on erroneous information provided to

1 the department.

2 (iv) Established place of business--A
3 physical structure owned or leased within the state of Texas by
4 the applicant or fleet registrant and maintained in accordance
5 with the provisions of the IRP.

6 (v) Fleet distance--All distance operated by
7 an apportionable vehicle or vehicles used to calculate
8 registration fees for the various jurisdictions.

9 (C) Application.

10 (i) An applicant must submit an application
11 to the department on a form prescribed by the director, along
12 with additional documentation as required by the director.

13 (ii) Upon approval of the application, the
14 department will compute the appropriate registration fees and
15 notify the registrant.

16 (D) Fees. Upon receipt of the applicable fees in
17 the form as provided by §209.23 of this title (relating to
18 Methods of Payment), the department will issue one or two
19 license plates and a cab card for each vehicle registered.

20 (E) Display of License Plates and Cab Cards.

21 (i) The department will issue one license
22 plate for a tractor, truck-tractor [~~truck tractor~~], trailer, and
23 semitrailer. The license plate issued to a tractor or a truck-

1 tractor [~~truck-tractor~~] shall be installed on the front of the
2 tractor or truck-tractor [~~truck-tractor~~], and the license plate
3 issued for a trailer or semitrailer shall be installed on the
4 rear of the trailer or semitrailer.

5 (ii) The department will issue two license
6 plates for all other vehicles that are eligible to receive
7 license plates under the IRP. Once the department issues two
8 license plates for a vehicle listed in this clause, one plate
9 shall be installed on the front of the vehicle, and one plate
10 shall be installed on the rear of the vehicle.

11 (iii) The cab card shall be carried at all
12 times in the vehicle in accordance with the IRP. If the
13 registrant chooses to display an electronic image of the cab
14 card on a wireless communication device or other electronic
15 device, such display does not constitute consent for a peace
16 officer, or any other person, to access the contents of the
17 device other than the electronic image of the cab card.

18 (iv) The authority to display an electronic
19 image of the cab card on a wireless communication device or
20 other electronic device does not prevent the Texas State Office
21 of Administrative Hearings or a court of competent jurisdiction
22 from requiring the registrant to provide a paper copy of the cab
23 card in connection with a hearing, trial, or discovery

1 proceeding.

2 (F) Audit. An audit of the registrant's vehicle
3 operational records may be conducted by the department according
4 to the IRP provisions and the IRP Audit Procedures Manual. Upon
5 request, the registrant shall provide the operational records of
6 each vehicle for audit in unit number order, in sequence by
7 date, and including, but not limited to, a summary of distance
8 traveled by each individual vehicle on a monthly, quarterly, and
9 annual basis with distance totaled separately for each
10 jurisdiction in which the vehicle traveled.

11 (G) Assessment. The department may assess
12 additional registration fees of up to 100% of the apportionable
13 fees paid by the registrant for the registration of its fleet in
14 the registration year to which the records pertain, as
15 authorized by the IRP, if an audit conducted under subparagraph
16 (F) of this paragraph reveals that:

17 (i) the operational records indicate that
18 the vehicle did not generate interstate distance in two or more
19 member jurisdictions for the distance reporting period
20 supporting the application being audited, plus the six-month
21 period immediately following that distance reporting period;

22 (ii) the registrant failed to provide
23 complete operational records; or

1 (iii) the distance must be adjusted, and the
2 adjustment results in a shortage of registration fees due Texas
3 or any other IRP jurisdiction.

4 (H) Refunds. If an audit conducted under
5 subparagraph (F) of this paragraph reveals an overpayment of
6 fees to Texas or any other IRP jurisdiction, the department will
7 refund the overpayment of registration fees in accordance with
8 Transportation Code, §502.195 and the IRP. Any registration fees
9 refunded to a carrier for another jurisdiction will be deducted
10 from registration fees collected and transmitted to that
11 jurisdiction.

12 (I) Cancellation or revocation. The director or
13 the director's designee may cancel or revoke a registrant's
14 apportioned registration and all privileges provided by the IRP
15 as authorized by the following:

16 (i) the IRP; or

17 (ii) Transportation Code, Chapter 502.

18 (J) Enforcement of cancelled or revoked
19 registration.

20 (i) Notice. If a registrant is assessed
21 additional registration fees, as provided in subparagraph (G) of
22 this paragraph, and the additional fees are not paid by the due
23 date provided in the notice or it is determined that a

1 registrant's apportioned license plates and privileges should be
2 canceled or revoked, as provided in subparagraph (I) of this
3 paragraph, the director or the director's designee will mail a
4 notice by certified mail to the last known address of the
5 registrant. The notice will state the facts underlying the
6 assessment, cancellation, or revocation; the effective date of
7 the assessment, cancellation, or revocation; and the right of
8 the registrant to request a conference as provided in clause
9 (ii) of this subparagraph.

10 (ii) Conference. A registrant may request a
11 conference upon receipt of a notice issued as provided by clause
12 (i) of this subparagraph. The request must be made in writing to
13 the director or the director's designee within 30 days of the
14 date of the notice. If timely requested, the conference will be
15 scheduled and conducted by the director or the director's
16 designee at division headquarters in Austin and will serve to
17 abate the assessment, cancellation, or revocation unless and
18 until that assessment, cancellation, or revocation is affirmed
19 or disaffirmed by the director or the director's designee. In
20 the event matters are resolved in the registrant's favor, the
21 director or the director's designee will mail the registrant a
22 notice of withdrawal, notifying the registrant that the
23 assessment, cancellation, or revocation is withdrawn, and

1 stating the basis for that action. In the event matters are not
2 resolved in the registrant's favor, the director or the
3 director's designee will issue a ruling reaffirming the
4 department's assessment of additional registration fees or
5 cancellation or revocation of apportioned license plates and
6 privileges. The registrant has the right to appeal in accordance
7 with clause (iii) of this subparagraph.

8 (iii) Appeal. If a conference held in
9 accordance with clause (ii) of this subparagraph fails to
10 resolve matters in the registrant's favor, the registrant may
11 request an administrative hearing. The request must be in
12 writing and must be received by the director no later than the
13 20th day following the date of the ruling issued under clause
14 (ii) of this subparagraph. If requested within the designated
15 period, the hearing will be initiated by the department and will
16 be conducted in accordance with Chapter 206, Subchapter D of
17 this title (relating to Procedures in Contested Cases).
18 Assessment, cancellation, or revocation is abated unless and
19 until affirmed or disaffirmed by order of the Board of the Texas
20 Department of Motor Vehicles or its designee.

21 (K) Reinstatement.

22 (i) The director or the director's designee
23 will reinstate apportioned registration to a previously canceled

1 or revoked registrant if all applicable fees and assessments due
2 on the previously canceled or revoked apportioned account have
3 been paid and the applicant provides proof of an acceptable
4 recordkeeping system for a period of no less than 60 days.

5 (ii) The application for the following
6 registration year will be processed in accordance with the
7 provisions of the IRP.

8 (L) Denial of apportioned registration for safety
9 reasons. The department will comply with the requirements of the
10 Performance and Registration Information Systems Management
11 program (PRISM) administered by the Federal Motor Carrier Safety
12 Administration (FMCSA).

13 (i) Denial or suspension of apportioned
14 registration. Upon notification from the FMCSA that a carrier
15 has been placed out of service for safety violations, the
16 department will:

17 (I) deny initial issuance of
18 apportioned registration;

19 (II) deny authorization for a temporary
20 cab card, as provided for in subparagraph (M) of this paragraph;

21 (III) deny renewal of apportioned
22 registration; or

23 (IV) suspend current apportioned

1 registration.

2 (ii) Issuance after denial of registration
3 or reinstatement of suspended registration. The director or the
4 director's designee will reinstate or accept an initial or
5 renewal application for apportioned registration from a
6 registrant who was suspended or denied registration under clause
7 (i) of this subparagraph upon presentation of a Certificate of
8 Compliance from FMCSA, in addition to all other required
9 documentation and payment of fees.

10 (M) Temporary cab card.

11 (i) Application. The department may
12 authorize issuance of a temporary cab card to a motor carrier
13 with an established Texas apportioned account for a vehicle upon
14 proper submission of all required documentation, a completed
15 application, and all fees for either:

16 (I) Texas title as prescribed by
17 Transportation Code, Chapter 501 and Subchapter A of this
18 chapter (relating to Motor Vehicle Titles); or

19 (II) registration receipt to evidence
20 title for registration purposes only (Registration Purposes
21 Only) as provided for in Transportation Code, §501.029 and
22 §217.24 of this title (relating to Vehicle Last Registered in
23 Another Jurisdiction).

1 (ii) Title application. A registrant who is
2 applying for a Texas title as provided for in clause (i)(I) of
3 this subparagraph and is requesting authorization for a
4 temporary cab card, must submit to a Regional Service Center [~~by~~
5 ~~email, fax, overnight mail, or in person~~] a photocopy of the
6 title application receipt issued by the county tax assessor-
7 collector's office.

8 (iii) Registration Purposes Only. A
9 registrant who is applying for Registration Purposes Only under
10 clause (i)(II) of this subparagraph and is requesting
11 authorization for a temporary cab card, must submit an
12 application and all additional original documents or copies of
13 original documents required by the director to a Regional
14 Service Center [~~by email, fax, or overnight mail or in person~~].

15 (iv) Department approval. On department
16 approval of the submitted documents, the department will send
17 notice to the registrant to finalize the transaction and make
18 payment of applicable registration fees.

19 (v) Finalization and payment of fees. To
20 finalize the transaction and print the temporary cab card, the
21 registrant may compute the registration fees through the
22 department's apportioned registration software application,
23 TxIRP system, and:

1 (I) make payment of the applicable
2 registration fees to the department as provided by §209.23 of
3 this title (related to Methods of Payment); and

4 (II) afterwards, mail or deliver
5 payment of the title application fee in the form of a check,
6 certified cashier's check, or money order payable to the county
7 tax assessor-collector in the registrant's county of residency
8 and originals of all copied documents previously submitted.

9 (vi) Deadline. The original documents and
10 payment must be received by the Regional Service Center within
11 72-hours after the time that the office notified the registrant
12 of the approval to print a temporary cab card as provided in
13 clause (iv) of this subparagraph.

14 (vii) Failure to meet deadline. If the
15 registrant fails to submit the original documents and required
16 payment within the time prescribed by clause (vi) of this
17 subparagraph, the registrant's privilege to use this expedited
18 process to obtain a temporary cab card will be denied by the
19 department for a period of six months from the date of approval
20 to print the temporary cab card.

OFFICIAL AMENDMENT TO THE INTERNATIONAL REGISTRATION PLAN

Ballot Number: 412 – Electronic Image of Cab Card

Ballot Date: July 6, 2017

Ballot Expiration Date: October 4, 2017

Amendment Effective Date, If Approved: January 1, 2019

Sponsor(s): AL, ME, VA, WI

Contact Person (Name/Title/Agency/Jurisdiction/Telephone/Email):

Jay Sween

Supervisor: Motor Carrier Registration Unit

Department of Transportation / Division of Motor Vehicles

Wisconsin

P: (608) 261-2573

E: jay.sween@dot.wi.gov

Sponsor's(s') IRP voting member notified

SECTIONS TO BE AMENDED

International Registration Plan:

Article VI, Credentials – Section 600, Credentials for Apportioned Registration

SUMMARY

The intent of this ballot is to amend The Plan to allow registrants and base jurisdictions flexibility in issuing and presenting the cab card. The ballot adds language clarifying that base jurisdictions may issue in paper or as an electronic image.

The ballot adds language requiring jurisdictions to accept a paper original, legible paper copy or legible electronic image of the cab card, at the option of the registrant, regardless of the method by which the cab card was initially issued by the base jurisdiction.

AMENDMENT

(a) Upon the registration of an Apportionable Vehicle under the Plan, the Base Jurisdiction shall issue a Cab Card and a Plate for the Vehicle, and these shall be the sole registration Credentials issued for the Vehicle. The Plate shall be identified by having the word “apportioned,” “APP,” or “PRP” and the name of the Base Jurisdiction. The numbering system and color of the Plate shall be determined by the Base Jurisdiction.

(b) A Base Jurisdiction shall require that the Cab Card be carried in the Vehicle for which it is issued. A Base Jurisdiction may issue a Cab Card by in paper or as an electronic means image. Jurisdictions must accept paper originals, legible paper copies, or legible electronic images, whichever is presented by the Registrant and regardless of the method by which the Cab Card was issued by the Base Jurisdiction. ~~and may permit Registrants to use photocopies of Cab Cards. Member Jurisdictions must accept a Cab Card that has been issued in accordance with the law of the Base Jurisdiction.~~

(c) The Base Jurisdiction shall provide a means by which law enforcement can verify the validity of its Cab Cards.

(d) The Base Jurisdiction may charge an additional fee for issuing a Cab Card and Plate.

(e) When the Base Jurisdiction renews the registration of an Apportioned Vehicle, the Base Jurisdiction may, in lieu of issuing a renewal Plate, issue a renewal decal to be affixed to the Plate already issued for the Vehicle, or may, if the Base Jurisdiction requires neither renewal Plates nor renewal decals, issue only a renewal Cab Card.

(f) The Base Jurisdiction shall not issue Credentials for an Apportioned Vehicle until the Registrant has paid all Apportionable Fees due or past due.

BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES

RESOLUTION CLARIFYING CONTESTED CASE PROCESS
AND ORDER AUTHORITY

The Board of the Texas Department of Motor Vehicles finds it necessary to clarify the contested case process and order authority regarding contested cases brought before and by the Motor Vehicle Division, the Vehicle Titles and Registration Division and the Motor Carrier Division ("the divisions") pursuant to House Bill 3097, 81st Regular Session, 2009.

House Bill 3097, 81st Regular Session, 2009, Section 6.01(a) transfers all powers, duties, obligations and rights of action of the transferring divisions of the Texas Department of Transportation 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 to the Board of the Texas Department of Motor Vehicles.

IT IS THEREFORE ORDERED that:

1. the Board of the Texas Department of Motor Vehicles shall have order authority in contested cases filed on or after September 1, 2009, involving Texas Occupations Code Chapter 2301, with the exception of cases brought under Subchapter M,
2. the Executive Director of the Texas Department of Motor Vehicles or authorized delegate shall have order authority in contested cases involving the Vehicle Titles and Registration Division and the Motor Carrier Division,
3. the Director of the Motor Vehicle Division of the Texas Department of Motor Vehicles or authorized delegate shall have order authority in contested cases involving Texas Occupations Code, Subchapter M and Texas Transportation Code, Chapter 503, and
4. the Director of the Motor Vehicle Division of the Texas Department of Motor Vehicles or authorized delegate shall have order authority in all cases involving the Motor Vehicle Division filed prior to September 1, 2009; and
5. the contested case processes established by the divisions shall continue under the Texas Department of Motor Vehicles.

The department is directed to take the necessary steps to implement the actions authorized in this resolution pursuant to the requirements of the Administrative Procedure Act, Government Code, Chapter 2001.


 Victor T. Vandergriff, Chairman
 Board of Texas Department of Motor Vehicles

Order Number: _____ Date Passed: DEC 03 2009

DATE: August 16, 2018

Continued From: -
Action Requested: APPROVAL**To: Texas Department of Motor Vehicles (TxDMV) Board****From: Linda M. Flores****Agenda Item: 13.A****Subject: Amendment of the Fy2018-2019 Interagency Contract (IAC) between TxDMV and TxDOT for Camp Hubbard Building Maintenance and Improvements****RECOMMENDATION**

Approval for the Executive Director to negotiate and execute revision of the Interagency Contract (IAC) between TxDMV and the Texas Department of Transportation (TxDOT) to fund additional Headquarters (HQ) maintenance projects. Board approval of this request is contingent upon the final approval by the Legislative Budget Board (LBB) and Office of the Governor (OOG) Budget Division of the request to carryforward of \$2.2 million in unexpended balance (UB) from FY 2018 to FY2019.

PURPOSE AND EXECUTIVE SUMMARY

Request to amend the FY 2019 TxDMV/TxDOT IAC from the current one million to \$3.2 million. The additional funds (\$2.2 million) are available from 2018 unexpended balance (UB) funds. The request to carryforward the unexpended balance was submitted to oversight agencies in July 2018.

FINANCIAL IMPACT

The increase in maintenance projects funded through the TxDMV/TxDOT IAC for FY2019 requires an amendment to the current IAC which currently includes a payment not to exceed \$1 million to TxDOT for services performed on behalf of TxDMV. Table 1, shows the status of the FY2019 IAC and the impact of the additional HQ maintenance.

Table 1 - TxDMV/TxDOT IAC Status			
	Monthly Maintenance	TxDMV Share of TxDOT DCS	Total
Current IAC FY2019	\$ 940,000	\$ 60,000	\$ 1,000,000
Less:			
Monthly Maintenance/Utility Charges	\$ 456,000		\$ 456,000
Headquarters Security	\$ 110,000		\$ 110,000
TxDMV/TxDOT DCS		\$ 60,000	\$ 60,000
Available TxDMV/TxDOT IAC	\$ 374,000	\$ 0	\$ 374,000
Less:			
Estimated HQ maintenance (Table 1)	\$ 2,582,000	\$ 0	\$ 2,582,000
Surplus/Deficit	\$ (2,208,000)	\$ 0	\$ (2,208,000)

BACKGROUND AND DISCUSSION

TxDMV has executed a signed IAC with (TxDOT) every year since the agency's inception. The IAC with TxDOT outlines duties and obligations of the two agencies regarding IT functions, facilities operations and maintenance, and the division of costs for shared services between the two agencies. In August 2017, the Board granted approval for the Executive Director to negotiate and execute the agreement between TxDMV and TxDOT for the two-year period beginning September 1, 2017.

While the Executive Director has the authority to adjust this contract, TxDMV staff determined that due to the amount of the adjustment, the agency should request Board approval of the modification (Attachment 1).

The IAC modification results from identification of new maintenance projects planned for FY2019 for TxDMV headquarters developed by a joint workgroup of TxDMV/TxDOT staff. The planned maintenance projects were presented at the June 2018 TxDMV Board meeting where staff requested approval to pursue the request for carryforward authority (Attachment 2). The current contract does not contain sufficient authority to fund the proposed increase resulting in the request to amend the contract.

The funding to support the IAC increase is contingent upon approval of the request to carryforward unexpended funds from FY2018 to FY2019 by the LBB and the OOG Budget division. The request for carryforward was made to the LBB and OOG Budget Division in July 2018. It is anticipated that TxDMV will receive feedback from the LBB and OOG Budget division in the upcoming months.

Attachment 1

THE STATE OF TEXAS §

THE COUNTY OF TRAVIS §

INTERAGENCY CONTRACT FOR FISCAL YEARS 2018-2019

THIS AGREEMENT is entered into by and between the State agencies shown below under the authority granted and in compliance with the provisions of Chapter 771 of the Government Code.

I. PARTIES

TxDMV Texas Department of Motor Vehicles
TxDOT Texas Department of Transportation

II. LEGAL AUTHORITY

TxDMV and TxDOT are authorized to enter into this contract by Chapter 771, Government Code; HB 3097, 81st Leg., Regular Session, 2009 (hereafter HB 3097); and SB 1420, 82nd Leg., Regular Session, 2011 (hereafter SB 1420).

III. TERM

This contract begins September 1, 2017, and terminates at the end of August 31, 2019.

IV. MAXIMUM AMOUNT PAYABLE

The maximum amount payable by TxDMV to TxDOT under this contract shall not exceed \$3.3 million per fiscal year, unless this amount is amended as provided by Section XIV of this contract.

The maximum amount payable by TxDOT to TxDMV under this contract shall not exceed \$1 million per fiscal year, unless this amount is amended as provided by Section XIV of this contract.

V. SCOPE AND INTENT

It is the intent of the parties that this contract shall govern the provision of services and the reimbursement of actual costs.

VI. NOTICES

Official notices under this contract shall be sent by first-class mail. Advance copies may be sent by facsimile transmission or email to the appropriate project manager or point of contact. Official notices shall be directed as follows:

Notices to TxDMV:
Executive Director
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, TX 78731
(512) 465-3001 Phone
(512) 465-3004 Fax

Notices to TxDOT:
Director of Contract Services
Texas Department of Transportation
125 E. 11th Street
Austin, Texas 78701
(512) 416-4620 Phone
(512) 416-4621 Fax

VII. FUNDING

The agency that provides deliverables (performing agency) to the other agency (receiving agency) shall provide an itemized invoice to the receiving agency, except as otherwise stated in this contract.

The receiving agency shall pay the actual costs of all deliverables provided by or through the performing agency under this contract, except as stated otherwise in this contract.

The basis for calculating actual costs is set forth in Attachment A, which is incorporated by reference in this contract. Actual costs shall be invoiced no more frequently than monthly and within 90 days of the date those costs are incurred.

Neither agency shall make a profit from its participation in this contract.

VIII. FACILITIES, EQUIPMENT, AND PERSONNEL

- A. TxDMV personnel may occupy assigned TxDOT facilities and use TxDOT equipment on the same terms as TxDOT employees. For facilities where TxDOT controls access to buildings, TxDOT shall issue security badges to TxDMV employees, board members, and contractors. The badges shall associate the recipients with TxDMV and enable access to TxDOT facilities as required by TxDMV business operations. Neither agency shall have any right of access to buildings occupied exclusively by the other agency except to perform functions authorized by the contract. Either party may mutually agree on an ad hoc basis to permit the other party access for the purpose of a particular function. TxDMV shall make no alterations or additions to TxDOT facilities without prior written approval from TxDOT.

- B. TxDMV shall give TxDOT one year written notice of its intent to vacate a TxDOT facility (whether owned by or leased to TxDOT) unless agreed otherwise by the parties. TxDOT shall give TxDMV one year written notice to vacate prior to the date TxDMV is required to vacate a TxDOT facility, regardless of whether TxDOT owns or leases the facility, provided, however, that TxDOT may not require TxDMV to vacate prior to the midpoint of the following scheduled legislative session.
- C. TxDMV employees shall have access to TxDOT resources (such as Crossroads) as agreed to by both parties. Domain Admin and Supervisor Access will no longer be provided without agreement in advance by TxDMV and TxDOT. Use of either party's computer equipment by any employee of the other party shall be conditioned on that employee's execution of and adherence to an agreement stating the employee shall adhere to the providing agency's policies governing the use of their computer equipment. Each party shall take appropriate action to protect the other party's network and computer system from misuse. In the case of contradiction between TxDOT and TxDMV policies or procedures governing equipment, network or systems, TxDOT policies and procedures take precedence as it relates to TxDOT equipment, network, or systems, and TxDMV policies and procedures take precedence as it relates to TxDMV equipment, networks or systems.
- D. Because TxDOT has outsourced most of its information technology functions and has no way of capturing the labor or incremental cost of those functions, TxDOT shall have no responsibility for providing TxDMV with services that TxDOT obtains through a contractor.
- E. Wherever and whenever TxDMV employees occupy space owned or leased by TxDOT, TxDMV and its employees shall follow facility management, building maintenance, parking, and security policies, procedures, and standards established by TxDOT. Requests for deviation from these policies, procedures, and standards shall be reviewed as needed by a committee consisting of two persons appointed by TxDOT and two persons appointed by TxDMV. No deviation is permitted without TxDOT's advance written approval.
- F. In the event of a disaster affecting TxDMV headquarters, TxDOT agrees to provide additional office space to TxDMV as specified in Appendix I.
- G. During separation activities, TxDMV shall notify TxDOT of the separation of shared services and any costs anticipated as a result of the separation via TxDMV and TxDOT CAB. If TxDOT discontinues use of a shared service billed through Data Center Services (DCS) before TxDMV discontinues use of the same service, TxDMV shall pay for all DCS charges directly related to that service until DCS decommissions the service and discontinues associated billing. If TxDMV discontinues use of a shared service billed through DCS before TxDOT discontinues use of the same service, TxDOT shall pay for all DCS charges directly related to that service until DCS decommissions the service and discontinues associated billing.
- H. TxDMV and TxDOT agree to establish as soon as practicable a facility

maintenance workgroup consisting of facilities, maintenance, and purchasing staff from both agencies. The objective of the group is to develop a strategy which will allow TxDMV to assume responsibility for the maintenance of any buildings located at Camp Hubbard that are transferred to TxDMV in accordance with SB 1349, 85th Leg., Regular Session, 2017, if and when such transfer occurs. Nothing in this agreement obligates TxDOT to transfer ownership or sets any timeframes or deadlines for such transfer. TxDOT agrees to share with TxDMV through the working group all relevant information relating to the facility maintenance and upkeep, including but not limited to current maintenance or service contracts, utility locations, specifications, drawings, designs, safety information and the like.

IX. SHARING OF INFORMATION

The parties shall share information as necessary to fulfill the terms of this contract.

Each party shall promptly notify the other party of any changes that may reasonably affect the operations of the other party, and both parties shall cooperate fully in managing those changes. Each party shall promptly notify the other party of any significant changes in operations affecting obligations under this Contract and shall promptly provide the other agency with copies of any required documentation. Each party shall keep the other party informed of any significant issues relating to contemplated or pending litigation or requests for information that may affect the responsibilities of the other party.

Neither party is authorized to accept a public information request, service of a subpoena, or any other formal notice on behalf of the other party.

The parties shall cooperate fully in preparing any reports required by state or federal law.

To the extent permitted by law, each party shall treat the other party's information as confidential. As provided in the Texas Public Information Act (Tex. Government Code Ch. 552), confidential information of one party shall remain confidential despite its disclosure to the other party, and disclosure between the parties shall not act as a waiver of confidentiality.

TxDMV shall continue to provide TxDOT batch inquiry title and registration information from the Texas Motor Vehicle Title and Registration database and remote electronic access through Motor Vehicle Inquiry to the Motor Vehicle Title and Registration database without charge, as further outlined in Section XI, Services to be Provided by TxDMV.

TxDOT must use its best efforts to timely provide TxDMV with current information TxDMV needs to issue and to complete permits under Chapters 621 through 623, Transportation Code. TxDOT must use its best efforts to timely provide TxDMV with such information through direct lines of communication to enable TxDMV to timely serve the motor carrier industry. TxDOT shall continue to provide access to Crossroads resources necessary for TxDMV to map restrictions and route oversize/overweight loads (as specified further in subsection X.I., below).

TxDMV shall provide access to TxDOT to all records and reports necessary to enable

TxDOT to determine that accurate road and maintenance information is being used by TxDMV to issue permits under Chapters 621 through 623, Transportation Code.

Both parties must use best efforts to ensure that they do not introduce into the other party's electronic systems any malware, including, but not limited to viruses, spyware, computer worms, Trojan horses, rootkits, dishonest adware, and other malicious or unwanted software.

Each party understands and acknowledges that it uses the other party's systems at its own risk. Neither party shall be responsible to the other for any injury, damage, liability, claims or suits resulting from the party's use of the other party's systems.

X. SERVICES TO BE PROVIDED BY TxDOT

At the request of TxDMV, TxDOT shall provide the following support services to TxDMV:

- A. Validation tests for license plates and other related registration and titling insignia per TxDMV specifications.
- B. Facility maintenance support to include building maintenance, parking, and security.
- C. Facility support and access to shop services for the TxDMV regional office employees in the same manner as TxDOT employees.
- D. Contact information for two employees per district assigned to coordinate with TxDMV on permit issues during regular TxDOT office hours and emergency contact information for after hour and weekend emergency situations.
- E. Information regarding road restrictions, maintenance schedules, and any other relevant information that will affect the issuance of oversize and overweight permits.
- F. Auditing of TxDMV records to determine that all road information provided by TxDOT is being used in the issuance of oversize and overweight permits.
- G. If TxDOT discovers that it has provided incorrect road information to TxDMV which has been or will be used in the issuance of an oversize or overweight permit, TxDOT shall take all actions available to correct the information to limit damage to the roadway or other hazards.
- H. TxDOT shall cooperate with TxDMV and provide access to shared servers as TxDMV implements the Application Migration and Server Infrastructure Transformation project. TxDMV agrees to pay for any contractor cost incurred by TxDOT and not explicitly contracted for by TxDMV. TxDMV is scheduled to separate from the TxDOT IT infrastructure by August 31, 2017. In the event this separation is not complete by August 31, 2017, TxDMV shall continue to reimburse TxDOT for TxDOT's IT infrastructure-related costs as agreed in the

FY2017 interagency agreement.

- I. TxDOT shall provide continued access to the following resources used to map restrictions needed to route oversize/overweight loads:
 1. TxDOT Permanent Structure Numbers: <http://crossroads/apps/psn/>
 2. TxDOT's TARHE Geodatabase: provided by TxDOT IT/NTT Data
 3. TxDOT LZ bridges: <http://apps.dot.state.tx.us/apps/gis/lrbm/>
 4. TxDOT Crossroads: <http://crossroads/> (Necessary to access division and district organization charts and personnel info for contact information)
 5. TxDOT statewide mapping: <http://crossroads/org/tpp/StatewideMapping/>
 6. TxDOT Roadway portal: http://iapps/apps/txdot_gis_portal/Map.aspx
 7. Bridge Underclearance database (UCDB): <http://iapps/apps/ucdb/>
 8. LIDAR data and updates: received from Bridge Division
 9. Daily posting of Structure.Pontis_Brinsap_Mst_Pnt feature class data (Pontis data) from TxDOT GIS GDB to PSDC FTP: provided by TxDOT IT/NTT Data
 10. TxDOT Facilities Asset Management Information System (FAMIS): <http://crossroads/org/mnt/FacManInfo.htm>
- J. In the event TxDMV is not separated from the TxDOT IT infrastructure by August 31, 2017, TxDMV shall send a representative to the weekly TxDOT CAB in order to receive notification of changes to shared infrastructure, and TxDOT will distribute TxDOT CAB meeting minutes via the CAB distribution list, which includes key TxDMV IT personnel.
- K. TxDOT shall ensure that TxDOT district offices coordinate with TxDMV the handling of oversize or overweight (OS/OW) traffic in emergency/disaster events. TxDOT will maintain TxDMV on TxDOT's statewide Emergency Operations Center (EOC) notification list. TxDOT District Permit Coordinators and/or Maintenance Supervisors/Area Engineers shall provide TxDMV with timely emergency road closure notifications, including contra flow locations through the TxDMV's Emergency Operations Center email address MCD-EOC@txdmv.gov. TxDOT District Permit Coordinators and/or Maintenance Supervisors/Area Engineers shall provide TxDMV with alternate contact information, including contacts for local law enforcement and/or other emergency personnel, for the purposes of assisting with OS/OW loads in emergency/disaster events.
- L. TxDOT shall provide TxDMV access to crash records information (CRIS) without charge.

XI. SERVICES TO BE PROVIDED BY TxDMV

- A. TxDMV shall scan any bonds filed with TxDMV (that are payable to TxDOT) and

provide TxDOT with an electronic copy of any bond, upon TxDOT's request. TxDOT authorizes TxDMV to destroy the original bond once TxDMV creates an electronic copy.

- B. TxDMV shall provide contract management services for any enhancements or modifications TxDOT requests regarding the Texas Permitting & Routing Optimization System (TxPROS). TxDMV shall bill TxDOT for any time and materials associated with such contract management services.
- C. TxDMV shall not alter or disregard road information provided by TxDOT for the purposes of oversize or overweight permits. To the extent TxDOT provides TxDMV with a notification of a route or road restriction, TxDMV shall not issue an oversize or overweight permit that does not apply the new route or road information. TxDMV shall also not alter a route designated or approved by TxDOT in the issuance of an oversize or overweight permit. If TxDMV needs to vary a route to complete a requested permit, TxDMV must work with TxDOT to obtain approval on an alternate route designation.
- D. If TxDOT discovers that TxDMV did not take into account road information provided by TxDOT in the issuance of an oversize or overweight permit, TxDMV shall take all actions available to correct the permit to limit damage to the roadway.
- E. TxDMV shall not take actions that allow permitted loads to be routed onto any TxDOT-operated toll road, as long as TxDOT provides TxDMV with the applicable road restriction information as required by Section X.E. of this contract.
- F. TxDMV shall continue to provide TxDOT batch inquiry title and registration information from the Texas Motor Vehicle Title and Registration database without charge. TxDMV shall continue providing the information to TxDOT or its vendor in a secure manner [via Secure File Transfer Protocol (SFTP)] as it has under prior versions of the Interagency Contract (IAC) with TxDOT and as agreed upon by both parties. TxDOT shall ensure its vendors use the Texas Motor Vehicle Title and Registration database and all data retrieved only for TxDOT operations and as requested by TxDMV and will provide signed certifications from vendors verifying compliance. The parties may agree, through their respective CIO's, to a different delivery method. TxDMV shall continue to provide TxDOT the ability to submit batch inquiries to the VTR database to retrieve ownership information. TxDMV shall also continue to provide the files required for processing eTags, temporary permits, commercial fleet plates, such as apportioned plates and dealer license plates, and special license plates. TxDMV will also provide a one-time copy, annually, of the complete VTR database (the "TxDMV

masterfile”), as well as weekly updates files. TxDOT will work with TxDMV to jointly develop a transition plan to access systems and data subscription files on all Texas plates and tags registered with TxDMV for a more consistent process statewide. Consistent with the existing statutory authorities of both parties, TxDMV and TxDOT shall also jointly develop a plan for exchanging updated customer address information to ensure the most current information available is maintained between the two agency systems who utilize registration information in the future.

- G. TxDMV shall take the actions required by Texas Transportation Code §502.011 to deny registration of a motor vehicle after TxDOT provides written notice of a final determination that the registered owner of a motor vehicle is a habitual violator (HV) in accordance with Transportation Code, Subchapter C, Chapter 372. TxDOT Toll Operations Division (TOD) shall provide the list of habitual violators, pay required fees for entry of registration blocks, and notify TxDMV when an HV is no longer determined to be a habitual violator or an appeal has been perfected.
- H. TxDMV shall also provide TxDOT with remote electronic access through Motor Vehicle Inquiry to the Motor Vehicle Title and Registration database without charge. Upon request from TxDOT, TxDMV shall provide a written certification verifying the accuracy of the Motor Vehicle Title and Registration database (to standard that current processes support). Except in connection with a criminal investigation or prosecution, TxDOT shall be assessed the required fee(s) for TxDMV staff to conduct title history research, production of title history documents, and certification of these documents, provided, however, that TxDMV shall provide the first 20 certified title history searches per fiscal year to TxDOT at no charge.
- I. TxDMV and TxDOT will discuss possible interfaces between TxDOT toll operations and TxDMV regional service centers. Any recommendations developed through these discussions may be considered for possible inclusion of additional terms in existing or future IACs.
- J. TxDMV will provide TxDOT District offices with emergency contact information and instructions necessary to reach TxDMV OS/OW staff in the event of an emergency requiring coordination as required under paragraph X.K, above. The TxDMV will notify the EOC groups via email of procedures and hours of operations for each emergency/disaster situation. In no event shall OS/OW traffic be routed onto TxDOT operated toll roads without specific written approval from TxDOT’s Toll Operations Division.

XII. LITIGATION AND LIABILITY

TxDMV shall be solely responsible for any litigation that was managed before November 1, 2009, by one of the TxDMV divisions that transferred under HB 3097, without regard to when the litigation arose or was filed. TxDMV shall be solely responsible for any litigation that was managed before January 1, 2012, by the TxDOT Motor Carrier Division that transferred under SB 1420, without regard to when the litigation arose or was filed. With respect to any other litigation arising out of events that occurred before the November 1, 2009, transfer under HB 3097 or the January 1, 2012, transfer under SB 1420, TxDOT shall retain responsibility, without regard to whether the litigation relates to activities or employees of TxDMV.

Whenever one party is involved in litigation that relates to activities or employees of the other party or that may reasonably involve payments from appropriation strategies that are allocated to the other party, the party managing the litigation shall provide the other party with timely copies of all pleadings and shall not settle the litigation without the prior consent of the other party. Liability arising from litigation shall be charged to the appropriations strategy of the activity that gave rise to the litigation.

XIII. RESPONSIBILITIES OF THE PARTIES

This contract does not create a partnership, joint venture, or other joint enterprise. It is an agreement between two independent state agencies governing their mutual rights and obligations. Each party acknowledges that it is not an agent, servant, or employee of the other party. Each party is solely responsible for its own acts and deeds and for those of its agents, servants, or employees.

XIV. AMENDMENTS

This contract may only be amended by a written supplement executed by both parties prior to the expiration of the contract.

XV. TERMINATION

This contract may be terminated by satisfactory completion of all services and obligations contained in this contract, by mutual written agreement, or as provided by Section III of this contract.

XVI. COMPLIANCE WITH LAWS

The parties shall comply with all federal, state, and local laws, statutes, ordinances, rules, and regulations and with the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of this contract.

XVII. RIGHTS AND OBLIGATIONS OF THE PARTIES REGARDING TxPROS

- A. Although all ownership rights in TxPROS transferred to TxDMV on January 1, 2012, TxDMV shall provide TxDOT with reasonable access to and the right to

use TxPROS for the purposes of carrying out TxDOT's statutory functions. TxDMV shall provide this access to TxDOT at no cost.

- B. TxDMV shall be responsible for maintaining TxPROS, using money specifically appropriated for this purpose.
- C. Each party is responsible for paying for any modifications or enhancements that it makes or causes to be made to TxPROS. TxDMV is responsible for contracting with a vendor or otherwise providing personnel to make any modifications or enhancements that TxDMV authorizes to be made to TxPROS.
- D. If TxDOT wants to make any modifications or enhancements to TxPROS, the TxDOT Information Management Division Director shall provide to the TxDMV CIO the specifications and scope of work for the proposed modifications or enhancements. If agreement cannot be reached between the TxDMV CIO and the TxDOT Information Management Division Director regarding any TxDOT proposed modifications or enhancements, then TxDOT's Executive Director may escalate the issue to the TxDMV Executive Director for consideration.
- E. The contact information for the respective information technology contacts is as follows:

Mike Higginbotham
TxDMV Chief Information Officer
E-mail: Mike.Higginbotham@txdmv.gov
Phone: (512) 465-4040

Dana Glover
TxDOT Information Management Division Director
E-mail: dana.glover@txdot.gov
Phone: (512) 467-3837

- F. TxDMV has the final say on any TxDOT requested modifications or enhancements to TxPROS. To the extent TxDMV determines any TxDOT proposed modification or enhancement shall not be made, TxDMV shall supply TxDOT with written justification for the decision.
- G. The primary purpose for TxPROS is for the permitting and routing of oversize or overweight motor vehicles. TxDMV shall consider this fact when making any decisions regarding any modifications or enhancements to TxPROS. Also, TxDOT is only authorized to request modifications or enhancements to TxPROS to enable TxPROS to run reports or to provide improvements on the collection of road information provided by TxDOT.
- H. To the extent TxDMV wants to make any modifications or enhancements to

TxPROS that affect the report, access, or audit capabilities of TxDOT, the TxDMV CIO shall coordinate those modifications with the TxDOT Information Management Division Director, including the specifications and scope of work for the proposed modifications or enhancements.

- I. The parties shall act in good faith regarding any modifications or enhancements to TxPROS to minimize the impact to the other agency's operations.
- J. To the extent TxDMV authorizes any TxDOT proposed modifications or enhancements, TxDMV shall serve as the contract manager for the modifications or enhancements.
- K. Regarding any TxDOT proposed enhancements or modifications to TxPROS, TxDOT shall do the following:
 1. Jointly participate in any contract negotiations,
 2. Approve any contracts prior to signature,
 3. Jointly review any deliverables with the TxDMV contract manager,
 4. Approve any receiving reports that TxDMV creates,
 5. Timely notify TxDMV of any reason to dispute payment under Chapter 2251, Government Code, and
 6. Timely transfer money to TxDMV to pay for any deliverables prior to any payment deadlines under Chapter 2251, Government Code. TxDOT is responsible for any interest that results from an overdue payment if the late payment is due to TxDOT's failure to timely transfer money to TxDMV to pay any invoice.
- L. With the exception of the following, TxDOT owns the data it inputs or causes to be input into TxPROS:
 1. Data regarding the issuance and completion of any permits; and
 2. Any data purchased from a third party under a contract that says otherwise.
- M. TxDMV owns the data regarding the issuance and completion of any permits.

XVIII. SEVERABILITY

If any provision of this contract is held by a final judgment or order of a court of competent jurisdiction to be invalid, unenforceable, or illegal, such provision shall be reformed to the minimum extent necessary to permit enforcement thereof. The validity, enforceability, or legality of the remaining provisions of this contract shall not be affected or impaired, even if such invalid, unenforceable, or illegal provision cannot be reformed.

THE UNDERSIGNED PARTIES bind their respective agency to the faithful performance of this contract.

Texas Department of Transportation

Texas Department of Motor Vehicles

James M. Bass
Executive Director

Whitney H. Brewster
Executive Director

Date: _____

Date: _____

Attachment A

Interagency Contract (IAC) Management

TxDMV and TxDOT agree to appoint a single point-of-contact for information technology (IT) issues, a single point-of-contact for non-IT issues, and back-up personnel to facilitate the process for requesting services and invoicing for those services between the two agencies. The designated points-of-contact in each agency shall act as the TxDMV and TxDOT project manager(s).

The Project Managers are as follows:

TxDMV Project Manager, Non-IT: Sergio Rey, Director of Accounting

TxDMV Back-Up Project Manager, Non-IT: David Chambers, Director of Purchasing

TxDMV Project Manager, IT: ~~Eric Obermier~~ Mike Higginbotham, CIO

TxDMV Back-Up Project Manager, IT: Josh Kuntz, Information Security Officer

TxDOT Project Manager, Non-IT: Casey Rowe, Revenue Accounting Manager

TxDOT Back-Up Project Manager, Non-IT: Crystal Myers, Accounting Specialist

TxDOT Project Manager, IT: Dana Glover, Information Management Division Director

TxDOT Back-Up Project Manager, IT: Keith Handrick, Business Relationship Manager

Cost of Services Provided by TxDOT Generally to State Agencies

TxDOT provides some services to multiple state agencies, including flight services and printing services. These services shall not be included or invoiced under this contract, and TxDMV shall be eligible to use these services in the same way and on the same terms as other state agencies.

Cost of Operating and Maintaining Facilities

TxDOT shall invoice TxDMV for recurring monthly building and maintenance costs at a flat rate of \$38,000.00 per month. This flat rate includes electricity, water, gas, Centimeter storage space, window washing, HVAC maintenance, elevator maintenance, and trash collection and is allocated based on TxDMV's occupancy of TxDOT-owned or -leased facilities as of September 1, 2017. TxDOT will not be required to provide invoices or supporting documentation for these costs. TxDMV may request a one-time recalculation of the allocated costs and adjustment of the flat rate if TxDMV's total occupancy changes by more than 10%.

TxDOT shall invoice TxDMV at the end of each fiscal year for security costs.

All other costs, including landscaping, pest control, and non-recurring time and materials costs associated with building operations, such as requests for the relocation of fixed walls, will be requested through a Work Authorization and billed on the basis of actual costs incurred by TxDOT or TxDMV, as set forth below. Time of TxDOT or TxDMV employees shall be invoiced on an hourly basis at their appropriate pay rate. Materials

shall be invoiced on a unit basis and shall consist of the actual cost to TxDOT or TxDMV for those materials.

Work Authorizations

Except in the event of an emergency situation as defined below, all work to be performed under this contract involving the cost of labor for agency employees shall be requested and performed through the use of a "Work Authorization" (WA).

The receiving agency's Project Manager (PM) shall provide the performing agency's PM with a signed WA prior to any non-emergency work being done. If the receiving agency has not issued a WA, the performing agency shall have no obligation to provide the requested services. Any non-emergency work done without a signed WA shall not be billable under this contract. All approvals regarding work to be done under this contract shall occur between the TxDMV and TxDOT PM's.

Performing agency shall respond to all WA requests for non-emergency work within 10 days, unless mutually agreed by both parties.

Emergency Services

"Emergency situation" is defined as any unexpected, non-routine event which damages or affects the utility or safety of any building, system, or portion or component of a building in such a way that it prevents the reasonable business operational use of some or all of the facility. This does not include routine maintenance or normal wear and tear events.

In the event of an emergency situation requiring work to be performed before a WA can be issued, the receiving agency's PM must submit a request to the performing agency's PM in writing, outlining the requested work and noting that the work requested is due to an emergency. The receiving agency shall follow up with a written WA within two business days of the event. Upon receipt of an itemized invoice, the receiving agency will reimburse the performing agency for its actual costs in performing the work. The receiving agency can request review of the causation of the emergency situation to determine if acts or omissions of the performing agency contributed to the event, and request that the performing agency pay some or all of the cost. In the event the parties assigned to the task cannot reach an agreement on allocation of costs, the WA may subsequently be subject to the Dispute Resolution Procedure set forth in this Attachment.

Work Authorization

Each WA shall include the following information:

- a. the date of the request;
- b. the amount of estimated expenditure authorized;
- c. a description of the deliverables/services authorized;
- d. the physical location where the services are authorized to be performed, including address, complex, and building number;
- e. a WA number;
- f. the receiving agency's division name; and

- g. the receiving agency's coding block to be charged.

Data Center Services

TxDMV shall reimburse TxDOT monthly for 50% of the actual cost of shared data center services (DCS) being billed to TxDOT and not directly to TxDMV. The amount shall be adjusted based on changes in the number or quantity of services that are billed through TxDOT. TxDOT and TxDMV will both be conducting significant consolidation and decommissioning activities this year. If these activities will impact a TxDMV/TxDOT shared service, TxDOT shall provide TxDMV notification in advance and parties shall coordinate as needed. Conversely, any DCS changes initiated by TxDMV that impact TxDOT infrastructure shall be approved in TxDOT CAB prior to the change being implemented by DCS.

Billing for Servers and Responsibility for Data

TxDOT shall not bill TxDMV for utilization of any servers which store data which TxDMV has notified TxDOT it no longer needs.

For data residing on servers that TxDMV is no longer financially responsible for under the language above, TxDOT shall not be held responsible for any TxDMV data remaining on those servers so long as TxDOT and/or its contractors use standard industry practices in the handling of such data. Once the servers are finally decommissioned, TxDOT shall destroy any remaining TxDMV data consistent with the guidance of the National Institute of Standards and Technology and within the process of the State of Texas Data Center Services. Any disputes over data handling or destruction practices under this section shall be resolved by consultation with the state Chief Information Security Officer.

Technology Daily Operations

Requests for unusual support or involving the performance of work by TxDOT employees shall be billed by TxDOT to TxDMV at actual cost. Any requests by TxDMV that are implemented by a TxDOT contractor, including NTT DATA, shall be coordinated under a direct agreement between TxDMV and the application contractor. Billings shall be made directly to TxDMV with no TxDOT involvement or action required.

Billing Review for IT Services

On a quarterly basis the IT Project Managers (IT PMs) shall review the receiving agency's use of DCS, software and server components governed by this agreement. The IT PMs may agree to adjust the charges for IT services without the need for amendment to this agreement, so long as any changes would not result in expenditure in excess of an agency's overall "not to exceed" budget amount in Paragraph IV of the agreement.

Submitting Invoices

The receiving agency shall pay the performing agency on the basis of the flat rate services as referenced in this Attachment A and non-recurring service invoices submitted to and approved by the receiving agency, showing:

- a. a reference to the WA number by line item (not applicable to flat rate utility invoices);
- b. the performing agency's Agency Number and Recurring Transaction Index (RTI);
- c. the performing agency's non-IT PM's e-mail address and phone number;
- d. the date range of work performed for the associated charge, unless otherwise specified on the WA or supporting documentation;
- e. copies of the original documentation that validates the non-recurring charges, including third party invoices with clear, legible descriptions, and the performing agency's Staff Name/Salary Rate/Hours Worked (not applicable to flat rate utility invoices);
- f. the USAS Comptroller Object of Expense used by TxDOT;
- g. a certification that the charges shown are reasonable and necessary, and all appropriate and required supporting documentation is attached.

TxDOT must e-mail all invoices and supporting documentation to TxDMV at: DMV_FIN-INVOICES@txdmv.gov

TxDMV must e-mail all invoices and supporting documentation to TxDOT at: FIN_Invoices@txdot.gov

If both parties agree that any invoices paid contain charges that should not have been billed to one party, the other party shall apply a credit to the over-billed party's future invoices within 90 days of the original invoice with incorrect charges.

Invoices for flat rate utility costs must be paid within 30 calendar days of receipt.

If the invoices for non-recurring services are clear, complete, and include all required supporting documentation, then the receiving agency shall process payment for all performing agency invoices submitted in accordance with this contract and Comptroller Post-Payment Audit guidelines. The receiving agency shall reimburse the performing agency within 30 calendar days of receipt. If the invoices are not clear and complete, then the receiving agency shall notify the performing agency of the need for clarification or documentation within fifteen (15) calendar days of receipt. The receiving agency may also request additional documentation necessary for post-payment audit purposes. In addition, the receiving agency shall inform the performing agency of disputed items in any invoice within fifteen (15) calendar days of receipt. Any items not disputed within this fifteen calendar day period will be deemed acceptable.

Dispute Resolution

Any dispute over billing, payment or other issues arising in this Attachment or the IAC generally shall be first discussed and negotiated by the two parties assigned to the task under the IAC. If they cannot agree on a resolution, the matter shall be summarized by the two parties and submitted to the non-IT Project Managers (PMs) specified under the IAC. If the two PMs cannot agree on a resolution, the matter shall be summarized and

submitted to the Chief Financial Officer (CFO) of each agency, or the CFO's designee, who shall be the final arbiters of all disputes.

Appendix I

TxDMV Use of TxDOT Austin Regional Office Space in the Event of Disaster

This Appendix is made part of the Interagency Contract (IAC) between TxDOT and TxDMV, and is subject to all of the general terms and conditions of that Contract.

TxDMV responsibilities:

- A. TxDMV shall provide written notice (email allowed) to TxDOT upon declaration of a disaster. A disaster for which the TxDMV Continuity of Operations Plan is implemented may be declared only by the TxDMV Executive Director, Deputy Executive Director, Chief Financial Officer, Chief Information Officer or General Counsel. The notice shall reference this Appendix to the IAC and request use of the Austin, Regional Service Center (RSC) at the TxDOT Austin Parmer Lane Regional Office pursuant to the requirements and limitations of this Appendix.
- B. TxDMV shall directly pay for and oversee any modifications necessary to the Austin, RSC, and any temporary installations, temporary facilities such as portable restrooms, generators, air conditioning or heating systems, computer or phone equipment, lighting, utilities or similar items needed to support temporary operations. TxDOT shall not be responsible for making any modifications unless otherwise agreed in writing.
- C. TxDMV shall reimburse TxDOT for any actual costs incurred due to TxDMV's use and occupancy of the Austin, RSC space, so long as TxDOT notifies TxDMV as soon as possible when it begins to incur costs (no longer than 48 hours after costs are being incurred) and allows TxDMV to provide alternative resources to offset TxDOT costs if possible.
- D. TxDMV shall be responsible and liable for the safety, injury, and health of all TxDMV employees or contractors in the alternative facility.
- E. During a disaster with a duration of more than 2 weeks, DMV may augment work space by leasing one or more temporary office trailers to be located in the Austin, RSC parking areas. TxDMV shall obtain and pay for the trailer(s) and any modifications, utility installation and expense, and all associated costs (including demobilization and removal). TxDMV shall consult with and obtain prior written permission from TxDOT for the location of these temporary trailers and all associated support structures.
- F. TxDMV shall remove and pay the cost of all modifications made to the Austin, RSC after cessation of emergency operations, unless TxDOT informs TxDMV in writing

- to leave specific modifications in place.
- G. TxDMV shall repair any damage to the Austin, RSC caused during TxDMV use of the facility during the emergency.
 - H. During the period of use of the Austin, RSC, TxDMV and its employees shall follow facility management, building maintenance, parking and security policies, procedures, and standards established by TxDOT. Requests for deviation from these policies, procedures, and standards shall be submitted in writing by TxDMV to TxDOT, who shall reply as soon as possible, but no later than 48 hours after the request.
 - I. During the occupancy of space at the Austin, RSC, TxDMV shall provide TxDOT weekly status reports regarding the use of the Austin, RSC and TxDMV's progress in responding to the disaster and either returning operations to the TxDMV Headquarters site or another location.
 - J. Within two weeks of the conclusion of the disaster and moving all equipment and personnel out of the Austin, RSC, TxDMV shall provide a final report to TxDOT documenting all modifications performed and any repairs needed or modifications not yet removed along with a schedule for completion of those items.

TxDOT responsibilities:

- A. Upon receipt of notice of a declared disaster as set forth in the TxDMV Responsibilities section, TxDOT shall provide as soon as practical, but in no case later than 24 hours after notice, the following support services to TxDMV for the duration of the disaster:
 - 1. Use of:
 - a. all available, unused office space in the TxDOT-controlled portions of the main building at the Austin, RSC, including all in-place utilities and fixtures;
 - b. the main conference room in the main building of the Austin, RSC;
 - c. two equipment maintenance bays (non-climate controlled space with overhead door access), preferably the two bays immediately adjacent at the rear of the main Austin, RSC office building.
 - 2. For a disaster of a duration of more than two weeks, upon written request from TxDMV, space for placement of one or more temporary office trailers, in a location as near as possible to the main Austin, RSC building.
 - 3. 24-hour controlled access to the referenced buildings, facilities and associated parking lots.

4. Cooperation on installation and use of portable or temporary equipment or facilities such as generators, portable buildings, computer or phone equipment, tables, chairs, desks, air conditioners, fans, cabling and the like.
- B. Within 30 days of notice from TxDMV of the cessation of a disaster, TxDOT shall provide notice to TxDMV of any necessary repairs or expenses incurred due to TxDMV's use of the Austin, RSC premises, and shall include in that notice any requests to retain any equipment or modifications which would otherwise be removed or surplus by TxDMV.
 - C. TxDOT shall notify TxDMV within 48 hours of incurring any expenses as a result of TxDMV's occupancy of the additional Austin, RSC space under this Appendix, and shall allow TxDMV to provide alternative services or personnel to avoid or offset such costs.

DATE: June 13, 2018

Continued From: -

Action Requested: BOARD APPROVAL

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Linda Flores
Agenda Item: 13.A
Subject: Carryforward and Capital Authority for Headquarters Maintenance Appropriation

RECOMMENDATIONS

The Finance and Audit Committee recommends the Board of the Texas Department of Motor Vehicles (TxDMV) to approve the following:

- Creation of a new capital project line item in the FY2019 budget for a TxDMV Headquarters (HQ) Maintenance/Repair project with a total amount of \$4,209,505 as shown in Table 1.
- Request carryforward \$2,208,000 in unexpended balances (as shown in Table 2) in the TxDMV headquarters maintenance budget in order to fund additional HQ maintenance projects to be included in the Memorandum of Understanding (MOU) between TxDMV and the Texas Department of Transportation (TxDOT).

PURPOSE AND EXECUTIVE SUMMARY

The purpose of this document is to request the Finance and Audit Committee to recommend to the Board of the TxDMV to approve the use of authority outlined in General Appropriation Act (GAA) Article IX (Section 14.03(h) Limitations on Expenditures – Capital Budget, to transfer funds from funds budgeted for TxDMV headquarters maintenance in operating to a new capital project line item in the fiscal year 2019 budget for a TxDMV HQ Maintenance/Repair project.

Also to request authority as outlined in GAA Article IX (Section 14.05) Unexpended Balance Authority Between Fiscal Years in the Same Biennium, in order to use operating funds budgeted for TxDMV headquarters maintenance in order to fund additional expenses anticipated to be incurred in the MOU between TxDMV and TxDOT.

The complete text of the authorities outlined above is in the BACKGROUND AND DISCUSSION section of this document.

FINANCIAL IMPACT

The listing of projects identified by the workgroup to be allocated to the new HQ Maintenance/Repair project and those that can be funded from the TxDMV/TxDOT MOU are listed below. The total cost for FY2019 for the HQ Maintenance/Repair Capital Project is estimated to be \$4,209,505 (see Table 1). Additional capital maintenance projects funded through the TxDMV/TxDOT MOU are estimated to cost \$2,582,000 (see Table 1).

Table 1 - FY2019 TxDMV HQ Maintenance Projects		
Project	TxDMV HQ Maintenance /Repair Capital Project	Maintenance & Repair Projects TxDMV/TxDOT MOU
Exterior Building "Face Lift"	\$ 275,000	
CHi Weatherization Consultant Services and Work/Project	\$ 460,000	
Hard Wall Office Requests (including HVAC/electrical/cabling, with related needs)	\$ 1,000,000	
Flooring: Buildings 1 and 5, beginning with shared/unoccupied areas, including lobbies and stairwells	\$ 365,505	

Table 1 - FY2019 TxDMV HQ Maintenance Projects		
Project	TxDMV HQ Maintenance /Repair Capital Project	Maintenance & Repair Projects TxDMV/TxDOT MOU
Painting: Buildings 1 and 5, beginning with shared/unoccupied areas, including lobbies and stairwells	\$ 895,000	
Roof Replacement – Building 5	\$ 1,200,000	
Indoor Air Quality Checks	\$ 14,000	
ADA Assessments		\$ 31,000
Dock Leveler at CH-5		\$ 21,000
Entire Bathroom Retrofit/Bathroom Fixture Replacements		\$ 750,000
Interior Building Plumbing System Renovations		\$ 150,000
Space Utilization Study of VTR/CH-1 and ITD/CH-5		\$ 25,000
LED Lighting Upgrades		\$ 430,000
ARCH Flash Study		\$ 50,000
Electrical Upgrades		\$ 125,000
Front & Rear Elevator Lobbies and Floor Cubbies Upgrades		\$ 250,000
Electric Vehicle Charging Stations		\$ 30,000
CH1 FAS-ADM Suite Retrofit		\$ 130,000
CH1 FAS-ADM Warehouse/Mail Room Retrofit		\$ 50,000
Sound Suppression/White Noise Installation CH1 and CH5		\$ 150,000
Best Key System and Training		\$ 20,000
Consultant to Perform Office and Conference Room Signage Updates		\$ 20,000
Office and Conference Room Signage Updates		\$ 15,000
CH1 Lift Truck Shelter		\$ 55,000
Fire Alarm System Replacement CH1 & CH5		\$ 280,000
Estimated Total Costs FY 2019	\$ 4,209,505	\$ 2,582,000

The increase in maintenance projects funded through the TxDMV/TxDOT MOU for FY2019 would require an amendment to the current MOU and the increase would necessitate an increase of \$2,208,000. Table 2, shows the status of the FY2019 MOU and the impact of the additional HQ maintenance.

Table 2 - TxDMV/TxDOT MOU Status			
	Monthly Maintenance	TxDMV Share of TxDOT DCS	Total
Current MOU FY2019	\$ 940,000	\$ 60,000	\$ 1,000,000
Less:			
Monthly Maintenance/Utility Charges	\$ 456,000		\$ 456,000
Headquarters Security	\$ 110,000		\$ 110,000
TxDMV/TxDOT DCS		\$ 60,000	\$ 60,000
Available TxDMV/TxDOT MOU	\$ 374,000	\$ 0	\$ 374,000
Less			
Estimated HQ maintenance (Table 1)	\$ 2,582,000	\$ 0	\$ 2,582,000
Surplus/Deficit	\$ (2,208,000)	\$ 0	\$ (2,208,000)

Table 3 below illustrates that there are sufficient available balances in the biennial TxDMV headquarters maintenance budget to fund both the transfer to the capital budget and the request for unexpended balances. However, funding availability is dependent upon the approval of the request to carryforward unexpended balances.

Table 3 – HQ Maintenance Budget Analysis			
	FY2018	FY2019	Biennial Total
Original Exceptional Item HQ Maintenance			
Salaries	\$ 205,000	\$ 205,000	\$ 410,000
Staff Operating	\$ 13,950	\$ 13,950	\$ 27,900
Capital Budget (badge system) Maintenance	\$ 305,000		\$ 305,000
	\$ 4,520,800	\$ 4,564,300	\$ 9,085,100
Total Exceptional Item HQ Maintenance	\$ 5,044,750	\$ 4,783,250	\$ 9,828,000
Less:			
Estimated Expenditures	\$ 27,014		\$ 27,014
Additional MOU costs for FY2018 Maintenance	\$ 392,250		\$ 392,250
Total Available	\$ 4,625,486	\$ 4,783,250	\$ 9,408,736
Less: Additional FY2019 Obligations			
HQ Maintenance/Repair Capital Project (Table 1)		\$ 4,209,505	\$ 4,209,505
MOU Additional HQ Maintenance (Table 2)		\$ 2,208,000	\$ 2,208,000
Total FY2019 Obligations		\$ 6,417,505	\$ 6,417,505
Balance	\$ 4,625,486	\$ (1,634,255)	\$ 2,991,231

BACKGROUND AND DISCUSSION

TxDMV received approval from the 85th Legislature for \$9,828,000 in funding for HQ Maintenance. The appropriation included funding for one capital project, a badge system. The Legislative Budget Board (LBB) staff did not allocate additional funding to a capital project due to the absence of a specific list of capital maintenance projects. The funding was appropriated as operating expenses.

During the last year, a workgroup including staff of TxDMV and the Texas Department of Transportation (TxDOT) worked together to develop a transition plan for facility maintenance tasks and costs at Camp Hubbard for the current and upcoming biennium. (The complete project list is included as Attachment 1). Several projects have been identified that can be accommodated within TxDOT capital budget authority. These projects will be funded by TxDMV with operating dollars through the existing MOU between TxDMV and TxDOT. The remaining identified projects are being requested as capital budget projects by TxDMV.

Agency discretionary transfer provisions in the GAA related to these requests:

Article IX Section 14.03. Limitation on Expenditure – Capital Budget. This section outlines the authority to transfer capital project appropriations as follows (*emphasis added*):

- (h) (1) An agency may transfer appropriations:
 - (A) from a non-capital budget item to a capital budget item;
 - (B) from a capital budget item to another capital budget item; or
 - (C) from a capital budget item to an additional capital budget item not presented in the agency's bill pattern.
- (2) Without the approval of the Governor and the Legislative Budget Board:

(A) the amounts transferred during a fiscal year as provided by Subdivision (1) of this Subsection (h) may not exceed 25 percent of either:

(i) the amount of the capital budget item, as presented in the agency's bill pattern from which funds are being transferred; or

(ii) the amount of the capital budget item, if presented in the agency's bill pattern, to which funds are being transferred:

(B) appropriations may not be transferred directly from a non-capital budget item to an additional capital budget item not presented in the agency's bill pattern;

(C) appropriations may not be transferred to an additional capital budget item that is not presented in the agency's bill pattern if that additional capital budget item was presented to a committee, subcommittee, or working group of the Eighty-fifth Legislature but was not adopted by the Eighty-fifth Legislature; and

D) an agency that does not have a capital budget provision following its items of appropriation in this Act may not use funds appropriated by this Act for capital budget purposes.

(3) An agency may not transfer appropriations from a capital budget item to a non-capital budget item without the prior written approval of the Governor and the Legislative Budget Board.

Article IX Section 14.05. Unexpended Balance Authority Between Fiscal Years within the Same Biennium. This section allows agencies to request authority to transfer funds between fiscal years in the same biennium.

An agency may transfer any unexpended and unobligated balances remaining as of August 31, 2018 for the same purposes for the fiscal year beginning September 1, 2018, if the agency has been granted, either:

(1) specific authority in another provision of this Act; or

(2) written approval of the Legislative Budget Board.

PROJECT #	PRIORITY	Funding Source	REQUESTED NEED/REPAIR	FY2018	FY2019	FY2020/2021
30	1	TxDMV Operating	TxDMV Parking Permits	\$ 1,500		
21	1		CH1 EDO Suite Furniture	22,000		
37	3		Board Room Dais Chair Rail	2,714		
15	4		Light Fixture Cleaning	800		
27	1	TxDVM Capital Budget Project	Exterior Building "Face Lift"		\$ 275,000	
50	2		CH1 Weatherization Consultant Services and Work/Project		460,000	
25A	3		Hard Wall Office Requests (including HVAC/electrical/cabling, with related needs)		1,000,000	
2	4		Flooring: CH1 - Floors 1, 2, 3, 4, 5; CH5 - Floors 1, 2 <i>Start with shared areas, lobbies, stairwells, unoccupied areas</i>		365,505	
3	5		Painting: CH1 - Floors 1, 2, 3, 4, 5; CH5 - Floors 1, 2 <i>Start with shared areas, lobbies, stairwells, unoccupied areas</i>		895,000	
7	6		Roof Replacement CH5		1,200,000	
42	8		Indoor Air Quality Checks		14,000	
40	5		TxDMV Security System Installation			
ESTIMATED TOTAL COST - TxDMV Funded Projects				\$ 27,014	\$ 4,209,505	\$ 450,000
21	1	MOU - TxDMV (operating) /TxDOT (capital)	CH1 EDO Suite Retrofit	\$ 300,000		
49	2		CH-1 Dock Gate Replacement	7,900		
31	2		CID Suite Window Tinting CH5	800		
13	3		Overhaul CH1 - Elevator #3	165,000		
43	4		CH5 Door Actuator	3,000		
5	5		Replace Existing Water Fountains	60,000		
6	6		Water Softener CH1	100,000		
11	7		Parking Signage	4,500		
29	8		CH5 Wrangler Room Carpet	2,000		
44	9		Improved CH-5 Warehouse Security	1,700		
45	10		CH-5 Generator Security	1,700		
46	11		CH-5 IT MDF Room Security	2,550		
10	12		CH5 Window Lock Replacement	8,550		
20	1	ADA Assessments		\$ 31,000		
48	2	Dock Leveler at CH-5		21,000		
16	3	Entire Bathroom Retrofit/Bathroom Fixture Replacements		750,000		
18	4	Interior Building Plumbing System Renovations		150,000		
51	5	Space Utilization Study of VTR/CH-1 and ITD/CH-5		25,000		
1	6	LED Lighting Upgrades		430,000		
19	7	ARCH Flash Study		50,000		

PROJECT #	PRIORITY	Funding Source	REQUESTED NEED/REPAIR	FY2018	FY2019	FY2020/2021
4	8	MOU - TxDMV (operating) /TxDOT (capital)	Electrical Upgrades		125,000	
38	9		Front & Rear Elevator Lobbies and Floor Cubbies Upgrades		250,000	
14	10		Electric Vehicle Charging Stations		30,000	
39	11		CH1 FAS-ADM Suite Retrofit		130,000	
34	12		CH1 FAS-ADM Warehouse/Mail Room Retrofit		50,000	
23	13		Sound Suppression/White Noise Installation CH1 and CH5		150,000	
24	14		Best Key System and Training		20,000	
28A	15		Consultant to Perform Office and Conference Room Signage Updates		20,000	
28B	16		Office and Conference Room Signage Updates		15,000	
33	17		CH1 Lift Truck Shelter		55,000	
17	18		Fire Alarm System Replacement CH1 & CH5		280,000	
ESTIMATED TOTAL COST - TxDOT/TxDMV MOU Projects				\$ 657,700	\$ 2,582,000	\$ -
GRAND TOTAL ALL PROJECTS				\$ 684,714	\$ 6,791,505	\$ 450,000

	TxDMV		
Recap	Capital/ Operating	TXDMV/ TXDOT MOU	Total
FY2018	\$ 27,014	\$ 657,700	\$ 684,714
FY2019	\$ 4,209,505	\$ 2,582,000	\$ 6,791,505
FY2020	\$ 450,000		\$ 450,000
Total	\$ 4,686,519	\$ 3,239,700	\$ 7,926,219

DATE: August 16, 2018

Action Requested: Approval

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Linda M. Flores, CPA, Chief Financial Officer
Agenda: Item: 13.B
Subject: FY 2019 Recommended Operating Budget

RECOMMENDATIONS

The staff recommends to the Board of the Texas Department of Motor Vehicles (TxDMV) the following items related to the FY2019 Operating Budget

1. Approval of the FY 2019 Recommended Operating Budget.
2. Approval for the Executive Director to negotiate and execute the routine and required contracts contained in Contracts section of the document (beginning on page 15) and specific approval of the following two contracts:
 - Southwest Research Institute (SwRI) - These funds will be used to increase the current contract with SwRI, a staff-recommended contractor that provides specialized assistance and consulting services to modify the Texas Commercial Vehicle Information Exchange Window (TxCVIEW).
 - American Association of Motor Vehicle Administrators (AAMVA) National Motor Vehicle Title Information System (NMVTIS) - To allow the agency to maintain access to the AAMVA National Motor Vehicle Title Information System (NMVTIS) for September 1, 2018-August 31, 2019.

PURPOSE AND EXECUTIVE SUMMARY

2019 Recommended Operating Budget

The Texas Department of Motor Vehicles (TxDMV) develops annual operating budgets based on approved biennial appropriations. The recommended Fiscal Year 2019 operating budget implements the second year of approved appropriations for the 2018-2019 biennium.

The FY2019 Recommended Operating Budget format has been updated to reflect a dashboard format. The document consists of five sections:

- **Agency Overview**, brief overview of TxDMV operational structure including a current organizational chart.
- **Executive Summary**, outlines the total budget request and fund balance highlights.
- **Revenue Highlights**, a graphical representation of overall anticipated revenue collections for the upcoming year.
- **Expenditure Budget Highlights**, this section includes information on the TxDMV FY2019 budgets by functional areas and a section on the capital budget.
- **Contract**, this section lists the contracts contained in the operating budget including those that are statutorily required, more than \$200,000, between \$100,000 and \$200,000, less than \$100,000 and contracts in excess of \$200,000 excluded from board approval.

The attached recommended budget is presented as authorized by the 85th Legislative Regular Session General Appropriations Act. This recommended operating budget allocates \$168 million in appropriations and is structurally balanced to support recurring expenses throughout the agency's organization.

August 16, 2018

FINANCIAL IMPACT

2019 Recommended Operating Budget

Effective September 1, 2017, TxDMV began depositing revenue into the TxDMV Fund (0010). The agency's recommended Fiscal Year 2019 operating budget of \$168 million will be primarily supported by TxDMV Fund collections estimated to be \$160 million. In addition to the TxDMV Fund the agency's budget is also funded by a combination of General Revenue appropriations (\$12.8 million), estimates of carryforward of FY2018 unspent capital budget balances (\$16 million, which includes \$3.7 million from the State Highway Fund) and Federal reimbursements (\$743,750).

BACKGROUND AND DISCUSSION

Revenues

Estimated Fiscal Year 2019 TxDMV Fund revenue of \$160 million includes collections from the Processing and Handling (P&H) Fee estimated to be \$58 million. In addition, collections includes \$74.6 million associated with titles and other registration fees and \$15.2 million in fees for Oversize/Overweight permits. Staff projects a continued upward trend of overall revenue collections, with a conservative increase of approximately 1.1% in Fiscal Year 2019. Natural population growth, strong auto sales and healthy overall economic activity are expected to drive growth in revenue collections. The staff estimates that TxDMV will collect approximately \$1.9 billion FY 2019 in all funds for the State.

Appropriations

The FY 2019 recommended operating budget is \$168 million and is based on the current appropriations approved by the 85th Legislature, Regular Session. The attached budget document includes funding for:

- 779 full time equivalents,
- online fulfillment of vehicle registrations,
- license plate production and,
- Automobile Burglary and Theft Prevention Authority (ABTPA) grants to local entities.

The capital portion of the budget consists of \$33.6 million which provides funding for TxDMV Automation projects, Data Center Services (DCS) contract with the Department of Information Resources, and vehicle replacements. Also included is funding for a proposed HQ maintenance project which is contingent upon approval by oversight agencies.

Unexpended Balance Authority

TxDMV is authorized to carryforward unexpended balances in capital appropriations and ABTPA received special authority to carryforward unspent balances in grants from FY2018 to FY2019. The budget includes \$16 million in carryforward related to capital projects and \$500,000 for ABTPA grants.

Contracts

The agency's resolution adopting contract approval procedures specifies that the Executive Director must obtain board approval for contracts \$200,000 or more prior to award or renewal unless specifically excluded. The contracts listed below require Board approval for the award and/or renewal and proposed contract amounts for Fiscal Year 2019.

- The SwRI contract stipulates modifications to the TxCVIEW as Federal Motor Carrier Safety Administration (FMCSA) moves their data to a cloud environment; modifies some of their web services; changes databases or requirements for TxCVIEW; and facilitates FMCSA's rollout of a new Unified Carrier Registration application.

- AAMVA provides online access to meet the TxDMV's obligation to receive and report information to the National Motor Vehicle Title Information System (NMVTIS) as required by federal statute. NMVTIS serves as a repository of information related to vehicles that have been in the possession of auto recyclers, junk yards and salvage yards. States and consumers use the information to ensure that junk or salvage vehicles are not later resold and ensures that VINS from destroyed vehicles are never used for stolen vehicles.

An amendment to the Interagency Contract (IAC) with the Texas Department of Transportation (TxDOT) is included in the FY2019 operating budget which will be considered as a separate agenda item by the Board.

DRAFT

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Fiscal Year 2019 Financial Highlights

Agency Overview

The Texas Department of Motor Vehicles (TxDMV) is governed by a nine-member board appointed by the Governor, with the advice and consent of the Senate, to serve six-year overlapping terms. The agency's mission is "to serve, protect and advance the citizens and industries in the state with quality motor vehicle related services."

The Executive Director, Whitney Brewster, and Deputy Executive Director, Shelly Mellott, oversee the agency's day-to-day operations. The executive director reports to the agency board and directs staff to enact operational changes as a result of enacted legislation and implement policies and rules approved by the board.

Each year, TxDMV oversees the issuance of more than 24 million vehicle registration stickers and more than eight million vehicle titles. The agency licenses approximately 36,000 motor vehicle dealers and a variety of other entities engaged in the motor vehicle sales and distribution industry, as well as salvage vehicle dealers. TxDMV credentials more than 60,000 commercial motor carriers, issues more than 700,000 oversize/overweight permits and investigates approximately 145,000 complaints annually against dealers and commercial motor carriers. In FY 2019-2020, the agency's estimated deposits to the State Highway Fund (Fund 0006) will account for approximately 25 percent of the fund's revenues.

To provide these services, the agency comprises 17 departments in 3 functional areas, over 700 employees in Austin and across Texas and maintains the vehicle registration, titling system to all 254 counties and other motor vehicle services.

Central Administration

- Executive Office (including Civil Rights),
- Board Support Office,
- Finance and Administrative Services
- Office of General Counsel,
- Government and Strategic Communications,
- Office of Innovation and Strategy,
- Internal Audit

Program Administration

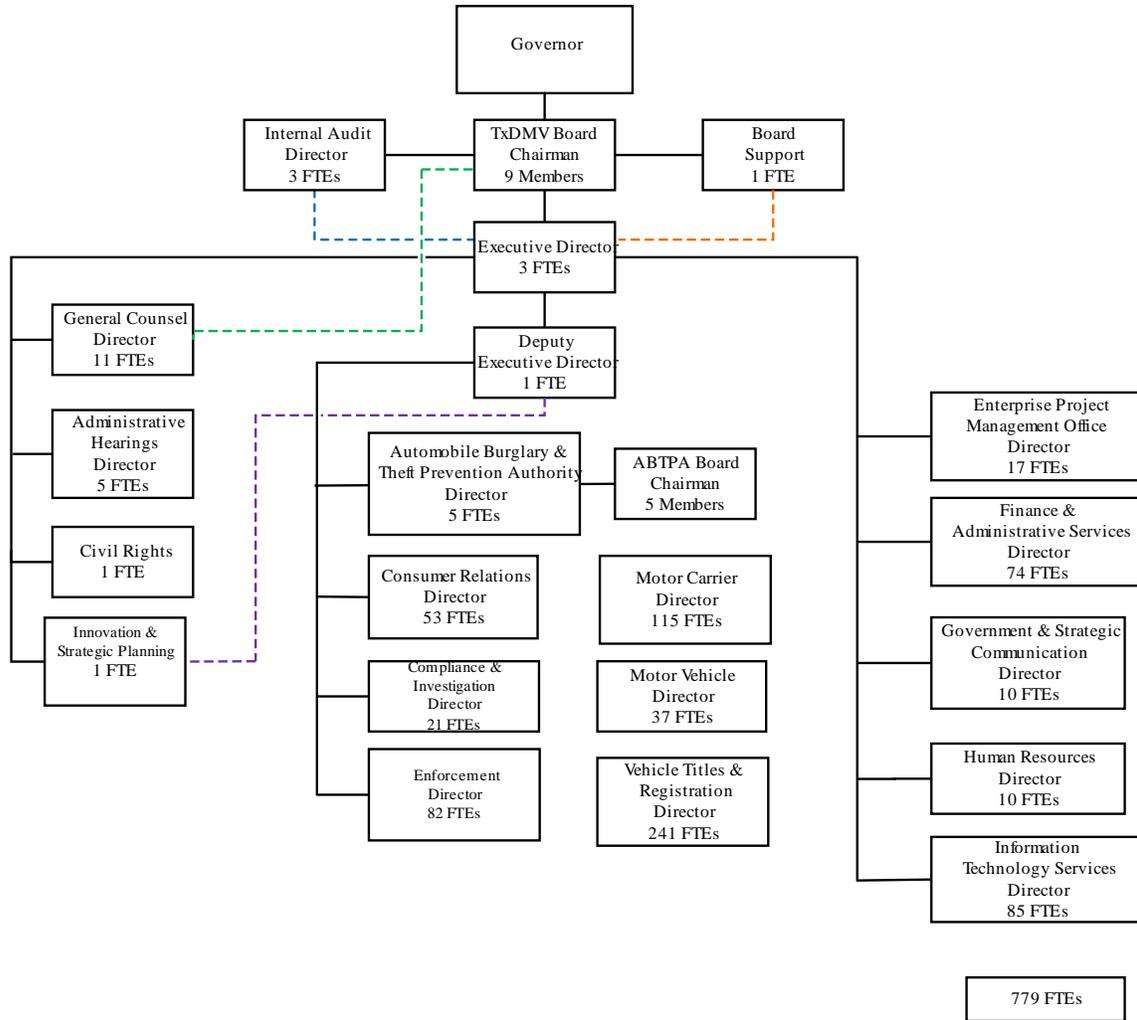
- Automobile Burglary and Theft Prevention Authority (ABTPA)
- Consumer Relations,
- Enforcement, Compliance and Investigations
- Motor Carrier,
- Motor Vehicle,
- Office of Administrative Hearings,
- Vehicle Titles and Registration

Information Technology

- Enterprise Project Management
- Information Technology Services

TxDMV Organizational Chart

Texas Department of Motor Vehicles



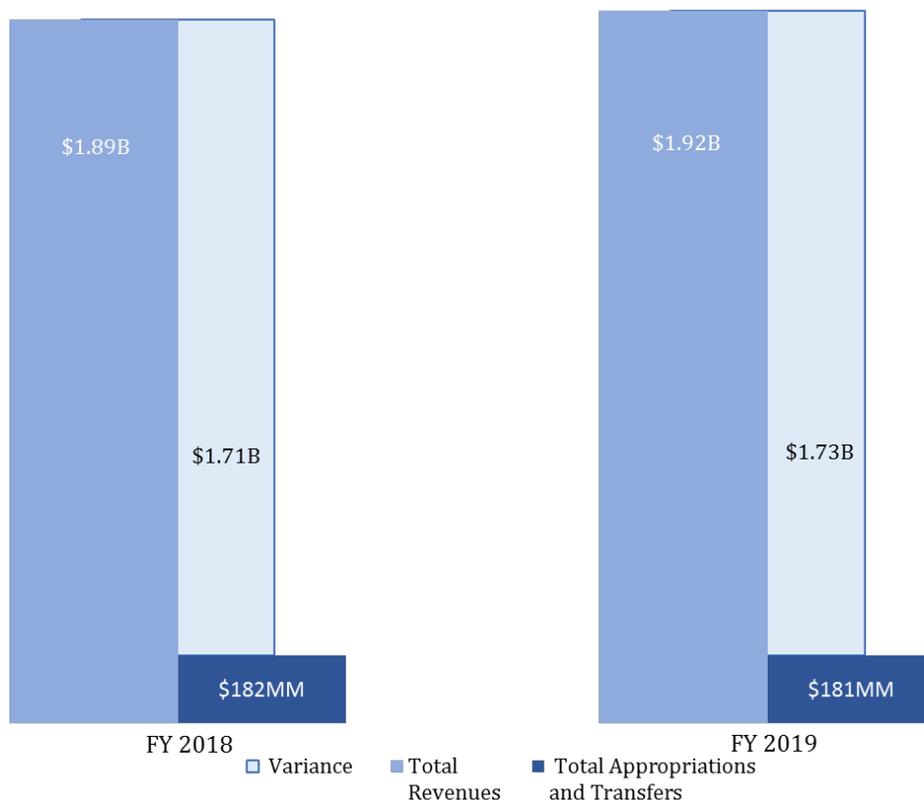
FY 2019 Executive Summary

Aligning with the agency’s FY 2019-2023 Strategic Plan, the agency’s workforce focuses on three broad strategic goals identified by the TxDMV Board including:

1. Being Customer Centric
2. Optimizing Services and Innovation
3. Being Performance Driven

To accomplish these strategic goals the agency anticipates that it will collect \$1.92 billion in revenues from registration, titles, permits and other fees and services; and spend \$168 million for operations and support services to counties and regional service centers. All revenues will be deposited to the General Revenue, State Highway and TxDMV funds as statutorily required.

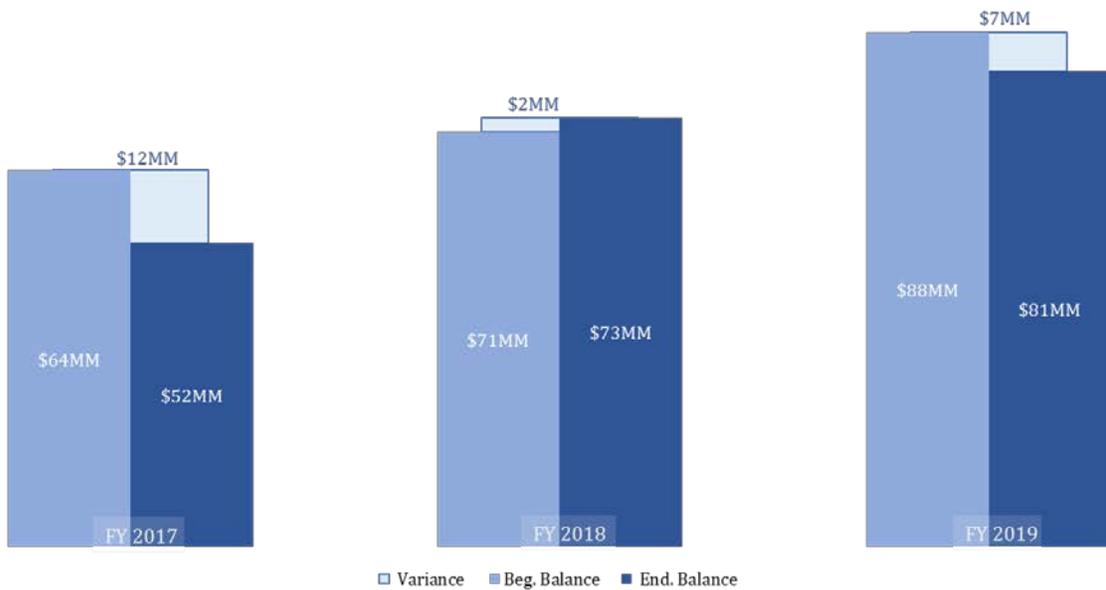
Total Revenue and Total Appropriations this Biennium



TxDMV Fund Balance Highlights

The fund balance for the end of FY 2018 is expected to be approximately \$73 million, an increase from the prior year due in part to increased revenues and operational control. Revenue collections for FY 2019 are expected to be sufficient to fund operations and contribute to the ending fund balance. In addition, a variance of \$7MM of unspent capital projects is expected to be carried forward into FY2019.

TxDMV Fund Balance Pro Forma: Fund 0010



Revenue Highlights

FY 2019 Revenue Summary

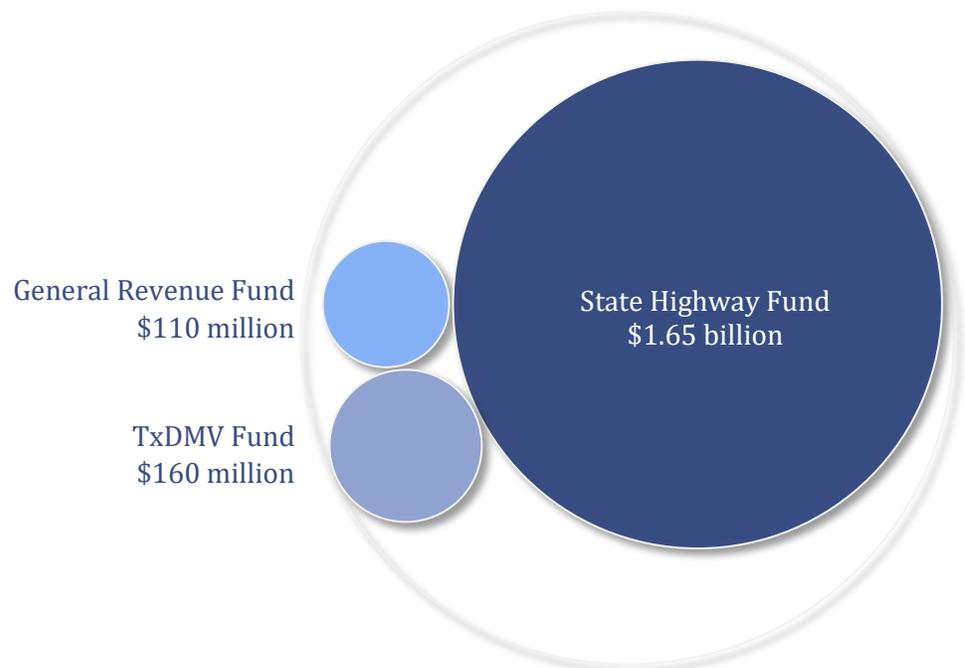
The department's main revenue driver, State Highway fund collections from vehicle registrations, is expected to grow 1.5% from FY 2018 to FY 2019, in line with a steady increase in the state's population. Oversize/overweight collections are expected to grow 1% coinciding with strong oil prices and special-permitting activity.

Title revenue in the State highway fund and TxDMV fund is expected to dip slightly from FY 2018 to FY 2019, the result of salvage-title issuance returning to typical levels after a FY 2018 spike caused by titling related to vehicles affected by Hurricane Harvey.

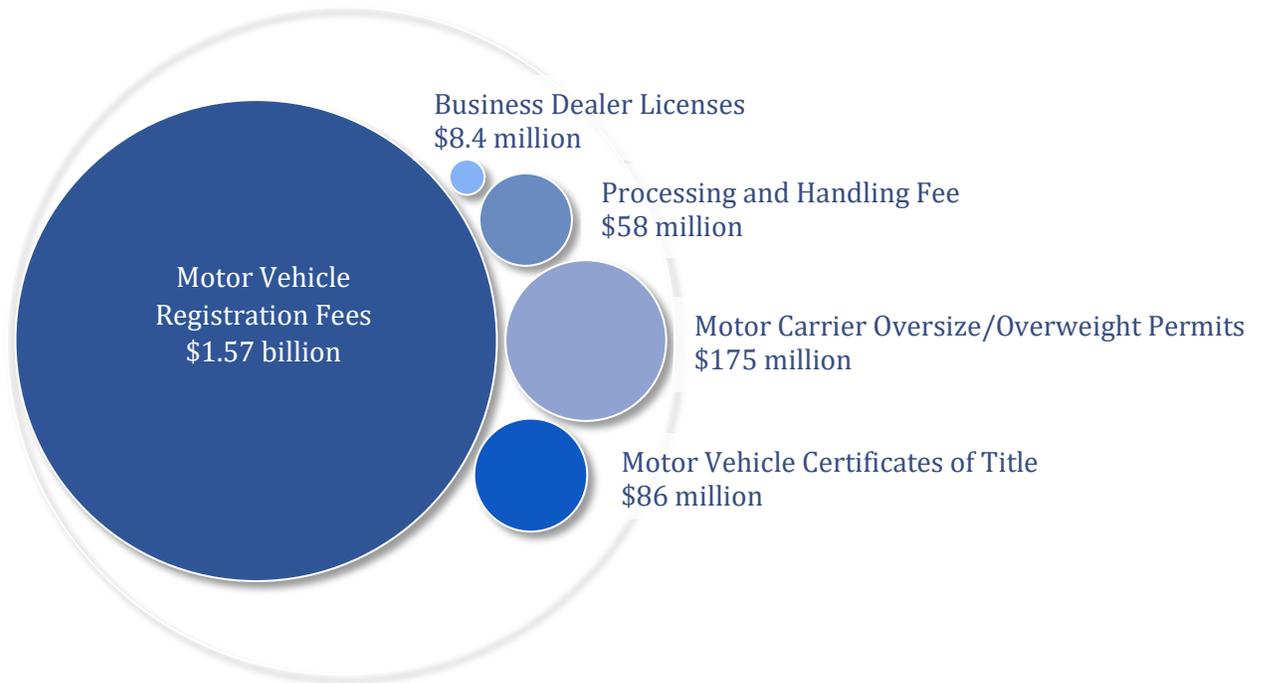
The processing and handling fee will continue to account for slightly more than a third of the revenue deposits to the TxDMV fund.

FY 2019 Revenue by Fund

For FY 2019, a total of \$1.9 billion for all funds is anticipated to be collected by the department.



FY 2019 Top 5 Revenue Sources

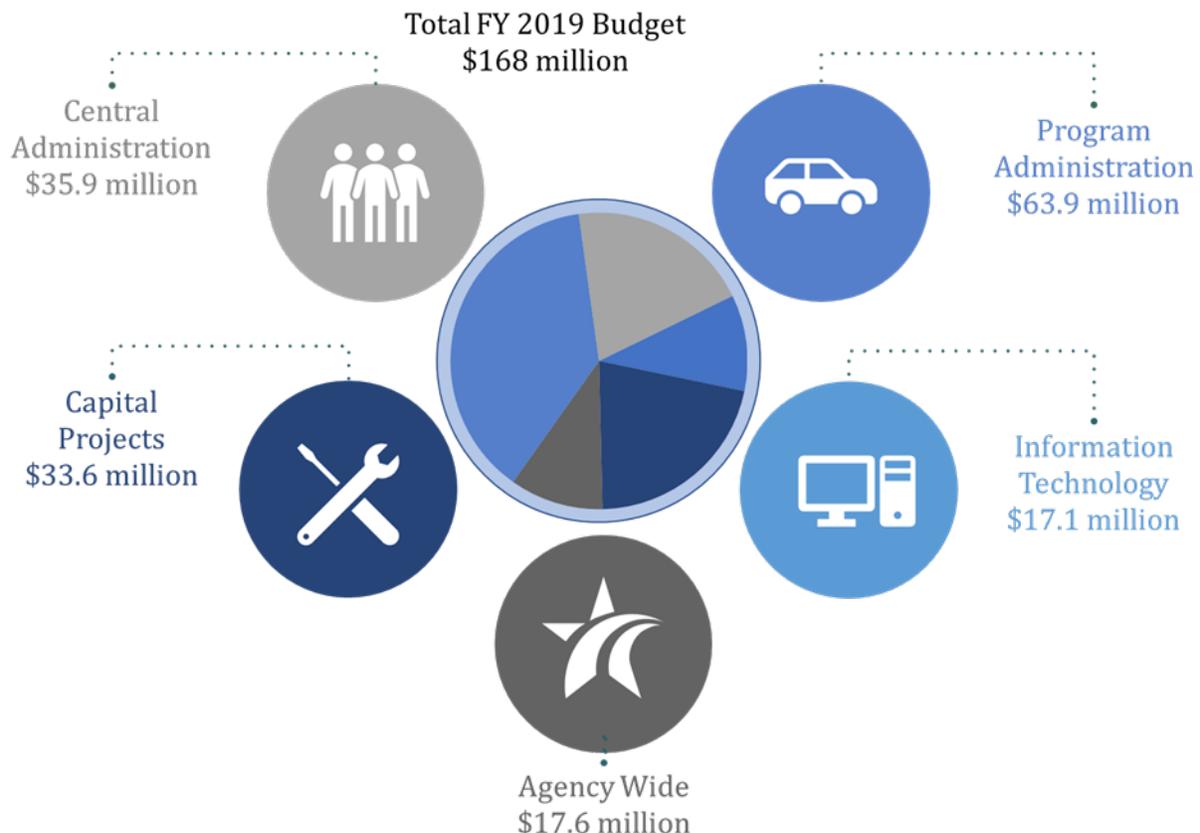


Expenditure Budget Highlights

Summary

The department's Fiscal Year 2019 operating budget of \$168 million is approximately the same as the Fiscal Year 2018 revised budget of \$168 million. Appropriations for current and new Automation Technology projects are continued for FY 2019 as well as additional funding for facilities, enforcement and investigative activities.

Budget by Functional Area for FY 2019



Program Administration: \$63.9 million

Includes budget appropriations for administration of department programs including Automobile Burglary and Theft Prevention Authority (ABTPA), Motor Vehicle, Motor Carrier programs (Oversize/Overweight and Texas IRP), Inspections and Enforcement, Compliance and Investigations, Lemon Law (including management and administrative hearings), Consumer Relations, the Office of Administrative Hearings, and Vehicle Title and Registration activities.

Central Administration: \$35.9 million

Provides funding for Executive Management and Administrative Services such as Finance and Administrative Services, General Counsel, Human Resources, Government and Strategic Communications, Internal Audit and Board Support.

Information Technology \$17.1 million

Provides administrative oversight of all department technology functions and the Enterprise Project Management Office.

Capital Projects: \$33.6 million

Major technology capital initiatives include the utilization of Managed Application Services and Managed Security Services through the Department of Information Resources (DIR) Data Center Services contract. These services will facilitate the completion of the Web Lien project and implementation of enhanced technology security services. Other initiatives in FY 2019 include fleet replacement acquisition and the proposed Headquarters (HQ) maintenance projects.

Agency Wide: \$17.6 million

Provides funding for department expenses such as fringe benefits and special programs, MyPlates and credit card payments. MyPlates is a third-party vendor who designs, markets and sells specialty license plates as a result of legislation. This is a revenue generating contract. The vendor guarantees that the state will receive at least \$15 million in royalty payments by the end of the contract term in 2019. The vendor met the \$15 million guarantee in August 2017.

Operating Budget and FTE Allocation by Division

Division/Office	FY 2019 Original Appropriation Budget	Adjustments - Carryforward of Unexpended Balance/ Lapses/ Benefit Replacement Pay	FY 2019 Recommended Budget	FTE Allocation
Automobile Burglary and Theft Prevention Authority	\$ 12,835,851	\$ 500,000	\$ 13,335,851	5.0
Board Support Office	\$ 117,340	\$ -	\$ 117,340	1.0
Consumer Relations Division	\$ 2,592,734	\$ -	\$ 2,592,734	48.0
Enforcement Division	\$ 5,402,522	\$ -	\$ 5,402,522	82.0
Enterprise Project Management Office	\$ 1,593,869	\$ -	\$ 1,593,869	17.0
Executive Office*	\$ 578,850	\$ -	\$ 578,850	4.0
Finance and Administrative Services Division	\$ 31,253,155	\$ -	\$ 31,253,155	71.0
Office of General Counsel	\$ 1,220,418	\$ -	\$ 1,220,418	13.0
Government and Strategic Communications Division	\$ 1,201,334	\$ -	\$ 1,201,334	10.0
Human Resources Division	\$ 1,042,134	\$ -	\$ 1,042,134	10.0
Information Technology Services Division	\$ 15,560,335	\$ -	\$ 15,560,335	93.0
Office of Innovation & Strategy	\$ 123,995	\$ -	\$ 123,995	1.0
Internal Audit Office	\$ 418,764	\$ -	\$ 418,764	5.0
Motor Carrier Division	\$ 8,108,224	\$ -	\$ 8,108,224	115.0
Motor Vehicle Division	\$ 2,394,128	\$ -	\$ 2,394,128	37.0
Office of Administrative Hearings	\$ 416,951	\$ -	\$ 416,951	5.0
Vehicle Titles and Registration Division	\$ 30,319,568	\$ -	\$ 30,319,568	241.0
Compliance and Investigations Division	\$ 1,384,281	\$ -	\$ 1,384,281	21.0
Agency Wide	\$ 17,659,794	\$ -	\$ 17,659,794	0.0
Subtotal	\$ 134,224,247	\$ 500,000	\$ 134,724,247	779.0
Capital Projects				
TxDMV Automation System Project	\$ -	\$ 9,848,368	\$ 9,848,368	
Data Center Consolidation	\$ 9,351,145	\$ 931,313	\$ 10,282,458	
Technology Replacement & Upgrades - County Support	\$ 5,025,000	\$ 2,500,000	\$ 7,525,000	
Growth & Enhancements - Agency Operations Support	\$ 807,498	\$ -	\$ 807,498	
PC Replacement	\$ 103,300	\$ -	\$ 103,300	
Vehicle Replacement	\$ 325,000	\$ 199,509	\$ 524,509	
HQ Maintenance <i>(contingent upon LBB approval)</i>	\$ 2,001,505	\$ 2,208,000	\$ 4,209,505	
Capital Equipment (HQ Security and Badge System)	\$ -	\$ 305,000	\$ 305,000	
Subtotal	\$ 17,613,448	\$ 15,992,190	\$ 33,605,638	
Agency Total	\$ 151,837,695	\$ 16,492,190	\$ 168,329,885	
Adjustments				
Lapsed appropriation for Texas.gov service fees ¹	\$ 10,354,089	\$ (10,354,089)	\$ -	
Lapsed appropriation for MyPlates	\$ 1,800,000	\$ (1,800,000)	\$ -	
Benefit Replacement Pay		\$ 74,971	\$ 74,971	
Subtotal	\$ 12,154,089	\$ (12,079,118)	\$ 74,971	
Total TxDMV	\$ 163,991,784	\$ 4,413,072	\$ 168,404,856	779.0
Method of Finance				
General Revenue Fund (includes Automation and ABTPA UB)	\$ 12,835,851	\$ 6,013,488	\$ 18,849,339	
State Highway Fund (estimated Automation UB)	\$ -	\$ 3,759,556	\$ 3,759,556	
TxDMV Fund	\$ 150,412,183	\$ (5,359,972)	\$ 145,052,211	
Federal Reimbursements	\$ 743,750	\$ -	\$ 743,750	
Method of Finance Total	\$ 163,991,784	\$ 4,413,072	\$ 168,404,856	
TxDMV Fund Obligations not included in operating budget				
- Fringe Benefits			\$ 13,067,000	
Transfers for Tx.Gov ¹			\$ 10,356,089	
Subtotal			\$ 13,067,000	
Grand Total TxDMV FY 2019 Obligations			\$ 181,471,856	

*Executive Office includes \$21,405 for Civil Rights Office.

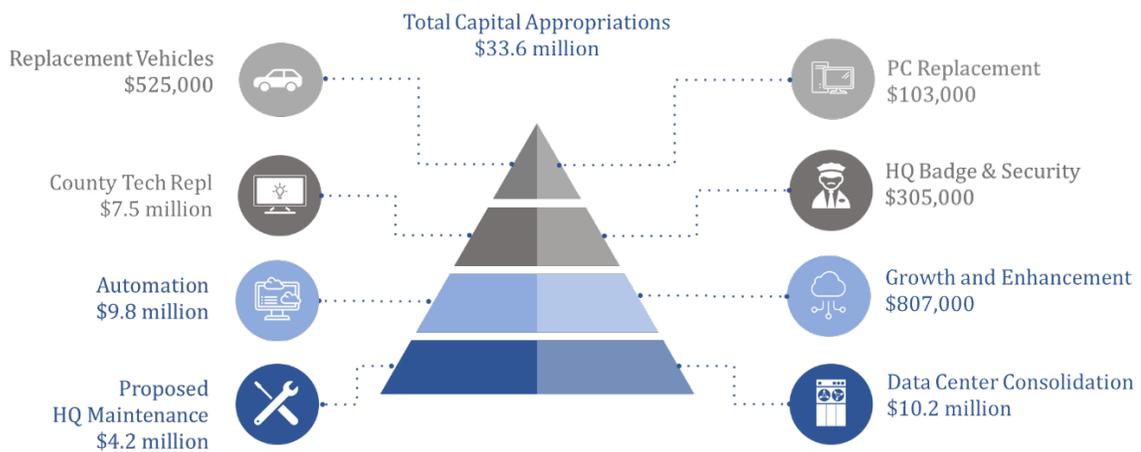
1. Texas.gov fees for online registrations renewals are directly transferred from the TxDMV Fund. The amounts are excluded from the TxDMV operating budget; however, they are an obligation to the TxDMV Fund.

Capital Highlights

Capital Summary

The proposed FY 2019 capital appropriation of \$33.6MM includes funding for technology acquisition and replacement, facilities and transportation. New capital projects for FY 2019 include PC Replacement, Replacement Vehicles, and HQ Badge and Security Equipment. The Automation budget includes \$3.3 in unallocated funding and major projects include RTS Refactoring, Web Dealer, Kiosk Pilot Project, Fraud Data Dashboard, Call Center Upgrade and Web Lien¹. In February 2018, the Call Center Upgrade project was increased by \$100,000, and Web Dealer was adjusted by an increase of \$210,083 to reflect adjustments between internal and external budget amounts from the original project scope.

FY 2019 Recommended Capital Projects



¹ Automation Projects includes:
 RTS Refactoring: Will refresh the Registration and Title Services (RTS) technology by modernizing the core system and provide business intelligence reporting capabilities
 WebDEALER: Allows a vehicle title to be created, stored and transferred in electronic form
 Kiosk Pilot Project: Will pilot self-service kiosks to purchase registration renewal stickers
 Fraud Data Dashboard: Will used data to identify trends that may indicate fraud
 Call Center Upgrade: Will upgrade telephony systems with quality monitoring and workforce management services
 Web Lien: Provides lien holders with a web-enabled alternative for addition or removal of liens

Contracts

Contracts Summary

The department executes contracts that are necessary to perform its duties and operations. The Board’s approval of the operating budget constitutes approval of contracts listed in the operating budget, certain contracts however, require specific Board approval.

The Fiscal Year 2019 budget includes:

- 9 contracts greater than \$200,000
- 3 of which require Board approval
- 5 contracts between \$100k-\$200k
- 13 contracts of less than \$100,000
- 22 IT Staff Augmentation contracts
- 16 statutorily required contracts

The department will execute approximately 210 new contracts, memberships and subscriptions, and renew existing contracts that assist the department in performing its operations. The department anticipates the renewal of 16 statutorily required contracts in Fiscal Year 2019 and shown on page 17.

The following pages detail contracts by division, vendor, purpose, contract period, and amount. The contracts listed on the following pages are subject to change based on the final terms and conditions negotiated.

Contracts by Type and Total Amount Fiscal Year 2019



Contracts Requiring Board Approval

The contracts listed below require Board approval for the award and/or renewal and proposed contract amounts for Fiscal Year 2019. Additional procurements may be conducted during the fiscal year and will be presented to the Board individually upon occurrence. The Interagency Contract between TxDMV and the Texas Department of Transportation (TxDOT) listed below contains a request for an amendment to accommodate the HQ Maintenance project, which will be considered as a separate item.

Division	Vendor	Purpose	Contract Period		FY 2019 Contract Amount	Total Contract Amount as of FY 2019
			Award	Expire		
Motor Carrier	Southwest Research Institute	TxCVIEW Annual Support	3/31/2014	1/31/2020	\$ 1,125,000	\$ 3,768,157
Vehicle Titles and Registration	American Association of Motor Vehicle Administration	Information systems title check through AAMVA	10/1/2018	9/30/2019	\$ 334,207	\$ 1,291,345
Finance and Administrative Services	Texas Dept of Transportation	Interagency contract between TxDMV & TxDOT	9/1/2018	8/31/2019	\$ 3,300,000	\$ 3,300,000
Total					\$ 4,759,207	\$ 5,059,502

Statutorily Required Contracts

Contracts required by statute include the State Office of Administrative Hearings (contested cases), the State Office of Risk Management, Workers Compensation, vehicle liability insurance and property insurance and the Texas Department of Criminal Justice (manufacturing of license plates, registration stickers and placards, etc.). The table on the following page represents anticipated statutorily required contracts for the upcoming fiscal year.

Term Contracts are contracts negotiated by the Texas Comptroller of Public Accounts (CPA) for use by all state agencies. These competitively bid contracts include goods and services such as photocopier leases, automated mailing services, printing services, consumable office supplies and Point of Sale registration paper. State agencies have little or no negotiation authority for these contracts.

Division	Vendor	Purpose	Contract Period		FY 2019 Contract Amount	Total Contract Amount as of FY 2019	
			Award	Expire			
Agency Wide	State Office of Risk Management	Workers compensation & Risk management service	9/1/2018	8/31/2019	\$ 77,102	\$ 281,270	
Capital Projects	Texas Dept. of Information Resources	Data Center Services	7/8/2014	8/31/2019	\$ 12,944,318	\$ 45,930,948	
Finance and Administrative Services	Alliant Insurance Services	Fleet liability ins premium	5/13/2016	8/31/2019	\$ 17,700	\$ 48,900	
Finance and Administrative Services	Arthur J Gallagher Risk Management Services, Inc	Property Liability insurance per State Office of Risk Management	9/1/2016	8/31/2019	\$ 9,800	\$ 29,300	
Finance and Administrative Services	Open Text	Digital Imaging services	9/1/2016	8/31/2019	\$ 3,272,881	\$ 13,441,633	
Finance and Administrative Services	Texas Dept of Criminal Justice	Manufacturing of License Plates/Stickers	9/1/2016	8/31/2019	\$ 16,699,418	\$ 83,264,465	
Finance and Administrative Services	Texas State Library	Records Storage	9/1/2016	8/31/2019	\$ 8,000	\$ 50,000	
Finance and Administrative Services	TIBH Industries Inc.	Janitorial/Custodial Services at Regional Service Centers	7/1/2017	6/30/2019	\$ 208,999	\$ 980,885	
Finance and Administrative Services	TIBH Industries Inc.	HQ Janitorial Services	9/1/2016	8/31/2019	\$ 172,789	\$ 910,457	
Finance and Administrative Services	TIBH Industries, Inc.	Transportation/freight services for plates provided by Southeast Vocational Alliance (SVA) Services	9/1/2016	8/31/2019	\$ 797,000	\$ 2,227,000	
Finance and Administrative Services	TX Comptroller of Public Accounts	Fleet mgmt system support fee	5/11/2015	8/31/2019	\$ 407	\$ 2,847	
Information Technology Services	NICUSA	Web Hosting TX.Gov	9/1/2016	8/31/2019	\$ 518,514	\$ 3,091,614	
Motor Vehicle	State Office of Administrative Hearings	Interagency contract for administrative hearings	9/1/2015	8/31/2019	\$ 167,200	\$ 442,760	
Vehicle Titles and Registration	Taylor Communications	Vehicle Registration Decals	4/16/2015	4/15/2019	\$ 3,393,085	\$ 15,655,955	
Vehicle Titles and Registration	TIBH Industries, Inc.	Specialty license plates mail preparation & mailing service	9/1/2016	8/31/2017	\$ 947,895	\$ 2,714,668	
Agency Wide	NICUSA	Texas.Gov Transaction Fees	9/1/2017	8/31/2019	\$ 11,202,650	\$ 22,405,300	
Footnote 1 - NICUSA Texas.gov contract for transactions fees for online registration renewals is considered an obligation to the TxDMV Fund but is excluded from the agency's operating budget					Total	\$ 50,437,758	\$ 191,478,001

Contracts Greater than \$200k

The following contracts have a cumulative cost value of more than \$200,000. In accordance with the Board Resolution Adopting Contract Approval Procedures, these contracts are excluded from Board approval procedures. These contracts include (1) routine operations; (2) procured from the Texas Council on Competitive Government (CCG); (3) Texas Department of Information Resources (DIR); and (4) Texas Procurement and Support Services (TPASS).

Division	Vendor	Purpose	Contract Period		FY 2019 Contract Amount	Total Contract Amount as of FY 2019
			Award	Expire		
Capital Projects	Insight Public Sector Inc.	County refresh and ongoing maintenance of County equipment	8/7/2017	8/6/2019	\$ 300,000	\$ 7,261,134
Finance and Administrative Services	Ragsdale-Brook	Houston RSC	6/26/2014	8/31/2024	\$ 277,969	\$ 3,315,573
Finance and Administrative Services	TIBH Industries, Inc.	Toner for County Tax-Assessor Collector offices	9/1/2017	8/31/2018	\$ 800,000	\$ 2,400,000
Information Technology Services	CDW	Cisco Smart Net	7/29/2016	7/28/2019	\$ 238,818	\$ 762,834
Information Technology Services	Carahsoft	Salesforce eLicensing Annual license fees	8/31/2017	8/30/2019	\$ 1,050,000	\$ 3,079,508
Motor Carrier	Promiles Software Development Corp.	TxPROS software maintenance	5/12/2016	8/31/2019	\$ 603,180	\$ 2,412,720
Vehicle Titles & Registration	RR Donnelly Company	Title Paper	3/6/2016	3/8/2018	\$ 623,332	\$ 2,389,808
Vehicle Titles & Registration	Taylor Communications	VTR RTS-500 Form	9/1/2017	8/31/2017	\$ 678,600	\$ 1,619,600
Vehicle Titles & Registration	Pitney Bowes	Postage	9/1/2016	8/31/2018	\$ 9,800,000	\$ 28,922,586
Total					\$ 14,371,899	\$ 52,163,763

Contracts between \$100k and \$200k

Contracts, including Statewide Contracts that have an annual cost value from \$100,000 to \$200,000 (Commodities over \$25,000 and Services over \$100,000 must be reviewed by the Texas Comptroller of Public Accounts; Government Code 2156.121) may be delegated to the agency by the Texas Comptroller of Public Accounts. If delegated, these are executed at the executive director's discretion within budget guidelines and in accordance with established procurement contract laws, rules, regulations and policies of oversight agencies. The executive director will report contract executions to the board.

Division	Vendor	Purpose	Contract Period		FY 2019 Contract Amount	Total Contract Amount as of FY 2019
			Award	Expire		
Finance and Administrative Services	Purple Tree LLC	Dallas/Carrollton RSC	6/18/2013	3/31/2020	\$ 122,829	\$ 927,711
Finance and Administrative Services	Voyager Fleet Systems Inc.	Fleet fuel and maintenance	4/4/2014	8/31/2019	\$ 153,812	\$ 775,276
Finance and Administrative Services	Pitney Bowes	Agency postage	9/1/2017	8/31/2019	\$ 175,000	\$ 350,000
Information Technology Services	Explore	IRP Maintenance	4/1/2017	3/31/2019	\$ 336,300	\$ 976,876
Information Technology Services	Solid Border	Security Software	10/21/2016	10/20/2019	\$ 128,076	\$ 402,100
Total					\$ 916,017	\$ 3,431,962

Contracts less than \$100k

Contracts, including Statewide Contracts under \$100,000 annually for services and \$25,000 for commodities are delegated to state agencies by the Texas Comptroller of Public Accounts (Government Code 2155.132). These include but are not limited to competitively bid contracts for goods and services that are executed at the executive director's discretion within budget guidelines and in accordance with established procurement contract laws, rules, regulations and policies of oversight agencies.

Category	Division	Vendor	Purpose	Contract Period		FY 2019 Contract Amount	Total Contract Amount as of FY 2019
				Award	Expire		
Temporary Staffing	Consumer Relations	TIBH Industries, Inc.	Temporary staffing	7/5/2018	7/4/2019	\$ 108,243	\$ 124,238
Building Leases	Finance and Administrative Services	Burnham Properties LTD	El Paso RSC	7/3/2014	10/31/2018	\$ 47,138	\$ 103,703
	Information Technology Services	Texas Dept. of Information Resources	Data Recovery Center	4/16/2014	4/30/2019	\$ 12,000	\$ 24,000
	Finance and Administrative Services	Corpus Christi Regional Transportation	Corpus Christi RSC	4/1/2017	3/31/2019	\$ 26,165	\$ 71,018
	Finance and Administrative Services	4015 Limited Partnership	CPA Warehouse	5/1/2015	4/30/2020	\$ 20,337	\$ 40,674
	Finance and Administrative Services	Tony Martin Trustee	Waco RSC	4/2/2012	8/31/2020	\$ 38,226	\$ 76,452
	Finance and Administrative Services	Riverbend Complex LLC	Ft. Worth RSC	7/1/2015	9/30/2020	\$ 77,625	\$ 155,250
	Finance and Administrative Services	Herrero & Company LLC	San Antonio RSC	5/1/2017	4/30/2027	\$ 81,825	\$ 163,650
Software Maint/License Fees	Information Technology Services	National Auto Research Division	Web Portal Services	6/1/2017	5/31/2018	\$ 108,000	\$ 530,875
	Information Technology Services	SHI Govt Solutions	GoTo Webinar	5/18/2015	5/18/2018	\$ 7,158	\$ 20,766
	Information Technology Services	PCMG	Acrobat Licenses	9/1/2017	8/31/2018	\$ 36,574	\$ 108,574
	Information Technology Services	Smarty Streets	Address Lookup	7/1/2016	6/30/2017	\$ 10,000	\$ 27,400
Cellular Services	Multiple	AT&T Wireless	Cellular Services	9/1/2017	8/31/2019	\$ 91,276	\$ 163,276
Total						\$ 664,567	\$ 1,609,876

IT Staff Augmentation Contracts

Generally, contracts over \$200,000 must be reviewed and approved by the TxDMV Board; however, the TxDMV Board resolution adopting contract approval procedures excludes from approval those contracts with DIR for routine operations. The following list of Information Technology-related staff augmentation contracts for 2019 are for informational purposes only.

Note that contract amounts are subject to change based on agency needs and the final terms and conditions negotiated.

Division	Vendor	Purpose	Contract Period		Primary Project	FY 2017 Estimated Expenditures	FY 2018 Estimated Expenditures	FY 2019 Contract Amount	Total Contract Amount
			Award	Expire					
Enterprise Project Management	TIBH	Technology Services Staff Augmentation	5/11/2017	12/31/2018	RTS Refactoring	\$ 94,180	\$ 108,389	\$ 33,359	\$ 235,928
Enterprise Project Management	NF Consulting	Technology Services Staff Augmentation	6/29/2017	6/28/2019	IT Operating/Kiosk	\$ 129,532	\$ 195,520	\$ 201,760	\$ 526,812
Information Technology	NF Consulting	Technology Services Staff Augmentation	7/5/2018	7/4/2019	IT Operating	\$ -	\$ -	\$ 200,720	\$ 200,720
Enterprise Project Management	NF Consulting	Technology Services Staff Augmentation	8/1/2017	12/31/2019	RTS Refactoring	\$ 244,984	\$ 235,040	\$ 97,632	\$ 577,656
Enterprise Project Management	TIBH	Technology Services Staff Augmentation	9/1/2016	12/31/2018	RTS Refactoring	\$ 115,502	\$ 108,389	\$ 41,461	\$ 265,352
Enterprise Project Management	Apex Systems	Technology Services Staff Augmentation	1/5/2017	1/4/2019	RTS Refactoring	\$ 97,560	\$ 187,200	\$ 61,920	\$ 346,680
Enterprise Project Management	Capitol Systems Inc.	Technology Services Staff Augmentation	2/13/2017	8/30/2019	Dashboard and Enterprise Reporting	\$ 45,915	\$ 187,200	\$ 197,600	\$ 430,715
Information Technology	TIBH	Technology Services Staff Augmentation	12/9/2016	9/10/2018	IT Operating	\$ 109,501	\$ 27,097	\$ 30,976	\$ 167,574
Enterprise Project Management	TIBH	Technology Services Staff Augmentation	7/4/2017	12/31/2018	RTS Refactoring	\$ 140,922	\$ 201,802	\$ 54,331	\$ 397,055
Enterprise Project Management	TIBH	Technology Services Staff Augmentation	11/14/2017	12/31/2018	RTS Refactoring	\$ 154,558	\$ 196,747	\$ 37,079	\$ 388,385
Enterprise Project Management	Nipun Systems	Technology Services Staff Augmentation	9/5/2017	12/31/2018	RTS Refactoring	\$ 191,360	\$ 191,360	\$ 51,520	\$ 434,240
Enterprise Project Management	NF Consulting	Technology Services Staff Augmentation	7/17/2017	12/31/2018	RTS Refactoring	\$ 16,212	\$ 200,720	\$ 66,392	\$ 66,392
Enterprise Project Management	Rapisource LLC	Technology Services Staff Augmentation	10/5/2017	12/31/2018	RTS Refactoring	\$ -	\$ 205,920	\$ 72,072	\$ 72,072
Information Technology	Dataman USA	Technology Services Staff Augmentation	8/21/2017	8/7/2018	Cybersecurity	\$ 218,400	\$ 218,400	\$ 218,400	\$ 218,400
Enterprise Project Management	Cogent Infotech	Technology Services Staff Augmentation	1/9/2017	1/8/2019	RTS Refactoring	\$ 130,368	\$ 201,760	\$ 50,440	\$ 382,568
Information Technology	NTT Data	Technology Services Staff Augmentation	4/17/2018	4/16/2019	IT Operating - File Net	\$ -	\$ 4,942	\$ 270,483	\$ 270,483
Information Technology	TekSystems	Technology Services Staff Augmentation	4/23/2018	4/22/2019	IT Operating	\$ -	\$ 98,310	\$ 135,242	\$ 135,242
Enterprise Project Management	NF Consulting	Technology Services Staff Augmentation	6/4/2018	6/3/2019	Dashboard and Enterprise	\$ -	\$ 50,602	\$ 208,832	\$ 208,832
Enterprise Project Management	Allied Consultants	Technology Services Staff Augmentation	5/15/2018	5/14/2019	RTS Refactoring	\$ -	\$ 57,624	\$ 54,880	\$ 112,504
Enterprise Project Management	Pexus LLC	Technology Services Staff Augmentation	6/4/2018	6/3/2019	RTS Refactoring	\$ -	\$ 47,376	\$ 52,640	\$ 100,016
Enterprise Project Management	BANSAT Technologies Inc	Technology Services Staff Augmentation	5/28/2018	5/27/2019	RTS Refactoring	\$ -	\$ 48,636	\$ 54,040	\$ 102,676
Information Technology	Sistema Technologies Inc	Technology Services Staff Augmentation	8/1/2018	7/31/2019	IT Operating	\$ -	\$ 20,647	\$ 105,202	\$ 125,850
Total							\$ 2,793,680	\$ 2,296,982	\$ 5,766,151

Summary of Contracts Grouped by Category

The following table is a summary of contracts that are less than \$100,000 grouped by category.

Category	Purpose	FY 2019 Average Contract Amount	FY 2019 Combined Contract Amount	Total Combined Contract Amount
Memberships & Licenses 20 Contracts Subscriptions 19 Contracts	Bar Dues \$4,903 Memberships \$57,969 Subscriptions \$201,754	\$ 6,616	\$ 264,626	\$ 959,330
Technology, Hardware/Software Maintenance 33 Contracts	Software Maintenance \$48,328	\$ 1,464.42	\$ 48,326	\$ 600,791
Copier Leases 47 Contracts	47 Copiers \$226,969	\$ 4,829.13	\$ 226,969	\$ 1,629,424
Service Contracts 23 Contracts	IT-related \$146,347 Broadband Services \$4,157 Other \$35,254 On-Line Subscription \$162,251	\$ 8,700	\$ 348,009	\$ 3,008,614
Total			\$ 887,930	\$ 6,198,159

Appendix A. Budget Category Definitions

Budget Category Definitions

In Alphabetical Order

Advertising and Promotion – Includes radio/media ads, posters, signage, brochures, flyer production, and other promotional items.

Benefit Replacement Pay – Benefit Replacement Pay (BRP) is compensation authorized by the Texas Legislature to offset the loss of state-paid Social Security contributions.

Capital – Includes items established as “Capital Items” by the agency, or greater than \$5,000, which have capital authority as outlined in Rider 2 of the General Appropriations Act, 85th Legislature, such as Acquisition of Information Resource Technology, land and buildings, relocation of facilities, and aggregate furniture purchases in excess of \$100,000.

Computer Equipment – The purchase and replacement of personal information technology equipment and peripherals such as workstations, monitors, keyboards, and laptops.

Consumables – Standard consumable costs required to run the day-to-day operations of the agency such as paper, pens, pencils, media discs and USB drives, paper clips and staples.

Contract Services – General jobs outsourced to third party companies and organizations for the benefit of the agency such as MyPlates and Standard Register.

Fees and Other Charges – Credit card processing fees, employee health insurance fees, State Office of Risk Management insurance charges, and court filing fees.

Freight – Costs to transport license plates to county tax offices.

Fuels and Lubricants – Fleet maintenance and operation costs related to oil changes and refueling fleet vehicles.

Grants – Pass through funds designated for use by city, county, and other state agencies for a specific, contractual requirement.

Maintenance and Repair – Expenditures related to the upkeep of agency facilities, equipment, and software used on agency systems for annual application support such as e-Tags and International Registration Plan (IRP).

Memberships and Training – Fees for training courses and conference registrations for agency staff. Also included are expenditures for memberships for agency personnel such as Texas Association of Public Purchasers, American Association of Motor Vehicle Administrators (AAMVA) and the National Board of Motor Vehicle Boards and Commissions.

Other Expenses – Includes office furniture and equipment, and miscellaneous non-categorized costs such as employee awards, publication purchases, parts, promotional items, and non-capitalized tools. Also included in this category is a portion of the funding for TxDMV Automation and Growth and Enhancement.

Postage – Includes costs of metered mailing for license plates, registration renewal notices, and titles; and includes the cost of the rental of agency post office boxes.

Professional Fees – Work, requiring specific expertise, provided by third party professionals holding specific certifications and qualifications.

Rent – Building/Rent – Machine, Other – Costs associated with procurement of project facilities such as office rental, off-site training rooms; and costs associated with the rental of office equipment such as postage meters and copy machines.

Reproduction and Printing – Includes all agency printed materials primarily used in registration renewal notices and titles such as notification inserts, envelopes, and title paper.

Salary – Includes salaried workers and interns, longevity pay, health insurance contributions, and retirement contributions. Does not include contract workers who are not a part of the organization's normal payroll.

Services – Includes costs associated with services provided to TxDMV through subscription such as National Motor Vehicle Information System (NMVTIS) and LexisNexis.

Travel (In-State/Out-of-State) – Planned travel costs provided to participant. Includes transportation, meals and accommodations, and travel per-diems.

Utilities – Costs associated with providing services at facilities such as electricity, telephone, water, and natural gas.

Appendix B. Budget Terms and Definitions

Budget Terms and Definitions

Appropriated – Refers to the dollars or associated full-time equivalent (FTE) positions authorized for specific fiscal years and to the provisions for spending authority.

Appropriation Year (AY) – Refers to the specific fiscal year for which an appropriation is made. The appropriation year dictates the year to which the expenditure is authorized/charged.

Annual Operating Budget – An agency's approved Annual Operating Budget represents a one-year financial plan supporting the agency's business operations and addresses base operating requirements and adjustments. The budget covers funding for each division and reflects the most appropriate method of finance and strategy for core activities and continuing programs. The TxDMV Preliminary Annual Operating Budget reflects Fiscal Year 2019 appropriations as identified in the 85th Legislature, Regular Session, GAA. The agency's preliminary Annual Operating Budget covers a one-year period from September 1 through August 31.

Base Request – The base request represents the basis for the agency's biennial budget. The base request cannot exceed the appropriated amount established by the legislature through the prior biennial GAA, adjusted for Article IX appropriation reductions.

Benefit Replacement Pay – Benefit Replacement Pay (BRP) is compensation authorized by the Texas Legislature to offset the loss of state-paid Social Security contributions. S.B.102, 74th Legislature eliminated the state-paid Social Security payment, effective December 31, 1995. After this date, eligible employees began receiving a supplement known as Benefit Replacement Pay (BRP) in place of the state-paid Social Security payment. Eligible employees include those that were employed by the state and subject to FICA taxes on August 31, 1995, and have been continuously employed by the state since that date; employees that left the state but returned within 30 consecutive calendar days and those that retired before June 1, 2005, and returned to work with the state before September 30, 2005.

Biennium – Two-year funding cycle for legislative appropriations.

Capital Budget – The portion of an agency's appropriation that is restricted to expenditures for designated capital construction projects or capital acquisitions.

Centralized Accounting and Payroll/Personnel System (CAPPS) – CAPPS is the official name of the statewide Enterprise Resource Planning (ERP) system created by the Comptroller's of Public Accounts (CPA) office ProjectONE team. CAPPS will replace legacy systems with a single software solution for financial and Human Resources (HR)/Payroll Administration for Texas state agencies. The modules for TxDMV's CAPPS include: Asset Management; General Ledger/Commitment Control (Budget); Payables; Purchasing/eProcurement; HR and Payroll Administration.

Expended – Refers to the actual dollars or positions utilized by an agency or institution during a completed fiscal year; a goal or strategy; an object of expense; or an amount from a particular method of finance.

General Appropriations Act (GAA) – The law that appropriates biennial funding to state agencies for specific fiscal years and sets provisions for spending authority.

General Revenue (GR) Fund – The fund (Fund 0001) that receives state tax revenues and fees considered available for general spending purposes and certified as such by the Comptroller of Public Accounts.

Federal Funds/Grants – Funds received from the United States government by state agencies and institutions that are appropriated to those agencies for the purposes for which the federal grant, allocation, payment or reimbursement was made.

Full-Time Equivalents (FTEs) – Units of measure that represent the monthly average number of state personnel working 40 hours per week.

Fiscal Year (FY) – September 1 through August 31 and specified by the calendar year in which the fiscal year end, e.g. Fiscal Year 2019 runs from September 1, 2018 through August 31, 2019.

Lapsed Funds – The unobligated balance in an item of appropriation that has not been encumbered at the end of a fiscal year or at the end of the biennium. Appropriations expire if they are not 1) obligated by August 31 of the appropriation year in which they were made or 2) expended within two years following the last day of the annual year.

Line-item – An element of spending authority granted to an agency or institution in an appropriations bill. It is literally, a line in the General Appropriations Act specifying an agency's appropriations for a specific designated use. In Texas, the governor may veto a line-item.

Method of Finance – This term usually appears as a heading for a table that lists the sources and amounts authorized for financing certain expenditures or appropriations made in the General Appropriations Act (GAA). A source is either a “fund” or “account” established by the comptroller or a category of revenues or receipts (e.g. federal funds).

Processing and Handling Fee – In accordance with H.B. 2202, 83rd Legislature, Regular Session, in June 2016, effective January 1, 2017, a new processing and handling (P&H) fee for registration activities has been adopted. The new P&H fee is set at an amount sufficient to cover the costs of registration services.

Salary Budget – Fiscal Year 2019 salaries include projected annual costs based on Fiscal Year 2018 actual salaries with adjustments for vacancies, merits and Fiscal Year 2019 longevity costs.

State Highway Fund (Fund 0006) – Constitutionally created fund that dedicates net revenues from motor vehicle registration fees and taxes on motor fuels and lubricants. Revenue in the State Highway Fund is used for highway construction and maintenance, acquisition of rights-of-way and law enforcement on public roads.

TxDMV Fund (Fund 0010) – S.B. 1512, 84th Legislature, Regular Session, re-created the TxDMV Fund outside of the GR Fund and directed the agency to change its deposit schedule beginning in Fiscal Year 2017. S.B. 1512 also redirected the revenues previously identified in H.B. 2202, 83rd Legislature, Regular Session associated with certain TxDMV fees to be deposited to the credit of the newly established TxDMV Fund. ABTPA, however, continues to be self-funded through the collection of a \$2 fee on insurance policy renewals and its fees are deposited to the credit of the General Revenue.

Unexpended Balance (UB) or Carry-Forward – The amount left in an item of appropriation at the end of an appropriation period and includes only that part of the appropriation, if any, which has not had an obligation or commitment made by the agency in charge of spending the appropriation. The term also refers to the amount of an appropriation, a fund or a category of revenue which is brought forward (appropriated) to the succeeding fiscal year. Agencies must have legislative authority to move funds from one year to the next and/or from one biennium to the next biennium.

Appendix C. Finance and Administrative Services Contacts

Finance and Administrative Services Contacts

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Budget Analysts

John Ralston, Budget Team Lead
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Revenue Forecasting

Brian Kline, Revenue Forecasting Team Lead
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Laura Fowler, Financial Analyst
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Steve Sandoval, Financial Analyst
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Planning

Lisa Conley, Planner
512-465-4186

DATE: August 16, 2018
Continued From: -
Action Requested: Briefing

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Linda M. Flores, CPA, Chief Financial Officer
Agenda Item: 13.C.
Subject: Preliminary FY 2020-2021 Legislative Appropriations Request, Baseline and Exceptional Items

RECOMMENDATION

Briefing of the Legislative Appropriations Request, or LAR, for the upcoming Fiscal Years 2020-2021 biennium. As part of the development of the upcoming biennial appropriations process, staff presents a preliminary baseline and exceptional items for consideration. The appropriation request for the Texas Department of Motor Vehicles (TxDMV) request was submitted to oversight agencies on August 10, 2018.

PURPOSE AND EXECUTIVE SUMMARY

The TxDMV appropriations requests for the upcoming biennium, Fiscal Years 2020-2021 includes 1) a baseline request and 2) an exceptional item request. All state agencies are required to reconcile their original appropriations by method of finance and full-time-equivalent (FTE) positions to the final fiscal year 2017 expended, the fiscal year 2018 estimated, and the fiscal year 2019 budgeted amounts.

The 2018-19 Base Reconciliation approved by Legislative Budget Board (LBB) staff and the Office of the Governor, Budget Division, staff becomes the basis for the General Revenue Funds and General Revenue-Dedicated Funds limits provided to state agencies for preparing their baseline requests for the 2020-21 biennium. The 2018-19 biennial base is the total of the estimated expenditures for fiscal year 2018 plus the budgeted expenditures for fiscal year 2019 for the agency's General Revenue Funds and General Revenue-Dedicated Funds.

The TxDMV submitted a baseline request of \$321.5 million. This amount includes a request for capital authority in the amount of \$47.2 million. In addition, the agency requested \$19.2 million in exceptional items. The grand total request is \$340.7 million.

FINANCIAL IMPACT

TxDMV is a net revenue-generating agency for the state. Effective September 1, 2016, TxDMV began depositing revenue into a new agency fund recreated by the 84th Legislature, the TxDMV Fund (0010). The agency's budget request is supported by collections. The staff estimates that TxDMV will collect approximately \$3.9 billion for the State.

The majority of the agency's request (87%) will be funded from the TxDMV Fund as well as less than 1% in federal funds. Lastly, the request also includes 12% General Revenue (GR) funding for baseline and exceptional items for the Automobile Burglary & Theft Prevention Authority (ABTPA).

BACKGROUND AND DISCUSSION

The department's baseline request of \$321.5 million is an increase of approximately \$9 million from the \$312 million request presented to the board in June 2018. The two major differences consist of a reduction of approximately \$4 million reduction in a rider appropriation for Special License Plate fees, to match anticipated collections in the next biennium; and an increase in the GR baseline of approximately \$13 million for ABTPA grants. This was the result of the base reconciliation computation provided to the TxDMV by the LBB and Governor's Office Budget Division.

The baseline includes initiatives to continue centralized fulfillment of online registration renewals, address long standing headquarters maintenance needs and enhanced investigative fraud prevention initiatives by Compliance and Investigations and Enforcement divisions.

The capital budget request of \$47.2 million includes a small increase of \$200,000 for headquarters furniture replacement. This was added to the agency's request after the June 2018 board presentation. The remainder of the request is unchanged from the June presentation. A detailed listing of the capital line items is contained in the enclosed board material.

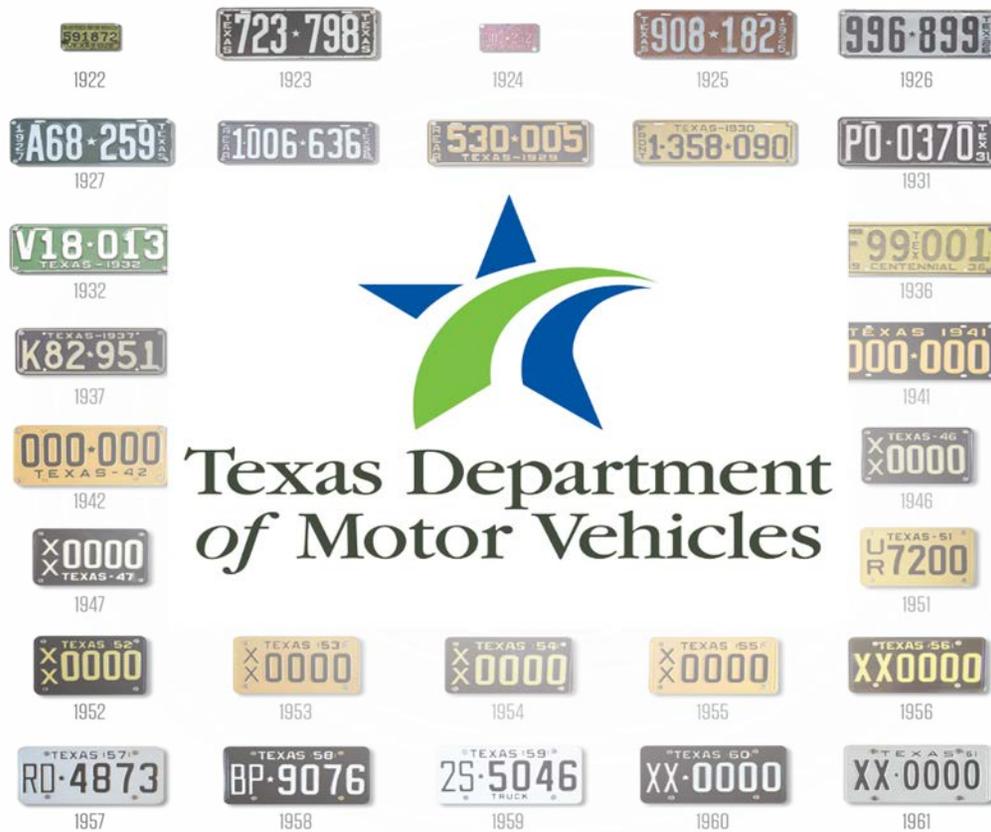
Final modifications to the list of preliminary exceptional items include:

- The elimination of three information technology projects that will be considered in future biennia.
- The combination of two items related to fraud monitoring and online case history and management for motor vehicle dealers and motor carriers.
- Removing the ABTPA Crime Reduction Strategy exceptional item.

The final list exceptional items totaled \$19.2 million and 21 new Full-Time Equivalent (FTEs). This request includes initiatives to address Sunset recommendations and operational needs to strengthen the TxDMV's organizational infrastructure.

The submitted LAR also included three new riders which would allow the agency to:

1. Spend any unexpended balances in appropriations between the first and second year of the biennium (FY 2020 and FY 2021);
2. Spend unexpended balances of state match funds for federal grants from FY 2020 in FY 2021, and
3. Spend money appropriated for capital projects for headquarters maintenance during both years of the biennium.



FY 2020 - 2021 Legislative Appropriations Request Summary

Legislative Appropriation Request Process

Legislative Appropriations Request (LAR)

The LAR is the agency's biennial funding budget request. The agency solicits information from all levels of management in order to identify future program needs. Advanced planning and management involvement provides the agency with the most complete budget information.

- The LAR begins with a baseline reconciliation and covers two separate fiscal years (FY) 2018 and 2019. The LAR becomes the basis for consideration of agency funding by the Legislature for the FY 2020-21 biennium, covering September 1, 2019 through August 31, 2021.

The LAR for the Texas Department of Motor Vehicles (TxDMV) was submitted to the Legislative Budget Board and the Governor's Office, Budget Division on August 10, 2018.

What's New

10% General Revenue Reduction

As part of the state's budgeting instructions, state agencies are required to prepare a LAR schedule reflecting a 10% biennial reduction to any programs funded from General Revenue (GR). The 10% reduction schedule is only implemented should the legislature decide that statewide budget cuts are needed for the upcoming biennium. Beginning in FY 2018, TxDMV became a self-funded agency that is not be subject to the 10% GR reduction, with the exception of the Automobile Burglary and Theft Prevention Authority (ABTPA) program. The State deposits almost \$46 million annually in GR through the assessment of a \$2.00 fee on motor vehicle insurance policies. Statute states 50% of each fee collected may be appropriated only to the Authority. The FY 2020-21 baseline request for ABTPA is \$19.5 million annually. The agency is including a 10% reduction schedule with a biennial total of \$2.7 million, in its request for the ABTPA program. The reduction schedules are prepared in 2.5% increments, and it is anticipated that each of the 2.5% reductions will impact grant funding.

Timeline



Key Differences from the June Preliminary Request to the August LAR Submission

Baseline

- Strategy A.1.1. Titles, Registration and Plates: Rider 3. Special License Plate Fees. The variance includes a \$3.6 million reduction to match anticipated revenues.
- Strategy B.2.1. Automobile Burglary and Theft Prevention Authority (ABTPA) increased by \$6.6 million per year for a revised baseline request of \$39 million for the biennium.
- Adjustments between the remaining strategies are to facilitate anticipated changes in operating expenses.
- The revised biennial request totals \$321.5 million including \$39 million in General Revenue, \$1.5 in Federal Funds and \$281 million from the TxDMV Fund.

Items of Appropriations	June Preliminary Request			August LAR Submission			Variance
	Base FY 2020	Base FY 2021	Biennial Total	Base FY 2020	Base FY 2021	Biennial Total	
Goal A. Optimize Services and Systems							
Strategy A.1.1 – Titles, Registrations, and Plates	\$ 73,518,439	\$ 73,343,443	\$ 146,861,882	\$ 71,328,921	\$ 71,353,923	\$ 142,682,844	\$ (4,179,038)
Strategy A.1.2 – Vehicle Dealer Licensing	\$ 4,147,355	\$ 4,147,355	\$ 8,294,710	\$ 4,147,355	\$ 4,147,355	\$ 8,294,710	\$ (0)
Strategy A.1.3 – Motor Carrier Permits & Credentials	\$ 9,255,352	\$ 9,255,352	\$ 18,510,704	\$ 9,221,636	\$ 9,074,638	\$ 18,296,274	\$ (214,430)
Strategy A.1.4 – Technology Enhancement & Automation	\$ 9,257,539	\$ 2,691,461	\$ 11,949,000	\$ 9,257,539	\$ 2,691,461	\$ 11,949,000	\$ 0
Strategy A.1.5 – Customer Contact Center	\$ 2,443,840	\$ 2,443,840	\$ 4,887,680	\$ 2,826,902	\$ 2,826,902	\$ 5,653,804	\$ 766,124
Total, Goal A: Optimize Services and Systems	\$ 98,622,525	\$ 91,881,451	\$ 190,503,976	\$ 96,782,353	\$ 90,094,279	\$ 186,876,632	\$ (3,627,344)
Goal B. Protect the Public							
Strategy B.1.1 – Enforcement	\$ 6,899,303	\$ 6,899,303	\$ 13,798,606	\$ 6,960,443	\$ 6,960,443	\$ 13,920,886	\$ 122,280
Strategy B.2.1 – Automobile Theft Prevention	\$ 12,835,851	\$ 12,835,851	\$ 25,671,702	\$ 19,458,902	\$ 19,458,902	\$ 38,917,804	\$ 13,246,102
Total, Goal B: Protect the Public	\$ 19,735,154	\$ 19,735,154	\$ 39,470,308	\$ 26,419,345	\$ 26,419,345	\$ 52,838,690	\$ 13,368,382
Goal C: Indirect Administration							
Strategy C.1.1 – Central Administration	\$ 8,022,484	\$ 8,022,484	\$ 16,044,968	\$ 8,177,043	\$ 8,177,043	\$ 16,354,086	\$ 309,118
Strategy C.1.2 – Information Resources	\$ 25,329,696	\$ 24,730,504	\$ 50,060,200	\$ 24,761,268	\$ 24,467,076	\$ 49,228,344	\$ (831,856)
Strategy C.1.3 – Other Support Services	\$ 7,919,024	\$ 7,819,024	\$ 15,738,048	\$ 8,779,624	\$ 7,386,224	\$ 16,165,848	\$ 427,800
Total, Goal C: Indirect Administration	\$ 41,271,204	\$ 40,572,012	\$ 81,843,216	\$ 41,717,935	\$ 40,030,343	\$ 81,748,278	\$ (94,938)
Total Department of Motor Vehicles	\$ 159,628,883	\$ 152,188,617	\$ 311,817,500	\$ 164,919,633	\$ 156,543,967	\$ 321,463,600	\$ 9,646,100
Method of Finance							
General Revenue (GR) Fund 0001	\$ 12,835,851	\$ 12,835,851	\$ 25,671,702	\$ 19,458,902	\$ 19,458,902	\$ 38,917,804	\$ 13,246,102
Texas Department of Motor Vehicles Fund 0010	\$ 146,049,282	\$ 138,609,016	\$ 284,658,298	\$ 144,716,981	\$ 136,341,315	\$ 281,058,296	\$ (3,600,002)
Federal Funds	\$ 743,750	\$ 743,750	\$ 1,487,500	\$ 743,750	\$ 743,750	\$ 1,487,500	\$ -
Total Method of Finance	\$ 159,628,883	\$ 152,188,617	\$ 311,817,500	\$ 164,919,633	\$ 156,543,967	\$ 321,463,600	\$ 9,646,100
Full Time Equivalents (FTE)			779.0			779.0	-

Capital Budget	June Preliminary	August LAR	Variance
	Biennial Base Request	Submission	
	FY 2020-21	FY 2020-21	
TxDMV Automation System	\$ 6,566,078	\$ 6,566,078	\$ -
Growth and Enhancement – Agency Operations Support	\$ 1,614,996	\$ 1,614,996	\$ -
Technology Replacement and Upgrades - Regional Support for County Tax Assessor Collector Offices	\$ 10,025,000	\$ 10,025,000	\$ -
PC Replacement	\$ 451,600	\$ 451,600	\$ -
Cybersecurity Initiative Projects	\$ 400,000	\$ 400,000	\$ -
Transportation – New Vehicles (8 vehicles)	\$ 180,000	\$ 180,000	\$ -
TxDMV Headquarters Furniture Replacement		\$ 200,000	\$ 200,000
RSC Maintenance and Repair	\$ 500,000	\$ 500,000	\$ -
TxDMV Headquarters Security and Badge System	\$ 450,000	\$ 450,000	\$ -
TxDMV Headquarters Maintenance Projects	\$ 5,000,000	\$ 5,000,000	\$ -
Data Center Consolidation	\$ 21,774,873	\$ 21,774,873	\$ -
Total Capital Budget	\$ 46,962,547	\$ 47,162,547	\$ 200,000
Method of Finance			
Texas Department of Motor Vehicles Fund 0010	\$ 46,962,547	\$ 47,162,547	\$ 200,000
Total Method of Finance	\$ 46,962,547	\$ 47,162,547	\$ 200,000

Capital

The key variance between the June preliminary capital budget and the August LAR submission is the addition of a line item for TxDMV Headquarters furniture. The department is in need of furnishings to replace items which have exceeded their useful life.

The revised biennial request from the TxDMV fund for capital totals \$47.2 million.

Exceptional Item Requests

There were two adjustments made to the exceptional item list presented at the June Board meeting:

- The Automated Fraud Monitoring and Resources and Online Dealer & Motor Carrier History and Case Management System items were combined into one item renamed Consumer Protection and Tracking for a biennial total of \$567,500
- Two information technology items, Platform Modernization of the Motor Carrier Credentialing System (MCCS) and Enterprise Data Warehouse/Data Analytics were eliminated based on a review of current resources available to complete the projects. Both projects will be requested in a future biennium.

Staff scheduled briefings in July with individual Board members to discuss the revised exceptional items. In August, additional revisions were made to the list of exceptional items.

- Complaint Management System was eliminated. The Sunset report recommends statutory changes in to address complaint intake and resolution timeframes. The department will continue to research this project for a future request.
- APTPA Crime Reduction Strategy is now included in the Authority's baseline request.

The final exceptional item request consists of \$13.1 in General Revenue and \$6.1 million from the TxDMV Fund for a total biennial request of \$19.2 million and is shown on pages 5 through 8.

Exceptional Item Requests

Priority	Division	Exceptional Item	Description	Biennial Request	
				FTE	Amount
1	Information Technology Services	Information Technology Infrastructure Improvements	<p>Sunset Item 5.4 Funding to implement identified improvements that will facilitate a comprehensive approach in application development, maintenance and updating of TxDMV information technology infrastructure. Request includes improvements to the department's development environment consisting of funding for Data Center Services (DCS) for servers and database licenses (\$1,700,000) to build out non-production environments to support the software development lifecycle. Funding in professional fees (\$600,000) to implement testing improvements to facilitate the creation of self-service test data, obtaining automated testing tools, and creating automated tests. Finally, application development funding of \$400,000 to build out self-service password reset functionality in the Registration and Titling System (RTS) and Motor Vehicle Inquiry Network (MVINET) and to modify International Registration Plan System (IRP) to reduce errors.</p>		\$ 2,700,000
2	Information Technology Services	Information Technology Development & Maintenance	<p>Sunset Item 5.4 Internal and third-party analyses of the IT Services FTE allocation determined that additional FTEs are needed to fulfill all existing obligations and to maintain service levels to avoid future backlog. This request will be used to implement operational improvements that enable the agency to develop and maintain TxDMV information technology projects and infrastructure.</p>	12.00	\$ 1,922,568

Priority	Division	Exceptional Item	Description	Biennial Request	
				FTE	Amount
3	Enforcement/ Compliance & Investigations / Internal Audit	Consumer Protection and Tracking	<p>Sunset Items, 2.4, 3.6 and 3.9</p> <p>Funding to leverage technology to achieve the goal of a proactive, risk-based approach to enforcement and fraud. The request will fund three initiatives. 1) Construction of a public facing database of case histories for motor vehicle and motor carrier licensees. 2) Enhancements to the existing case management system to improve reporting of motor vehicle and motor carrier enforcement data, including complaints by source and license type, nature of complaint, resolution by allegation type, and enhanced reporting of cases referred to the State Office of Administrative Hearings. 3) Provide the newly created Compliance and Investigations Division with software tools to help detect and assist in the investigation of auto theft, auto fraud, curbstoning, insurance fraud, tax scofflaws, and unlicensed businesses. Planned software acquisitions will automate the identification of vulnerabilities, trends and other indicators of fraud and criminal behavior, including activity on online classifieds, e-commerce and social media websites.</p>		\$ 567,500
4	Consumer Relations/ Enforcement/ Motor Carrier/ Motor Vehicle /Information Technology Services	Complaint Management System (CMS)	<p>Sunset Items 5.3 and 5.5</p> <p>Develop and maintain a new complaint management system which would include data on the status of complaints, complaint procedures, and documentation of complaints. This item also includes coalescing complaints into a single repository for greater efficiency, instead of the current process of storing complaints in separate systems. Includes costs for staff and operating (\$154,815) and funding for external contract services (\$4,000,000).</p>	—1.00	\$ 4,154,815

Priority	Division	Exceptional Item	Description	Biennial Request	
				FTE	Amount
5 4	Consumer Relations	Customer Service Enhancement	Requesting eight Customer Service Representatives and one trainer for the department's Consumer Relations Division (CRD), the centralized division responsible for assisting customers with motor vehicle inquiries and transactions by mail, email and phone. CRD's call and email volume has increased by 53% and 58% respectively (FY 11 – 17). CRD is unable to effectively handle the significant increased call demand with existing staffing levels. As a result, Vehicle Title and Registration Division staff have been supporting title calls. Their support comes with adverse consequences to their primary customers and stakeholders that include longer wait times, limited availability, reduced quality service for in person transactions and county and dealer support in Regional Service Centers. Augmenting CRD's staffing will reduce the need to pull front line staff from the counter to assist in handling the increased call volume, and customers will be served more efficiently with increased skills and knowledge with a dedicated trainer focused on consistency and quality.	9.00	\$ 904,005
TxDMV Exceptional Items				22.00	\$ 10,248,888
				21.00	\$ 6,094,073
1	Automobile Burglary and Theft Prevention Authority	ABTPA Crime Reduction Strategy (GR-Request)	ABTPA requests \$3.6 million annually to provide an estimated twenty five motor vehicle theft investigators officers along with crime interdiction and detection equipment to the current economic automobile theft enforcement teams (taskforces) authorized in ABTPA statute. The additional officers will be dispersed through grants to local law enforcement agencies to areas with the highest incidence of motor vehicle burglary and theft. Funds will also be used to meet two current statutory requirements of ABTPA that have remained unfunded for several years: media outreach to the public and development of experimental equipment to combat motor vehicle crime. The statute directs ABTPA to conduct educational programs designed to inform automobile owners of methods of preventing motor vehicle burglary and theft. It also directs ABTPA to provide equipment, for experimental purposes, to assist automobile owners in preventing automobile burglary or theft. Incidents of motor vehicle burglary and theft have been increasing in recent years and financial losses from these crimes are just under \$1 billion each year despite ABTPA collecting over \$46 million each year in fees on insurance policies. The proposed efforts are expected to result in significant reductions in both the incidence of motor vehicle burglary and theft and financial losses suffered by the public from these crimes.	-	\$ 7,297,440

Priority	Division	Exceptional Item	Description	Biennial Request	
				FTE	Amount
2 1	Automobile Burglary and Theft Prevention Authority	Broaden ABTPA's Statutory Mandate (GR Request)	<p>Sunset Item 2.6 The Automobile Burglary and Theft Prevention Authority (ABTPA) requests \$6.6 million to expand the presence and impact of the economic automobile theft enforcement teams (taskforces) authorized in ABTPA statute. The additional grant funding is for an estimated forty-five new law enforcement investigators, seven new motor vehicle crimes prosecutors, seven new criminal intelligence analysts, seven new motor vehicle crimes technologists and operating cost for these positions. The Sunset Advisory Commission staff recommendation was made to authorize ABTPA grant recipients to use grant funds to combat a broader range of motor vehicle crimes, such as title fraud, beyond the current statutory requirement to investigate and prevent automobile burglary and theft. To effectively administer these added responsibilities, the ABTPA network would need to have greater geographic coverage, prosecutor participation, and more technically skilled and specialized law enforcement professionals. The additional funds introduced to the existing ABTPA grant funded network would be the most cost effective method to ensure local communities engage in extremely complex, multi-jurisdictional motor vehicle crimes defrauding the State of Texas and the public.</p>		\$ 13,102,560
Subtotal ABTPA Exceptional Items				-	\$ 20,400,000 \$ 13,102,560
Totals by Method of Finance					
General Revenue				-	\$ 20,400,000 \$ 13,102,560
TxDMV Fund				22.00 21.00	\$ 10,248,888 \$ 6,094,073
TOTAL				22.00 21.00	\$ 30,648,888 \$ 19,196,633

**Appendix A – 2020-2021 Preliminary LAR Request Summary
June 2018**

DATE: June 14, 2018
Continued From: -
Action Requested: Briefing

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Linda M. Flores, CPA, Chief Financial Officer
Agenda Item: 12.B.1.
Subject: Preliminary FY 2020-2021 Legislative Appropriations Request, Baseline and Exceptional Items

RECOMMENDATION

Briefing of the Legislative Appropriations Request, or LAR, for the upcoming 2020-2021 biennium. As part of the development of the upcoming biennial appropriations process staff presents a preliminary baseline and exceptional items for consideration. The agency's appropriations request will be presented for approval at the August board meeting.

PURPOSE AND EXECUTIVE SUMMARY

The Texas Department of Motor Vehicles (TxDMV), in order to achieve its goals, strategies and objectives during the next biennium, and as the agency looks toward the future, is requesting approximately \$312 million in its baseline budget request, which includes a request for capital authority in the amount of \$46.96 million. Additionally, the agency is requesting \$42 million in exceptional items.

FINANCIAL IMPACT

TxDMV is a net revenue-generating agency for the state. Effective September 1, 2016, TxDMV began depositing revenue into a new agency fund recreated by the 84th Legislature, the TxDMV Fund (0010). The agency's budget request is supported by collections. The staff estimates that TxDMV will collect approximately \$3.9 billion for the State while retaining approximately \$312 million for baseline agency operations over the biennium. The majority of the LAR request will be funded from the TxDMV Fund which includes the newly created processing and handling fee (P&H). The LAR request also includes General Revenue (GR) funding for baseline and exceptional items for the Automobile Burglary & Theft Prevention Authority.

BACKGROUND AND DISCUSSION

The agency's baseline request includes initiatives to continue centralized fulfillment of online registration renewals, address long standing headquarters maintenance needs and enhanced investigative fraud prevention initiatives by Compliance and Investigations and Enforcement divisions.

The capital budget includes funding for Automation (\$6.6 million) for Refactoring of the Registration and Titling System; growth and enhancement of information resources (\$1.6 million); replacement of computer equipment in the counties and at TxDMV headquarters (\$10.5 million); cybersecurity projects (\$400k); increase of the agency's fleet vehicles by 8 additional cars (\$180k); renovations and repairs at the regional service centers (\$500k); costs related to a TxDMV Headquarters facility improvements including funding for a badge security system (\$5.5 million); and ongoing costs for the Data Center Services contract (21.8 million).

Ten exceptional items totaling \$42 million and 22 new Full-Time Equivalent (FTEs) positions are recommended by the staff. The agency exceptional items includes:

- Initiatives to address Sunset recommendations for a biennial total of \$28.5 million and 13 FTEs
- Non-Sunset related items to address
 - agency infrastructure operations (\$6.2 million and 9 FTEs) and
 - Automobile Burglary Theft Prevention Authority grant funding for developing a crime reduction strategy for a biennial total of \$7.3 million.

The proposed LAR also includes three new riders which would allow the agency to:

1. Spend any unexpended balances in appropriations between the first and second year of the biennium (FY 2020 and FY 2021);
2. Spend unexpended balances of state match funds for federal grants from FY 2020 in FY 2021, and
3. Spend money appropriated for capital projects for headquarters maintenance during both years of the biennium.

Texas Department of Motor Vehicles



Preliminary FY 2020 – 2021 Legislative Appropriations Request Summary

Legislative Appropriation Request Process

Legislative Appropriations Request (LAR) - The LAR is the agency’s biennial funding budget request. The agency solicits information from all levels of management in order to identify future program needs and situations unique to each division. Advanced planning and comprehensive involvement provides the agency with the most complete budget information.

- The LAR begins with the base reconciliation and covers two separate fiscal years. The LAR becomes the basis for consideration of agency funding by the Legislature for the FY 2020-21 biennium, covering September 1, 2019 through August 31, 2021.

The LAR is divided into two components:

Baseline — funding necessary to maintain existing operations and existing capital projects; and,

Exceptional items — desired services above the baseline request.

Timeline



Baseline Development Process (Base Reconciliation) - The FY 2017-19 Base Reconciliation requires TxDMV to reconcile its original appropriations by method of finance and the full-time equivalent (FTE) positions to fiscal year 2017 expended, fiscal year 2018 estimated, and fiscal year 2019 budgeted amounts. The table below shows an estimated biennial baseline calculation of approximately \$312 million (\$25 million in GR for Automobile Burglary and Theft Prevention Authority (ABTPA), \$285 million for the TxDMV Fund and the remainder in Federal Funds). These amounts will be sufficient to fund the baseline FY2020/21 budget request. The Base Reconciliation was submitted to the Legislative Budget Board (LBB) on May 24, 2018.

Estimated FY 2020-21 Base Calculation	
2018 Estimated Expenditures	161,127,022
2019 Budget	168,783,745
Total 2018-19	329,910,767
Less - TxDMV Automation UB (GR/SHF6 & a small TxDMV Fnd UB from FY2017)	(18,093,268)
Estimated FY2020-21 Baseline	311,817,499

FY 2020-21 Estimated Revenue Collections by Fund

TxDMV is a net revenue generating agency for the state, collecting revenues from registrations, licenses, titles, permits, and credentials. Revenues collected by TxDMV are deposited into the State Highway Fund (Fund 0006), the primary source of funding for the state's transportation and infrastructure system, and into the General Revenue Fund (Fund 0001). Effective September 1, 2016, TxDMV began depositing revenue into a new agency fund re-created by the 84th legislature, the TxDMV Fund 0010. For the FY 2018-19 biennium, TxDMV estimates it will collect approximately \$3.8 billion in total revenues: \$3.27 billion in the State Highway Fund 0006, \$220 million in General Revenue Fund 0001, and \$319 million in TxDMV Fund 0010. In the FY 2020-21 biennium, TxDMV projects collections of \$3.4 billion to be deposited to the State Highway Fund 0006, \$324 million to the TxDMV Fund 0010, and \$223 million to General Revenue Fund 0001.

Expected TxDMV Revenue Collections				
Fund Type	FY 2018	FY 2019	FY 2020	FY 2021
State Highway Fund 0006	\$ 1,624,388,000	\$ 1,646,624,000	\$ 1,670,756,000	\$ 1,695,244,000
TxDMV Fund 0010	\$ 159,234,000	\$ 159,607,000	\$ 161,088,000	\$ 162,415,000
General Revenue Fund 0001	\$ 109,451,000	\$ 110,051,000	\$ 111,234,000	\$ 112,139,000
Total	\$ 1,893,073,000	\$ 1,916,282,000	\$ 1,943,078,000	\$ 1,969,798,000

In FY 2017, TxDMV established a processing and handling fee to support registration-related operations. The table below reflects projected revenues to TxDMV Fund 0010 for the four-year period beginning in FY 2018 broken out by major categories, using moderate growth projections with the addition of the processing and handling fee.

TxDMV Revenue Forecast				
Category	FY 2018	FY 2019	FY 2020	FY 2021
Motor Vehicle Titles	\$ 41,700,000	\$ 41,397,000	\$ 41,872,000	\$ 42,177,000
Motor Vehicle Registration	\$ 33,125,000	\$ 33,291,000	\$ 33,457,000	\$ 33,624,000
Motor Carrier - Oversize / Overweight	\$ 15,108,000	\$ 15,259,000	\$ 15,412,000	\$ 15,566,000
Business Dealer Licenses	\$ 8,378,000	\$ 8,420,000	\$ 8,462,000	\$ 8,504,000
Processing & Handling Fee	\$ 57,800,000	\$ 58,082,000	\$ 58,711,000	\$ 59,352,000
Miscellaneous Fees	\$ 3,123,000	\$ 3,158,000	\$ 3,174,000	\$ 3,192,000
Total	\$ 159,234,000	\$ 159,607,000	\$ 161,088,000	\$ 162,415,000

The TxDMV Fund 0010 ending balance is projected to be \$81.4 million at the end of the FY 2018-19 biennium. (Title revenue is expected in FY 2019 to return to more typical levels following a FY 2018 spike in non-repairable and salvage-title issuance attributed to vehicles affected by Hurricane Harvey.) The table below illustrates that the balance at the end of the FY2018-19 biennium will be sufficient to fund the requested exceptional items.

FY 2017-21 Pro Forma Summary					
	FY2017 Actual	FY2018 Estimated	FY2019 Budgeted	FY2020 Requested	FY2021 Requested
Beginning Balance	\$ 23,000,000	\$ 51,986,246	\$ 73,363,863	\$ 81,352,364	\$ 66,286,625
Capital UB Authority	\$ 41,374,089	\$ 18,993,268	\$ 14,133,388		
ABTPA Grant UB Authority			\$ 500,000		
Subtotal	\$64,374,089	\$ 70,979,514	\$ 87,997,251	\$ 81,352,364	\$ 66,286,625
Revenues					
General Revenue (ABTPA)	\$ 14,912,006	\$ 12,335,851	\$ 12,835,851	\$ 12,835,851	\$ 12,835,851
TxDMV Fund	\$ 152,276,454	\$ 171,261,570	\$ 172,505,316	\$ 174,959,815	\$ 177,371,725
Federal Reimbursement	\$ 292,700	\$ 743,750	\$ 743,750	\$ 743,750	\$ 743,750
Total Revenues	\$ 167,481,160	\$ 184,341,171	\$ 186,084,917	\$ 188,539,416	\$ 190,951,326
Total Income	\$ 231,855,249	\$ 255,320,685	\$ 274,082,168	\$ 269,891,780	\$ 257,237,951
Obligations					
Operating Expenses	\$ 163,018,511	\$ 161,127,022	\$ 168,783,745	\$ 159,628,883	\$ 152,188,617
Tx.Gov Fees from Online P&H	\$ 4,561,359	\$ 7,800,732	\$ 8,598,316	\$ 9,571,815	\$ 10,656,725
Employee Benefits	\$ 12,289,133	\$ 13,029,068	\$ 15,347,743	\$ 15,347,743	\$ 15,347,743
Total Obligations	\$ 179,869,003	\$ 181,956,822	\$ 192,729,804	\$ 184,548,441	\$ 178,193,085
Fund Balance	\$ 51,986,246	\$ 73,363,863	\$ 81,352,364	\$ 85,343,339	\$ 79,044,866
Exceptional Items (TxDMV Fund)					
Sunset Items				\$ 13,420,624	\$ 1,949,259
Non-Sunset Items				\$ 5,636,090	\$ 567,915
Total Exceptional Items				\$ 19,056,714	\$ 2,517,174
Revised Ending Fund Balance	\$ 51,986,246	\$ 73,363,863	\$ 81,352,364	\$ 66,286,625	\$ 76,527,692

FY 2020-21 Baseline Budget Appropriations Request by Strategy

The following table illustrates the estimated baseline budget appropriations by strategy. The baseline represents the amount of money necessary to maintain existing operations across the agency. The LBB approves the baseline target for each agency. The key variances between the FY2018/19 appropriation of \$332,861,576 and the estimated/budgeted FY2018/19 amount of \$311,817,500 (see below) are adjustments between strategies and unspent appropriations for estimated credit card charges for Tx.Gov related to the P&H fee. The contract with Texas.gov allows the \$2.00 Texas.gov fee for online transactions to be retained by Texas.gov and not deposited to the TxDMV Fund. This process eliminated the actual payments to Texas.gov.

Items of Appropriations	Appropriation			Preliminary Request			Variance
	FY2018	FY2019	Biennial Total	Base FY 2020	Base FY 2021	Biennial Total	
Goal A. Optimize Services and Systems							
Strategy A.1.1. – Titles, Registrations, and Plates	\$ 85,087,705	\$ 87,635,557	\$ 172,723,262	\$ 73,518,439	\$ 73,343,443	\$ 146,861,882	\$(25,861,380)
Strategy A.1.2. – Vehicle Dealer Licensing	\$ 4,147,355	\$ 4,147,355	\$ 8,294,710	\$ 4,147,355	\$ 4,147,355	\$ 8,294,710	\$ 0
Strategy A.1.3 – Motor Carrier Permits & Credentials	\$ 9,363,145	\$ 9,363,145	\$ 18,726,290	\$ 9,255,352	\$ 9,255,352	\$ 18,510,704	\$ (215,586)
Strategy A.1.4 – Technology Enhancement & Automation	\$ 9,285,457	\$ 2,719,379	\$ 12,004,836	\$ 9,257,539	\$ 2,691,461	\$ 11,949,000	\$ (55,836)
Strategy A.1.5 – Customer Contact Center	\$ 2,211,234	\$ 2,211,234	\$ 4,422,468	\$ 2,443,840	\$ 2,443,840	\$ 4,887,680	\$ 465,212
Total, Goal A: Optimize Services and Systems	\$ 110,094,896	\$ 106,076,670	\$ 216,171,566	\$ 98,622,525	\$ 91,881,451	\$ 190,503,976	\$(25,667,590)
Goal B. Protect the Public							
Strategy B.1.1. – Enforcement	\$ 6,462,452	\$ 6,164,666	\$ 12,627,118	\$ 6,899,303	\$ 6,899,303	\$ 13,798,606	\$ 1,171,488
Strategy B.2.1. – Automobile Theft Prevention	\$ 12,835,851	\$ 12,835,851	\$ 25,671,702	\$ 12,835,851	\$ 12,835,851	\$ 25,671,702	\$ 0
Total, Goal B: Protect the Public	\$ 19,298,303	\$ 19,000,517	\$ 38,298,820	\$ 19,735,154	\$ 19,735,154	\$ 39,470,308	\$ 1,171,488
Goal C: Indirect Administration							
Strategy C.1.1. – Central Administration	\$ 7,902,373	\$ 7,902,373	\$ 15,804,746	\$ 8,022,484	\$ 8,022,484	\$ 16,044,968	\$ 240,222
Strategy C.1.2. – Information Resources	\$ 23,364,517	\$ 22,964,021	\$ 46,328,538	\$ 25,329,696	\$ 24,730,504	\$ 50,060,200	\$ 3,731,662
Strategy C.1.3. – Other Support Services	\$ 8,209,703	\$ 8,048,203	\$ 16,257,906	\$ 7,919,024	\$ 7,819,024	\$ 15,738,048	\$ (519,858)
Total, Goal C: Indirect Administration	\$ 39,476,593	\$ 38,914,597	\$ 78,391,190	\$ 41,271,204	\$ 40,572,012	\$ 81,843,216	\$ 3,452,026
Total Department of Motor Vehicles	\$ 168,869,792	\$ 163,991,784	\$ 332,861,576	\$ 159,628,883	\$ 152,188,617	\$ 311,817,500	\$(21,044,076)
Method of Finance							
General Revenue (GR) Fund 0001	\$ 12,835,851	\$ 12,835,851	\$ 25,671,702	\$ 12,835,851	\$ 12,835,851	\$ 25,671,702	\$ 0
Texas Department of Motor Vehicles Fund 0010	\$ 155,290,191	\$ 150,412,183	\$ 305,702,374	\$ 146,049,282	\$ 138,609,016	\$ 284,658,298	\$(21,044,076)
Federal Funds	\$ 743,750	\$ 743,750	\$ 1,487,500	\$ 743,750	\$ 743,750	\$ 1,487,500	\$ 0
Total Method of Finance	\$ 168,869,792	\$ 163,991,784	\$ 332,861,576	\$ 159,628,883	\$ 152,188,617	\$ 311,817,500	\$(21,044,076)
Full Time Equivalents (FTE)			779.0			779.0	

FY 2020-21 Capital Budget Project Summary Baseline

The following table illustrates FY 2020-21 Capital budget:

Capital Budget	Biennial Appropriation	Preliminary Biennial Base Request
	FY 2018-19	FY 2020-21
TxDMV Automation System	\$ 6,566,078	\$ 6,566,078
Growth and Enhancement – Agency Operations Support	1,616,496	1,614,996
Technology Replacement and Upgrades - Regional Support for County Tax Assessor Collector Offices	10,025,000	10,025,000
PC Replacement	205,595	451,600
Cybersecurity Initiative Projects	400,000	400,000
Transportation – Replacement Vehicles	825,000	
Special Investigations Unit Vehicles	100,000	
Transportation – New Vehicles (8 vehicles)		180,000
RSC Maintenance and Repair		500,000
TxDMV Headquarters Security and Badge System	305,000	450,000
TxDMV Headquarters Maintenance Projects		5,000,000
Data Center Consolidation	18,427,406	21,774,873
Total Capital Budget	\$ 38,470,575	\$ 46,962,547
Method of Finance		
Texas Department of Motor Vehicles Fund 0010	\$ 38,470,575	\$ 46,962,547
Total Method of Finance	\$ 38,470,575	\$ 46,962,547

2020-21 Capital Budget Descriptions

TxDMV Automation – The TxDMV Automation develops information technology assets to improve customer services and improve access to agency programs for customers and the public. This initiative is supported by the \$.50 automation fee. The FY2020-21 Automation project will focus on two initiatives, Maintenance and Enhancement to the Registration and Titling System (RTS), including the re-architect of the RTS batch cycle processes.

Growth and Enhancement – Agency Equipment – This appropriation provides funding for activities that enhance or expand information resources in TxDMV individual program areas. Items included in this appropriation are telephone and communication system replacements and upgrades; and software licenses for enterprise applications.

County Equipment Technology Replacement and Upgrades – This appropriation provides funding to deploy and maintain printers, computers, monitors, laptops, cash drawers, and printer toner deployed at county Tax Assessor/Collector (TAC) offices throughout the state. These funds also maintain connectivity between the county Tax Assessor/Collector offices and the TxDMV Registration and Titling (RTS) system, as well as connectivity throughout statewide TxDMV offices.

PC Replacement - The PC Replacement project consists of funding for computer, printer and laptops replacement.

Cybersecurity Initiative - This project provides funding for initiatives to improve security for statewide information technology systems.

Vehicles – Funding to increase the TxDMV fleet by 8 vehicles. The vehicles would be used to support investigation activities in the Enforcement and Compliance and Investigations (CID) divisions. Seven (7) vehicles would be specifically assigned to Enforcement in Austin, Houston, Fort Worth, Odessa and Longview. One vehicle would be assigned to CID in Houston.

RSC Maintenance and Repair – Funding to update a two medium sized Regional Service Centers (RSC) in order to standardize the look of TxDMV facilities across the state.

TxDMV Headquarters Security and Badge System - Equipment which includes funding for headquarters security/badging equipment.

TxDMV Headquarters Maintenance Projects - Funding to update two floors of one of the buildings at Camp Hubbard. Costs include renovation, updated equipment and furniture, rental space for staff during the renovation and funds for updating cabling and other information technology items.

Data Center Services – This appropriation supports information technology infrastructure assets and functions through statutorily required participation in the State Data Center maintained by the Department of Information Resources (DIR). The Data Center Services (DCS) program enables state agencies to access data center computing as a managed service. DCS fees are based on a consumption based model with costs varying based on statewide usage of DCS services.

FY 2020-21 Preliminary Exceptional Item Requests

The following table is a preliminary list of exceptional items that will be requested by TxDMV for the FY 2020-21 biennium. Exceptional items are those desired services above the baseline request. Detailed information on the exceptional items contained in Appendix A.

Division	Exceptional Item	Description	Biennial Request	
			FTE	Amount
Sunset Related				
Compliance & Investigations / Internal Audit	Automated Fraud Monitoring and Resources	Sunset Item 2.4 The Compliance and Investigation Division plans to leverage technology to use proactive data utilization to provide management information for more efficient resource allocation focusing on problem areas.		220,000
Automobile Burglary and Theft Prevention Authority	Broaden ABTPA's Statutory Mandate (GR Request)	Sunset Item 2.6 ABTPA requests \$6.6 million per year to expand the presence and impact of the economic automobile theft enforcement teams (taskforces) authorized in ABTPA statute. The request is in response to the Sunset Advisory Commission staff recommendation to authorize ABTPA grant recipients to use grant funds to combat a broader range of motor vehicle crimes, such as title fraud, beyond the current statutory requirement to investigate and prevent automobile burglary and theft. To effectively administer these added responsibilities, the ABTPA network would need to have greater geographic coverage, prosecutor participation, and more technically skilled and specialized law enforcement professionals.		13,102,560
Enforcement	Enforcement/ Online Dealer & Motor Carrier History Database and Case Management System Enhancements to Improve Data Tracking and Reporting	Sunset Item 3.9 A request of \$90,000 in funding to develop a public facing database of enforcement case histories for motor vehicle licensees and for enhancements to the existing motor carrier licensee case history database. Sunset Item 3.6 A request of \$282,000 for contract services to fund the implementation of a case management system with enhancements to improve reporting of motor vehicle and motor carrier enforcement data including, complaints by sources and license type, nature of complaint, resolution by allegation type, and enhanced reporting of cases referred to the State Office of Administrative Hearings.		372,500

Division	Exceptional Item	Description	Biennial Request	
			FTE	Amount
Consumer Relations/ Enforcement/ Motor Carrier/ Motor Vehicle /Information Technology Services	Complaint Management System (CMS)	Sunset Items 5.3 and 5.5 Develop and maintain a new complaint management system which would include data on the status of complaints, complaint procedures, and documentation of complaints. This item also includes coalescing complaints into a single repository for greater efficiency, instead of the current process of storing complaints in separate systems. Includes costs for staff and operating (\$154,815) and funding for external contract services (\$4,000,000).	1.00	4,154,815
Information Technology Services	Information Technology Improvements - Infrastructure Sunset item 5.4	Sunset Item 5.4 Funding to implement improvements to facilitate a comprehensive approach to developing, maintaining, and updating TxDMV information technology infrastructure. Includes building out self-service password reset, creating self-service test data, obtaining automated testing tools and creating automated tests, modifying IRP to reduce errors, and building out non- production environments to support the software development lifecycle. Includes costs for external contract services (\$1,000,000) and funding for Data Center Services for servers and database licenses (\$1,700,000).		2,700,000
Information Technology Services	Information Technology Improvements - Organizational Assessment	Sunset Item 5.4 Internal and third-party analyses of the Information Technology Services division Full-Time Equivalents (FTE) allocation determined that additional FTEs are needed to fulfill all existing obligations and to maintain service levels to avoid future backlog. This request will be used to implement operational improvements that enable the agency to develop and maintain TxDMV information technology projects and infrastructure.	12.00	1,922,568
Information Technology Services/ Motor Carrier	Information Technology Improvements – Platform Modernization (Motor Carrier Credentialing System ((MCCS))	Sunset item 5.4 Modernize the current platform for MCCS. The current platform is written in an outdated technology which adds risk to the agency due to the difficulty of locating qualified resources for support. This investment will allow the agency to consolidate skillsets and allow for greater staff redundancy and maintain applications in a more efficient manner.		6,000,000
Total Sunset Related Items			13.00	28,472,443

Division	Exceptional Item	Description	Biennial Request	
			FTE	Amount
Non-Sunset Related				
Information Technology Services/ Compliance and Investigations	Enterprise Data Warehouse/Data Analytics	Funding to create an enterprise-wide centralized data repository to enable true data analytics, deploy analytics and reporting tools, predictive analytics, and more efficient and effective reports. Request includes funding for external contract services (\$5,000,000) and for Data Center Services - Servers (\$300,000).		5,300,000
Consumer Relations	Customer Service Staff	Additional staff in the Consumer Relations Division (CRD) to reduce an average of 30 Vehicles Titles and Registration (VTR) FTEs who had been taking customer service calls. Freeing these FTE will allow them to fulfill the mission of VTR. Customers are served more efficiently with increased skills and knowledge with a dedicated trainer focused on consistency and quality. Funding for 8 Customer Service Representative, a trainer and related operating expenses.	9.00	904,005
Automobile Burglary and Theft Prevention Authority	ABTPA Crime Reduction Strategy (GR Request)	ABTPA has a statutory requirement to develop a plan of operation that must include: 1) an assessment of the problem, 2) an analysis of the various methods of combating these crimes, 3) a plan for financial support to combat motor vehicle burglary and theft, and 4) an estimate of the funds required to implement the plan. To be most effective, trained law enforcement officers need to have better geographical coverage of the state's 254 counties. Increasing the funds available to ABTPA will expand current ABTPA taskforces and create new taskforces to cover more areas. All funds will develop local resources to address problems that have a regional and statewide impact.		7,297,440
Total Non-Sunset Related Items			9.00	13,501,445
Totals by Method of Finance				
General Revenue				20,400,000
TxDMV Fund			22.00	21,573,888
TOTAL			22.00	41,973,888

Riders

A “rider” is a legislative directive or appropriation inserted in the General Appropriations Act (GAA) following the Items of appropriation for an agency or, in the special or general provisions of the act. A rider provides direction, expansion, restriction, legislative intent, or an appropriation. A rider may be requested by an agency or may be drafted and inserted by the legislature.

For the FY 2020-21 LAR, the agency, at minimum, intends to request five riders to assist in its operations. Two riders were previously approved in the FY 2018-19 General Appropriations Act and will be requested again in FY 2020-21. In addition to the previously approved riders, three new riders will be requested in FY 2020-21.

Riders Previously Approved in FY 2018-19 and Re-requested for FY 2020-21

- ***Special License Plate Fees*** – this rider provides additional appropriations each year of the biennium for the purpose of making payments to the contract vendor for the marketing and sale of personalized license plates. The rider also allows for unexpended balances to be carried forward into the next fiscal year of the biennium for the same purposes. This rider was included in the FY 2018-19 General Appropriation Act.
- ***Capital Projects - Automation—Unexpended Balance Authority*** – this rider will allow the agency to spend money appropriated for Automation capital projects during both years of the biennium. The agency is requesting that any unexpended funds appropriated for capital projects at the end of FY 2019 be carried forward to the new biennium beginning FY 2020 for the agency’s use. This rider was included in the FY 2018-19 General Appropriation Act.

New Rider Requested for FY 2020-21

- ***Unexpended Balance Authority within the Biennium*** – this rider would allow the agency to spend any unexpended balances in appropriations between the fiscal years. This rider was requested in the last biennium but not approved. ABTPA requested and received specific authority to expend balances in FY2018 in FY2019 for grant projects. This rider would allow the department, including ABTPA the flexibility to fund operations with expend balances when appropriate.
- ***Federal Grants and State Matching Funds*** – this rider allows the agency to spend any unexpended balances of state match funds for federal grants from FY 2020 in FY 2021.
- ***Capital Projects - HQ Maintenance—Unexpended Balance Authority*** – this rider will allow the agency to spend money appropriated for capital projects for headquarters maintenance during both years of the biennium. The agency is requesting that any unexpended funds appropriated for capital projects at the end of FY 2019 be carried forward to the new biennium beginning FY 2020 for the agency’s use.

Appendix A – Exceptional Item Detail

2020-21 LAR Exceptional Item Request Schedule					
Division:	Compliance and Investigations			Division Director:	Tim Menke
Item Name:	Automated Fraud Monitoring and Resources			Item Priority:	1
Strategy:	B.1.1. Enforcement				
Code	Total Exceptional Item Request	Requested			
		2020	2021		
2009	Objects of Expense: Other Operating Expense	110,000	110,000		
	Total, Objects of Expense	110,000	110,000		
0010	Method of Financing: TxDMV Fund	110,000	110,000		
	Total, Method of Finance	110,000	110,000		
Number of Full-time Equivalent Positions (FTE):					
Detail on Object of Expenses and FTEs: (Included above)					
Other Expenses (list line items)		Unit Cost	Units	FY 2020	FY 2021
	Other Operating - Mapping Software	1,000	10.00	10,000	10,000
	Other Operating - Data Analysis, Mining Software	10,000	10.00	100,000	100,000
Subtotal, Detail on Object of Expenses and FTEs				\$ 110,000	\$ 110,000
Description/Justification (2000 character limit) □					
<p>The Compliance and Investigation Division (CID) plans to leverage technology to use proactive data utilization to provide management "real time" information for more efficient resource allocation focusing on problem areas vs overutilization in non-problem areas. A central component will be the acquisition of mapping software to create an interactive color-coded map of 254 Texas counties highlighting vulnerable counties. The software would allow the maps to be updated weekly with hyperlink capability to vulnerability templates for cautionary or warning indicators specific to county issues. Three colors, green (Good), yellow (Caution with hyperlink to template), red (Warning with hyperlink to template).</p> <p>In addition CID intends to use technology to produce results in minutes vs months of thousands of hours of human review of available data. This item also includes funding for the implementation of software to harness big data queries automating targeted, pro-active data mining to efficiently identify vulnerabilities, trends, outliers, anomalies, and potential criminal behavior. The speed, efficiency, and multitudes of graphics will provide investigators and managers near instantaneous results for efficiency in targeting investigative time and resources.</p>					

Automated Fraud Monitoring and Resources – Sunset Item 2.4

Issue 2 in the Sunset Report states “Texas Lacks Basic Safeguards to Identify and Address Title Fraud” and more specifically, “The department has not had sufficient resources or existing tools to proactively monitor and investigate fraud, instead only reacting to referrals of suspected or known fraud.”

The Compliance and Investigations Division (CID) is requesting funding to develop a proactive risk based approach to prevent and monitor vehicle title fraud. To achieve this, CID will need additional software for the creation of an interactive color-coded map of 254 Texas counties highlighting vulnerable counties updated weekly with hyperlink capability to vulnerability templates for cautionary or warning indicators specific to county issues. This proactive data utilization provides management "real time" information for more efficient resource allocation, focusing on problem areas vs overutilization in non-problem areas. Three colors on this interactive map will show at a glance where to best place resources for the most significant impact, green (Good), yellow (Caution with hyperlink to template), red (Warning with hyperlink to template). From a compliance perspective, quickly identifying vulnerabilities in TAC offices will result in identifying training opportunities and establishing best practices. The enhanced oversight will help ensure integrity in TAC offices resulting in public confidence.

CID will also utilize additional software to harness big data queries automating targeted, pro-active data mining, efficiently identifying vulnerabilities, trends, outliers, anomalies, and potential criminal behavior. This additional software will produce results in minutes rather than hundreds of hours of human review by investigators. Speed, efficiency, and a multitude of graphics will provide investigators and managers near instantaneous results extracting pertinent information for investigations while removing extraneous unrelated information. Currently, investigators manually review thousands of records in a time consuming process to find possible links associated with schemes. Since CID’s creation, numerous law enforcement agencies have requested assistance from CID investigators to search and review data associated with criminal activity to include fraud and public corruption in an attempt to establish probable cause for search and arrest warrants. These reviews are also necessary to determine the extent of loss to taxpayers. With the implementation of cutting-edge software, CID will be able to process data much faster and automatically extract intelligence and analyze evidence crucial to an investigation. Currently with the human review process, CID can only manage one large request for assistance at a time from law enforcement stakeholders. With the new software, CID will get results faster and will be able to process many law enforcement requests for assistance simultaneously. CID investigators and the criminal intelligence analyst will identify trends and conspiracies faster and increase return on investment with significantly more support for law enforcement resulting in fines, penalties, restitution, and seizures.

2020-21 LAR Exceptional Item Request Schedule			
Division:	Automobile Burglary and Theft Prevention Authority	Division Director:	Bryan Wilson
Item Name:	Broaden ABTPA's Statutory Mandate	Item Priority:	2
Strategy:	B.2.1 Automobile Theft Prevention		
Code	Total Exceptional Item Request	Requested	
		2020	2021
4000	Objects of Expense:		
	Grants	6,551,280	6,551,280
	Total, Objects of Expense	6,551,280	6,551,280
0001	Method of Financing:		
	General Revenue	6,551,280	6,551,280
	Total, Method of Finance	6,551,280	6,551,280
Description/Justification (2000 character limit) □			
<p>The Automobile Burglary and Theft Prevention Authority (ABTPA) requests \$6.6 million to expand the presence and impact of the economic automobile theft enforcement teams (taskforces) authorized in ABTPA statute. The additional grant funding is for an estimated forty-five new law enforcement investigators, seven new motor vehicle crimes prosecutors, seven new criminal intelligence analysts, seven new motor vehicle crimes technologists and operating cost for these positions. The Sunset Advisory Commission staff recommendation was made to authorize ABTPA grant recipients to use grant funds to combat a broader range of motor vehicle crimes, such as title fraud, beyond the current statutory requirement to investigate and prevent automobile burglary and theft. To effectively administer these added responsibilities, the ABTPA network would need to have greater geographic coverage, prosecutor participation, and more technically skilled and specialized law enforcement professionals. The additional funds introduced to the existing ABTPA grant funded network would be the most cost effective method to ensure local communities engage in extremely complex, multi-jurisdictional motor vehicle crimes defrauding the State of Texas and the public.</p>			

Broaden ABTPA Statutory Mandate – Sunset Item 2.6

The Automobile Burglary and Theft Prevention Authority (ABTPA) requests \$6.6 million to expand the presence and impact of the economic automobile theft enforcement teams (taskforces) authorized in ABTPA statute to use grant funding to add up to forty-five new law enforcement investigators, seven new motor vehicle crimes prosecutors, seven new criminal intelligence analysts, and seven new motor vehicle crimes technologists. The Sunset Advisory Commission Staff made a recommendation to authorize ABTPA grant recipients to use funds to combat a broader range of motor vehicle crimes, such as title fraud, beyond the current statutory requirement to investigate and prevent automobile burglary and theft. To effectively administer these added responsibilities, the ABTPA network would need to have greater geographic coverage and better skilled law enforcement professionals.

The amount requested is in addition to the ABTPA's statutory requirement to develop a plan of operation that includes estimates of the funds required to combat the problems of automobile burglary, theft, and economic automobile theft across the entire state. The sunset staff recommendations are used to calculate what ABTPA would need to add in the expansion of other motor vehicle crime. The expansion would require an increase in expertise and in geography for the expanded motor vehicle crimes. The same officers would also serve Texas in combating current incidence of motor vehicle burglary and theft and those corresponding financial losses.

If the Texas Legislature modifies the ABTPA's statutory requirements to include additional motor vehicle crimes, the ABTPA board of directors will add the new requirements to the areas of responsibility for grant recipients; however, the ability to perform the additional responsibilities will be correlated to the availability of grant funding for specialized investigation and prosecution programs.

Because of the complex and technical nature of crimes such as title fraud, among others, the law enforcement officers, prosecutors, and support professionals who would have the capacity to effectively pursue such cases would need to possess a level of highly specialized skill and expertise that is not commonly available to local jurisdictions across the entire state. By making state grant funds available to local communities, ABTPA can help to develop local capacities to address problems that have a regional and statewide impact. ABTPA can also help to coordinate the development of specialized programs and provide other technical support that would not normally be available in every part of the state. ABTPA requires a minimum of 20% local cash match on all grants so the amount listed is only 80% of the cost of the staff and equipment that is required.

2020-21 LAR Exceptional Item Request Schedule			
Division:	Enforcement Division	Division Director:	Corrie Thompson
Item Name:	Online Dealer & Motor Carrier History Database and Case Management System Enhancements	Item Priority:	1
Strategy:	B.1.1. Enforcement		
Code	Total Exceptional Item Request	Requested	
		2020	2021
2001	Objects of Expense: Professional Fees & Services	372,500	
	Total, Objects of Expense	372,500	-
0010	Method of Financing: TxDMV Fund	372,500	-
	Total, Method of Finance	372,500	-
Number of Full-time Equivalent Positions (FTE):			
Detail for Capital Appropriation Items: (included in above amounts)			
5005	Acquisition of Information Resources Technologies	\$ 372,500	
	Total, Capital Appropriation Items	\$ 372,500	\$ -
Detail for Capital Appropriation Items: (included above)			
Professional Fees Automation	Acquisition of Information Resource Tech Estimated cost to enhance systems (3,725 hours @ \$100/hr)	100 3,725.00	372,500
Description/Justification (2000 character limit) □			
Sunset Item 3.9 Development of a public facing database of enforcement case histories for motor vehicle licensees and for enhancements to the existing motor carrier licensee case history database. The estimated cost is \$90,000.			
Sunset Item 3.6 Case management system enhancements to improve reporting of motor vehicle and motor carrier enforcement data including, complaints by sources and license type, nature of complaint, resolution by allegation type, and enhanced reporting of cases referred to the State Office of Administrative Hearings. The estimated cost is \$282,000.			

Enforcement/Online Dealer & Motor Carrier History Database and Case Management System Enhancements to Improve Data Tracking and Reporting – Sunset Items 3.6 and 3.9

TxDMV is requesting \$282,500 to enhance the motor vehicle and motor carrier case management systems to allow for improved reporting of motor vehicle and motor carrier enforcement data including, complaints by sources, license, nature of complaint and resolution in response to information provided in Sunset item 3.6. Enforcement currently maintains two case management databases for tracking motor vehicle and motor carrier cases.

Improvements to the eLicensing system for motor vehicle cases would include the ability to pull reports detailing number of cases by license type and would include a redesign of the violation section to allow for reporting on types of violations included within each case. Additional fields relating to the various ways in which cases can be resolved will allow for enhanced reporting on case resolution. For example, system enhancements will enable enforcement to report the number of cases closed by agreed order where dealer training was required as part of the settlement, the number of cases referred to the State Office of Administrative Hearings that ultimately settled by agreed order, and the number of cases referred to the State Office of Administrative Hearings that defaulted and resulted in a final order.

Improvements to the Case Management System for motor carrier cases would include the ability to pull reports detailing number of cases by license type; e.g. household goods carrier, bus/passenger carrier, motor carrier/general freight, as well as the ability to run reports on the types of violations included in each complaint. The addition of new fields relating to the various ways in which cases can be resolved will also allow for enhanced reporting that details the various ways in which cases are ultimately resolved.

These system enhancements will enable Enforcement to analyze data to determine the effectiveness of certain sanction actions and will assist with decisions concerning case prioritization and resource allocation.

TxDMV is requesting \$90,000 for the development of an online public facing database of enforcement case histories for motor vehicle licensees and for enhancements to the existing motor carrier licensee case history database pursuant to information provided in Sunset item 3.9.

System development for motor vehicle cases would include online publication of motor vehicle dealer and salvage vehicle dealer case histories providing the public with information concerning the case history associated with a particular license number, as well as violations substantiated against a licensee via the final action taken in each case. Information concerning any penalty or other sanction action imposed would also be part of the case history detail. Development would require TxDMV Information Technology Services to develop a process for pulling pertinent data from the case management system to be loaded into the online database on a regular basis to ensure the information provided to the public is current.

System enhancements to the existing motor carrier case histories available online would include removal of pending actions and actions where no violation was ultimately found, as well as inclusion of additional information pertaining to violations that were substantiated, penalties or other sanction action imposed, and the final action taken in the case.

Enforcement actions involve the processing of complaints received from the public, licensees, law enforcement, county tax offices, and other state agencies; in addition to processing investigator self-initiated cases. Online publication of enforcement case histories of all licensees showing enforcement actions taken by the department along with the basis of the complaint will enable consumers to make informed decisions in choosing service providers and could potentially act as a deterrent against future violations.

2020-21 LAR Exceptional Item Request Schedule					
Division:	Information Technology Division		Division Director:	Mike Higginbotham	
Item Name:	Complaint Management System		Item Priority:	4	
Strategy:	A.1.4 Technology Enhancement and Automation				
Code	Total Exceptional Item Request	Requested			
		2020	2021		
	Objects of Expense:				
1001	Salaries	71,000	71,000		
1002	Other Personnel Costs	355	355		
2001	Professional Fees & Services	4,000,000			
2003	Consumable Supplies	300	300		
2005	Travel	500	500		
2009	Other Operating Expense	9,055	1,450		
	Total, Objects of Expense	4,081,210	73,605		
	Method of Financing:				
0010	TxDMV Fund	4,081,210	73,605		
	Total, Method of Finance	4,081,210	73,605		
Number of Full-time Equivalent Positions (FTE):		1.00	1.00		
Detail for Capital Appropriation Items: (included in above amounts)					
5005	Acquisition of Information Resources Technologies	\$ 4,000,000			
	Total, Capital Appropriation Items	\$ 4,000,000	\$ -		
Detail on Object of Expenses and FTEs: (Included above)					
Salary		FTE	Monthly Salary	FY 2020	FY 2021
	Job Class New Positions				
	Systems Analyst IV	1.00	5,917	71,000	71,000
Travel	Method of calculation (\$500/FTE)			500	500
Other Expenses (list line items)		Unit Cost	Units	FY 2020	FY 2021
	Consumable Supplies \$300/yr per FTE	300	1.00	300	300
	Other Operating - share of Xerox rental \$30/FTE	30	1.00	30	30
	Other Operating - Training 1% of salary/yr per FTE			710	710
	Other Operating - Chair \$350 per FTE	350	1.00	350	
	Other Operating - Computer, printer, monitor phone	2,255	1.00	2,255	
	Other Operating - Cubicles \$5,000 per FTE	5,000	1.00	5,000	

2020-21 LAR Exceptional Item Request Schedule					
Division: Information Technology Division			Division Director: Mike Higginbotham		
Item Name: Complaint Management System			Item Priority: 4		
Strategy:	A.1.4 Technology Enhancement and Automation				
Code	Total Exceptional Item Request	Requested			
		2020		2021	
	Other Operating - Payroll Health Contribution 1% (Legislatively Mandated)			710	710
	Other Personnel - Employee Retirement Contribution .5% (Legislatively Mandated)			355	355
Subtotal, Detail on Object of Expenses and FTEs				\$ 81,210	\$ 73,605
Detail for Capital Appropriation Items: (included above)					
Professional Fees	Acquisition of Information Resource Tech Automation	Estimated cost to create new consolidated complaint management system on the Salesforce platform (40,000 hours @ \$100/hr)	100	40,000.00	4,000,000
Description/Justification (2000 character limit) <input type="checkbox"/>					
Sunset item 5.3 & 5.5 Develop and maintain a complaint management system which would include data on the status of complaints, complaint procedures, and documentation of complaints. This item also includes coalescing complaints into a single repository for greater efficiency, instead of the current process of storing complaints in separate systems.					

Complaint Management System – Sunset Item 5.3 and 5.5

As a customer-focused agency, it is important for the department to have easy access to a clear view of its customers' satisfaction, and a key indicator of the customer experience is the number of complaints.

As noted in the recent Sunset report, each division has its own complaint handling process without consistent central reporting or analysis of complaint trends. Additionally, complaints are stored in separate individual systems which complicates the ability to capture consistent information across the organization. This approach creates risk that the department may not adequately address complaints and that management does not have the ability to obtain a holistic view of customer service issues. This approach also increases the time to respond and resolve complaints due to the manner in which complaints are managed.

This funding request supports the development and maintenance of a new complaint management system which includes data on the status of complaints, complaint procedures, and documentation of complaints. This request also includes coalescing complaints into a single repository for greater efficiency, instead of the current process of storing complaints in separate systems. The system will streamline the complaint handling process and allow TxDMV's customers and stakeholders to benefit from reducing the time needed to resolve a complaint. The system will help facilitate the creation a centralized complaint intake process, assist tracking complaints as they move through the process to identify bottlenecks, and enable timely notification to complainants as to progress of their complaint.

2020-21 LAR Exceptional Item Request Schedule			
Division:	Information Technology Division	Division Director:	Mike Higginbotham
Item Name:	IT Infrastructure Improvements	Item Priority:	1
Strategy:	C.1.2. Information Resources		
Code	Total Exceptional Item Request	Requested	
		2020	2021
2001	Objects of Expense:		
	Professional Fees & Services	1,850,000	850,000
	Total, Objects of Expense	1,850,000	850,000
0010	Method of Financing:		
	TxDMV Fund	1,850,000	850,000
	Total, Method of Finance	1,850,000	850,000
Number of Full-time Equivalent Positions (FTE):			
Detail for Capital Appropriation Items: (included in above amounts)			
5005	Acquisition of Information Resources Technologies	\$ 1,000,000	
7000	Data Center Consolidation Services	\$ 850,000	\$ 850,000
	Total, Capital Appropriation Items	\$ 1,850,000	\$ 850,000
Detail for Capital Appropriation Items: (included above)			
Professional Fees	Acquisition of Information Resource Tech	100	10,000.00
Automation	Estimated cost to build out IT operational improvements (10,000 hours @ \$100/hr)		1,000,000
	Data Center Consolidation Services		
	20 Jumbo servers, DB2 database licenses		850,000
			850,000
Description/Justification (2000 character limit) <input type="checkbox"/>			
Estimated cost to build out password self service reset, create self service test data, obtain automated testing tools and create automated tests, modify IRP to reduce errors, and build out non-production environments to support the software development lifecycle.			

Information Technology Infrastructure Improvements – Sunset Item 5.4

The Information Technology Services Division (ITSD) is responsible for agency-wide information technology needs and overall maintenance and support of the department's major systems and technologies.

TxDMV has increased the number of applications that provide value to the state of Texas in the last four years that directly tie into the Registration and Title System (RTS). These systems include webDEALER, webSALVAGE and webDealer Commercial Fleet Buyer. Future applications include eTitle and webLIEN. Each application increases the complexity of the RTS system infrastructure and raises the level of contention for RTS testing environments. This increased complexity results in additional administrative and technical overhead and staff time. The contention places limitations on the number of releases that can be achieved for each application every year. Further, the increased number of applications have overextended ITSD's current staff and existing software development processes.

In an effort to identify opportunities to improve technology and project delivery, the agency conducted a competitive procurement for an organizational assessment of ITSD in the fall of 2017. The purpose was to hire an independent, qualified vendor to evaluate the existing mission, goals, workload, organizational structure, and human resource capacity and make recommendations to increase efficiency and effectiveness in meeting the agency's needs for technology. The contract was awarded to Software Engineering Services (SES) effective November 14, 2017 and was concluded with delivery of their final reports on February 9, 2018.

Also during 2017 and 2018, The Sunset Commission conducted a review of TxDMV. The Sunset review of ITSD resulted in several similar findings to those identified in the SES assessment.

While several major TxDMV applications currently provide users the ability to reset their passwords online, a few major applications still require human interaction to reset a password. A portion of the funding associated with this request will build out self-service password reset capabilities for the remaining major applications, which will result in an improved customer experience and reduced unit cost due to the elimination of the manual reset process.

Many quality assurance activities currently conducted by ITSD require the manual execution of test cases and the manual creation of test data by ITSD personnel. These manual processes are inefficient and error-prone, resulting in slower speed to market for software delivery and reduced quality of software products. A portion of the funding associated with this request will enable the creation of self-service test data, the procurement of automated testing tools, and the creation of automated test scripts. These additional testing enhancements will reduce errors and increase frequency of application deliveries.

Currently, several TxDMV applications utilize shared server and database infrastructure as a result of the rapid deployment of new applications in recent years. The shared infrastructure reduces software development throughput resulting in delayed implementation of projects. A portion of this investment will increase the number of non-production, development environments for each application in order to enable increased delivery velocity while maintaining or improving software development lifecycle rigor.

2020-21 LAR Exceptional Item Request Schedule					
Division: Information Technology Division		Division Director: Mike Higginbotham			
Item Name: Information Technology Improvements - Organizational Assessment		Item Priority: 2			
Strategy: C.1.2. Information Resources					
Code	Total Exceptional Item Request	Requested			
		2020	2021		
	Objects of Expense:				
1001	Salaries	886,044	886,044		
1002	Other Personnel Costs	4,430	4,430		
2003	Consumable Supplies	3,600	3,600		
2005	Travel	3,500	3,500		
2009	Other Operating Expense	109,340	18,080		
	Total, Objects of Expense	1,006,914	915,654		
	Method of Financing:				
0010	TxDMV Fund	1,006,914	915,654		
	Total, Method of Finance	1,006,914	915,654		
Number of Full-time Equivalent Positions (FTE):		12.00	12.00		
Detail on Object of Expenses and FTEs: (Included above)					
Salary		FTE	Monthly Salary	FY 2020	FY 2021
	Job Class New Positions				
	Systems Analyst IV	10.00	5,917	710,040	710,040
	Database Administrator IV	1.00	7,417	89,004	89,004
	Systems Analyst V	1.00	7,250	87,000	87,000
				-	-
Travel	Method of calculation (\$500/FTE)			3,500	3,500
Other Expenses (list line items)		Unit Cost	Units	FY 2020	FY 2021
	Consumable Supplies \$300/yr per FTE	300	12.00	3,600	3,600
	Other Operating - share of Xerox rental \$30/FTE	30	12.00	360	360
	Other Operating - Training 1% of salary/yr per FTE			8,860	8,860
	Other Operating - Chair \$350 per FTE	350	12.00	4,200	
	Other Operating - Computer, printer, monitor phone	2,255	12.00	27,060	
	Other Operating - Cubicles \$5,000 per FTE	5,000	12.00	60,000	

2020-21 LAR Exceptional Item Request Schedule					
Division:	Information Technology Division			Division Director:	Mike Higginbotham
Item Name:	Information Technology Improvements - Organizational Assessment			Item Priority:	2
Strategy:	C.1.2. Information Resources				
Code	Total Exceptional Item Request			Requested	
				2020	2021
	Other Operating - Payroll Health Contribution 1% (Legislatively Mandated)			8,860	8,860
	Other Personnel - Employee Retirement Contribution .5% (Legislatively Mandated)			4,430	4,430
Subtotal, Detail on Object of Expenses and FTEs				\$ 1,006,914	\$ 915,654
Description/Justification (2000 character limit) □					
<p>TxDMV consulted with an outside vendor to perform an organizational assessment of the Information Technology Services (ITSD) and Enterprise Project Management (EPMO) divisions. The report recommended additional FTEs in ITSD to implement operational improvements to facilitate a comprehensive approach to developing, maintaining and updating TxDMV information technology projects, and infrastructure.</p>					

Information Technology Improvements - Organizational Assessment Sunset Item 5.4

TxDMV has increased the number of applications that provide value to the state of Texas in the last four years that directly tie into the Registration and Title System (RTS). This increased complexity results in additional administrative overhead and staff time. Further, the increased number of applications have overextended ITSD's current staff and existing software development processes.

In an effort to identify opportunities to improve technology and project delivery, the agency conducted a competitive procurement for an organizational assessment of ITSD in the fall of 2017. The purpose was to hire an independent, qualified vendor to evaluate the existing mission, goals, workload, organizational structure, and human resource capacity and make recommendations to increase efficiency and effectiveness in meeting the agency's needs for technology.

Internal and third-party analyses of ITSD determined that additional staff members are needed within the application development section. Due to the increasing number of applications since the inception of the agency, the existing resources are insufficient to keep up with the application development and maintenance demand. This resource shortfall results in frequent employee burnout, a reduction in employee morale and productivity, an increase in software development errors, and a negative impact to the overall customer experience due to the increased number of software defects and the increasing length of time to resolve defects or deliver new system enhancements. Specifically, this request will fund the following Full-Time Equivalent (FTE) positions:

- 10 System Analyst IV
- 1 Database Administrator IV
- 1 Systems Analyst V

2020-21 LAR Exceptional Item Request Schedule			
Division:	Information Technology Division	Division Director:	Mike Higginbotham
Item Name:	IT Operational Improvements - Platform Modernization (Motor Carrier Credentialing System (MCCS))	Item Priority:	5
Strategy:	A.1.4 Technology Enhancement and Automation		
Code	Total Exceptional Item Request	Requested	
		2020	2021
2001	Objects of Expense:		
	Professional Fees & Services	6,000,000	
	Total, Objects of Expense	6,000,000	-
0010	Method of Financing:		
	TxDMV Fund	6,000,000	
	Total, Method of Finance	6,000,000	-
Number of Full-time Equivalent Positions (FTE):			
Detail for Capital Appropriation Items: (included in above amounts)			
5005	Acquisition of Information Resources Technologies	\$ 6,000,000	
	Total, Capital Appropriation Items	\$ 6,000,000	\$ -
Detail for Capital Appropriation Items: (included above)			
Professional Fees	Acquisition of Information Resource Tech	100 60,000.00	6,000,000
Automation	Estimated cost to migrate the MCCS to a modern platform, Salesforce (60,000 hours @ \$100/hr)		
Description/Justification (2000 character limit) □			
The current platform is written in an outdated technology which adds risk to the agency due to the difficulty of locating qualified resources for support. This investment will allow the agency to consolidate skillsets and allow for greater staff redundancy and maintain applications in a more efficient manner.			

Information Technology Improvements - Platform Modernization Motor Carrier Credentialing System (MCCS) Sunset Item 5.4

The current Motor Carrier Credentialing System (MCCS) is written in the outdated ASP technology. Continued usage of legacy technologies add risk to the agency due to the difficulty of locating qualified resources for support. The legacy platform is also more cumbersome to maintain resulting in additional total cost of ownership compared to more modern platforms. This investment will support the migration of MCCS off of the ASP technology to the more modern Salesforce platform. The agency currently has several applications deployed to the Salesforce platform, including the award-winning eLicensing system. By migrating to Salesforce, ITSD will reduce the number of different development platforms and begin to consolidate more applications around the Salesforce platform. This consolidation will reduce the overall cost of maintenance by narrowing the variety of skillsets needed to maintain the applications while also allowing the department to develop deeper bench strength on the Salesforce platform that will enable the team to more easily scale to allow more frequent product deliveries.

2020-21 LAR Exceptional Item Request Schedule			
Division:	Information Technology Division	Division Director:	Mike Higginbotham
Item Name:	Enterprise Data Warehouse/Data Analytics	Item Priority:	3
Strategy:	A.1.4 Technology Enhancement and Automation		
Code	Total Exceptional Item Request	Requested	
		2020	2021
2001	Objects of Expense:		
	Professional Fees & Services	5,150,000	150,000
	Total, Objects of Expense	5,150,000	150,000
0010	Method of Financing:		
	TxDMV Fund	5,150,000	150,000
	Total, Method of Finance	5,150,000	150,000
Number of Full-time Equivalent Positions (FTE):			
Detail for Capital Appropriation Items: (included in above amounts)			
5005	Acquisition of Information Resources Technologies	\$ 5,000,000	
7000	Data Center Consolidation Services	\$ 150,000	\$ 150,000
	Total, Capital Appropriation Items	\$ 5,150,000	\$ 150,000
Detail for Capital Appropriation Items: (included above)			
Professional Fees	Acquisition of Information Resource Tech	100	50,000.00
Automation	Estimated cost to implement a data warehouse (50,000 hours @ \$100/hr)		5,000,000
	Data Center Consolidation Services		
	4 Jumbo servers		150,000
			150,000
Description/Justification (2000 character limit) <input type="checkbox"/>			
Funding to create an enterprise-wide centralized data repository to enable true data analytics, predictive analytics, and more efficient and effective reports.			

Enterprise Data Warehouse/Data Analytics

As the agency continues to mature, reporting and data analysis requests continue to increase.

For example, the Compliance and Investigations Division (CID) has requested an interactive map of Texas counties color coded to reflect fraud, waste, and abuse vulnerabilities based on data collected from across the state. CID has also requested the implementation of various tools to further analyze statewide data.

In order to effectively and efficiently analyze these types of data, the data needs to be housed in a centralized, professional-grade database, versus storing data in separate spreadsheets on local laptop or desktop computers. The database also needs to be designed and tuned for high-volume analysis processing, which is a different design than that used to support online transaction systems such as RTS or webDEALER.

While ITSD currently provides reporting capabilities on an ad-hoc and individual application basis, the agency lacks a single enterprise-wide data repository designed for reporting and analytics, which prevents the agency from easily analyzing and identifying cross-division trends (such as potential fraud). This limitation also prevents the agency from predicting trends, leaving the agency in the position to only respond to issues after-the-fact, versus preventing issues before they occur. Additionally, the recent Sunset report determined the department lacks basic trend data needed to effectively evaluate its enforcement efforts.

The lack of a data warehouse also prevents program areas from having easy access to their data, and requires the involvement of an ITSD project or programmer in order to access the program area's own data. Program areas are also currently unable to use more sophisticated reporting and analysis technologies, such as Tableau, due to the lack of current data analysis tools.

This funding request will allow the agency to create an enterprise-wide centralized data repository to enable program area users self-service access to their data in order to perform data and predicative analytics, use more sophisticated analysis and reporting tools (such as Tableau), and produce more efficient and effective reports.

2020-21 LAR Exceptional Item Request Schedule					
Division: Consumer Relations		Division Director: Ginny Booton			
Item Name: Customer Service Staff		Item Priority: 1			
Strategy:	A.1.5 Customer Contact Center				
Code	Total Exceptional Item Request	Requested			
		2020	2021		
Impact on Output Measures:					
Number of Customers Served in Contact Center (<i>Expect 10,000 additional customers to be served each month by CRD</i>)		120,000	12,000		
Objects of Expense:					
1001	Salaries	405,088	405,088		
1002	Other Personnel Costs	2,025	2,025		
2003	Consumable Supplies	2,700	2,700		
2009	Other Operating Expense	76,277	8,102		
Total, Objects of Expense		486,090	417,915		
Method of Financing:					
0010	TxDMV Fund	486,090	417,915		
Total, Method of Finance		486,090	417,915		
Number of Full-time Equivalent Positions (FTE):		9.00	9.00		
Detail on Object of Expenses and FTEs: (Included above)					
Salary		FTE	Monthly Salary	FY 2020	FY 2021
	Customer Servicer Representative IV	8.00	3,543	340,088	340,088
	Trainer	1.00	5,417	65,000	65,000
Consumables				2,700	2,700
Other Expenses (list line items)		Unit Cost	Units	FY 2020	FY 2021
	Other Operating - Training 1% of salary/yr per FTE	400	9.00	4,051	4,051
	Other Operating - Chair \$350 per FTE	350	9.00	3,150	-
	Other Operating - Computer, printer, monitor phone	2,225	9.00	20,025	-
	Other Operating - Cubicles \$5,000 per FTE	5,000	9.00	45,000	-

2020-21 LAR Exceptional Item Request Schedule				
Division:	Consumer Relations		Division Director: Ginny Booton	
Item Name:	Customer Service Staff		Item Priority: 1	
Strategy:	A.1.5 Customer Contact Center			
Code	Total Exceptional Item Request	Requested		
		2020	2021	
	Other Operating - Payroll Health Contribution 1% (Legislatively Mandated)		4,051	4,051
	Other Personnel - Employee Retirement Contribution .5% (Legislatively Mandated)		2,025	2,025
Subtotal, Detail on Object of Expenses and FTEs			\$ 486,090	\$ 417,915
Description/Justification (2000 character limit) □				
<p>The level of online, application and system support has increased the division's scope at the same time the number of customers needing assistance has increased significantly with an addition of only 2 FTEs in FY2017. The Consumer Relations Division (CRD) has remained within the overall Key Performance Indicators with the continued assistance of the Vehicle, Title and Registration Division (VTR) Regional Service Centers (RSC). An average of 30 VTR RSC staff from around the state assist with title calls every day. In FY2017, they assisted over 116,000 CRD title customers and averaged 12,000 customers/month in FY2016. Another 105,457 customers abandoned their call and either were not served or called back later. This is a total of 223,604 customers the division was not staffed to serve in FY2017.</p> <p>CRD needs eight (8) dedicated FTE's to resume taking the title calls currently answered by VTR. It will require an additional 7 FTEs to answer all calls. The 8 requested positions will free up the RSC staff to focus on VTR customers, improve customer satisfaction ratings, reduce wait times and improve the level of service our customers receive.</p>				

Customer Service Staff

The Consumer Relations Division (CRD) is the agency contact center and front-line information resource for customers. The division receives requests for assistance by telephone, email and written correspondence daily. CRD has a broad customer base serving the motoring public, motor vehicle dealers, law enforcement, local, state and federal agencies, legislative officials and constituents, dealer associations, salvage yards, storage facilities, financial institutions, manufacturers, distributors, lease facilitators, insurance agencies, and department staff. In addition to providing customers and stakeholders with guidance and up-to-date information, the division provides technical troubleshooting and web navigation support for department-related programs, applications and systems.

Customer service demand has been on an upward trend every year since the division was formed in FY2011. Customer contacts have increased 50% from FY2011 (462,505 customers) to FY17 (692,677 customers). The highest volume year was in FY2016 when CRD received 722,778 customer contacts.

As a result of agency technology upgrades and movement to more online customer service interactions, the division has shifted from a “business guidance” customer service organization to a hybrid of a technology support desk and customer service center. Customers no longer call for just business information, they require assistance with online navigation issues and transaction problems. Dealers need the CRD team to help them navigate eLICENSING, troubleshoot application problems, and serve as the triage center for escalation to the Information Technology Services Division.

When the agency implements a project or technology upgrade, there is a correlating surge in calls. For example, when eLICENSING was launched in March 2017, dealer calls increased 233% and are still running 62% above the average dealer call volume prior to eLICENSING.

The level of online, application and system support has increased the division’s scope at the same time the number of customers needing assistance has increased significantly with an addition of only 3 FTEs in FY2017. CRD has remained within the overall Key Performance Indicators with the continued assistance of the Vehicle, Title and Registration Division (VTR) Regional Service Centers (RSC). An average of 30 VTR RSC staff from around the state assist with title calls every day. In FY17, they assisted over 116,000 CRD title customers and averaged 12,000 customers/month in FY16. Another 105,457 customers abandoned their call and either were not served or called back later. This is a total of 223,604 customers the division was not staffed to serve in FY2017.

CRD needs eight (8) dedicated FTE’s to resume taking the title calls currently answered by VTR. It will require an additional 7 FTEs to answer all calls. The 8 requested positions in order to free up the RSC staff to focus on VTR customers, improve customer satisfaction ratings, reduce wait times and improve the level of service our customers receive.

To meet the increased customer demand by the motoring public and dealers, staff need to be well-trained, provided accurate resources, and be consistently updated. This is the role of a trainer. The division is without a dedicated training team which is a staple in all contact centers. The lack of this critical resource has put a constant strain on the division staff who juggle the responsibilities of building training, onboarding and training new employees, updating and training existing staff, and ensuring all documentation and resource materials are kept up-to-date. Knowledge and

consistency are the pillars of good customer service. It all starts with training and the addition of one trainer will build and enhance the skills of the customer service representatives and, in turn, ensure customers have a good experience. The dedicated trainer will design, develop and deliver training materials for the division and ensure the staff are trained to provide consistent and accurate information to customers.

2020-21 LAR Exceptional Item Request Schedule			
Division:	Automobile Burglary and Theft Prevention Authority	Division Director:	Bryan Wilson
Item Name:	ABTPA Crime Reduction Strategy	Item Priority:	1
Strategy:	B.2.1 Automobile Theft Prevention		
Code	Total Exceptional Item Request	Requested	
		2020	2021
4000	Objects of Expense:		
	Grants	3,648,720	3,648,720
	Total, Objects of Expense	3,648,720	3,648,720
0001	Method of Financing:		
	General Revenue	3,648,720	3,648,720
	Total, Method of Finance	3,648,720	3,648,720
<p>Description/Justification (2000 character limit) □</p> <p>ABTPA requests \$3.6 million to provide an estimated twenty-five motor vehicle theft investigators officers along with crime interdiction and detection equipment to the current economic automobile theft enforcement teams (taskforces) authorized in ABTPA statute. The additional officers will be dispersed through grants to local law enforcement agencies to areas with the highest incidence of motor vehicle burglary and theft. Funds will also be used to meet two current statutory requirements of ABTPA that have remained unfunded for several years: media outreach to the public and development of experimental equipment to combat motor vehicle crime. The statute directs ABTPA to conduct educational programs designed to inform automobile owners of methods of preventing motor vehicle burglary and theft. It also directs ABTPA to provide equipment, for experimental purposes, to assist automobile owners in preventing automobile burglary or theft. Incidents of motor vehicle burglary and theft have been increasing in recent years and financial losses from these crimes are just under \$1 billion each year despite ABTPA collecting over \$46 million each year in fees on insurance policies. The proposed efforts are expected to result in significant reductions in both the incidence of motor vehicle burglary and theft and financial losses suffered by the public from these crimes.</p>			

ABTPA Crime Reduction Strategy

ABTPA requests \$3.6 million to expand the current economic automobile theft enforcement teams (taskforces) authorized in ABTPA statute and to provide funds to begin meeting two of the current statutorily mandated requirements of ABTPA that has been unfunded for several years. These include funding for educational programs to teach the public how to reduce motor vehicle burglary and theft providing equipment to the public for experimental purposes to combat these crimes. The funding request includes adding about twenty-five additional investigators and minimum equipment and supplies needed for them to perform their duties. The request will provide a minimum amount of equipment such as tracking technology and other automotive equipment needed to support technologically challenging investigations. Funds are also included to provide education to communities as required by statute and pilot programs for experimental equipment to prevent motor vehicle burglary and theft. ABTPA requires a minimum of 20% local cash match on all grants so the amount listed is actually 80% of the costs of the staff and equipment.

DATE: August 16, 2018
Continued From: -
Action Requested: Briefing

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Linda M. Flores, CPA, Chief Financial Officer
Agenda Item: 13D.
Subject: 2018 Quarterly Financial Report

RECOMMENDATION

The attached Financial Summary reflects revenues and expenditures for the Texas Department of Motor Vehicles (TxDMV) through the third quarter ending May 31, 2018.

PURPOSE AND EXECUTIVE SUMMARY

TxDMV Fund fee collections as of the end of the third quarter were \$119,879,988, which exceeded projections by 5.0%. Expenses for the same period totaled approximately \$36.5 million with salaries, contract services, and postage constituting the majority of the expenditures. The ending balance at the end of the third quarter was \$78.1 million, which includes a beginning balance of \$41.5 million.

Collections for all revenues (including Fund 0006) were also in excess of projections by 4.7%.

The agency completed 75% of the year without any major cost overruns or unanticipated expenditures. Revenue collections were all above projections.

FINANCIAL IMPACT

The department continues to be funded with the TxDMV Fund with the exception of the Automobile Burglary and Theft Prevention Authority (ABTPA), which is funded from General Revenue. FY 2018 is the first full year of collections of the Processing and Handling (P&H) fee.

BACKGROUND AND DISCUSSION

TxDMV Fund Status

As of May 31, 2018 collections for the TxDMV Fund totaled \$128,705,572 consisting of \$119,879,988 in fee collections plus \$8,825,584 in collections for payments of fees for credit cards and Texas.gov. Revenue collections in all categories were higher than projected. FY 2018 oversize/overweight deposits to the TxDMV Fund were 12.4% above projections, as more than the expected number of permits were issued.

- Year-to-date revenue collections for the P&H fee were 6.3% above projections at \$43,152,348 due to the higher than projected number of transactions, especially temporary permits.

Obligations to the TxDMV Fund for the same period include \$94.3 million in operating expenses and \$33.1 million in encumbrances. The inclusion of the Fiscal Year 2018 beginning balance of \$41.5 million results in a net cash balance of \$78.1 million at May 31, 2018.

My Plates Status

As of May 31, 2018, General Revenue collections for the new MyPlates contract exceeded \$40 million, of which approximately \$20 million deposited to General Revenue counts toward the \$15 million guarantee. The \$15 million General Revenue guarantee was met in August 2017.

Overall Revenues

Through the third quarter, collections for all revenues ended 8.2% over the previous year. Staff projections indicate that the agency's revenue collections for FY 2018 will exceed the previous year. The major drivers for higher revenue collections were in titles, motor vehicle registrations, oversize/overweight permits and P&H fees. FY 2018 motor carrier credentialing revenue has returned to normal levels following delayed payments from motor carriers for Unified Carrier Registration (UCR) annual fees. As of the end of the third quarter, MyPlates has generated an additional \$5 million in General Revenue. This is in excess of the \$15 million in deposits guaranteed to General Revenue which was met in August 2017.

Expenditures

Overall year-to-date expenditures through May 31, 2018 totaled \$85,362,724. Significant expenditure categories continue to include salaries, contract services for plate production, printing costs for Vehicles, Titles, and Registration (VTR) forms, postage, and Data Center Services (DCS) costs. Included in the year-to-date expenditures is approximately \$3,618,537 for contract payments to the MyPlates vendor. Contract payments to the MyPlates vendor are contingent upon revenues collected.

Also included in the expenditure totals as of the end of the quarter are capital appropriation expenditures of approximately \$15.5 million. Major capital expenditures include \$5.2 million associated with Data Center Services (DCS) and Automation expenditures of approximately \$8.7 million, primarily for project costs in the Registration and Titling System (RTS) Refactoring project.

There were no significant or unexpected expenditures in the third quarter. Expenditures and encumbrances are comparative to the same period in FY 2017.



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

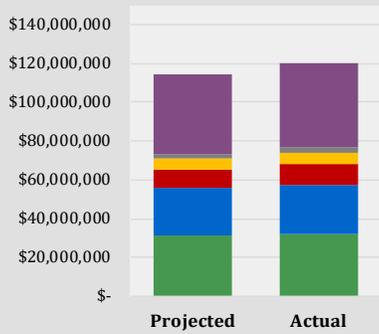
FY 2018 Financial Summary for the 3rd Quarter ending May 31, 2018

Finance and Administrative Services Division

August 16, 2018

TxDMV Fund Highlights

FY 2018 TxDMV Fund Actual vs. Projected Revenue thru May 2018

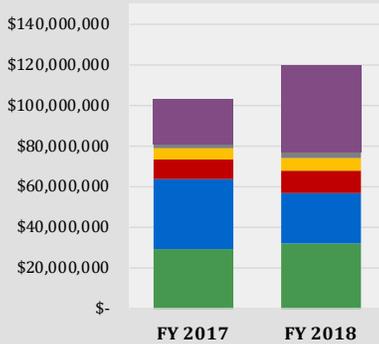


Revenue Category	Projected	Actual	% Change
Motor Vehicle Certificates of Title	\$ 31,280,671	\$ 32,107,830	2.6% ↑
Motor Vehicle Registration	24,462,744	25,143,130	2.8% ↑
Motor Carrier - Oversize/Overweight	9,772,254	10,986,274	12.4% ↑
Business Dealer Licenses	5,890,341	6,084,153	3.3% ↑
Miscellaneous Revenue	2,134,575	2,406,254	12.7% ↑
Processing and Handling Fee	40,610,264	43,152,348	6.3% ↑
Total	\$ 114,150,849	\$ 119,879,988	5.0% ↑

TxDMV Fund revenue exceeded projections through the third quarter of FY 2018. Significant factors causing the variations from projections are listed below:

- Motor Vehicle Certificates of Title - Third-quarter title issuance exceeded conservative projections, as increases in salvage-title issuance resulting from Hurricane Harvey were realized later in the fiscal year.
- Motor Vehicle Registration - Revenues are slightly over projection due to a higher-than-expected number of transactions in the third quarter.
- Motor Carrier - Oversize/Overweight - Revenues continue to be higher-than-projected due to an increase in number of permits issued in the rebounding oil-price environment.
- Business Dealer Licenses - Revenue continues to exceed projections as dealer-license issuance has increased.
- Miscellaneous Revenues - TxDMV Fund balances above projections continue to impact the main driver in this category, interest earnings.
- Processing and Handling (P&H) Fee - Collections are higher than the conservative projection due to an increase in registration transactions, particularly temporary permits.

FY 2017 vs. FY 2018 TxDMV Fund Actual Revenue thru May 2018



Revenue Category	FY 2017	FY 2018	% Change
Motor Vehicle Certificates of Title	\$ 29,530,721	\$ 32,107,830	8.7% ↑
Motor Vehicle Registration	34,359,268	25,143,130	-26.8% ↓
Motor Carrier - Oversize/Overweight	9,440,329	10,986,274	16.4% ↑
Business Dealer Licenses	5,862,017	6,084,153	3.8% ↑
Miscellaneous Revenue	1,802,056	2,406,254	33.5% ↑
Processing and Handling Fee	21,909,397	43,152,348	
Total	\$ 102,903,788	\$ 119,879,988	16.5% ↑

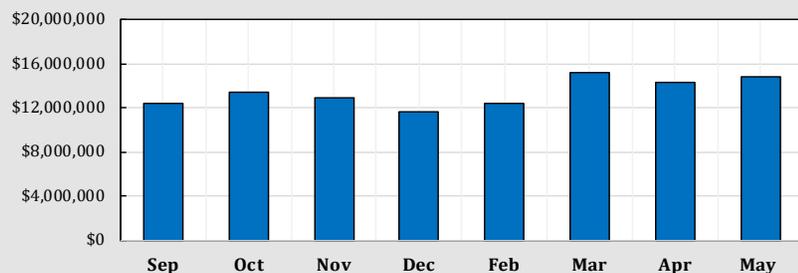
TxDMV Fund revenue saw significant year-over-year growth through the third quarter of FY 2018. The following factors continue to account for the variations from FY 2017:

- Motor Vehicle Certificates of Titles - Revenues were impacted by an increase in salvage title issuance due to Hurricane Harvey.
- Motor Vehicle Registration - Variance is primarily the result of the reallocation of the automation fee to the P&H fee in FY 2018.
- Motor Carrier - Oversize/Overweight - Increased revenues are the result of an uptick in permitting activity in the rebounding oil-price environment.
- Business Dealer Licenses - Reflects current benefits of eLicensing automation.
- Miscellaneous Revenue - Primarily consists of TxDMV Fund interest, which is the result of a larger fund balance.
- Processing and Handling Fee - Collections in FY 2017 reflect a partial year of deposits. As we progress toward the end of FY 2018, the percentage change from FY 2017 will narrow.

TxDMV Fund Actual Month-by-Month Revenue

September	\$ 12,446,127
October	\$ 13,434,070
November	\$ 12,880,240
December	\$ 11,696,795
January	\$ 12,689,930
February	\$ 12,394,917
March	\$ 15,215,588
April	\$ 14,255,699
May	\$ 14,866,622

FY 2018 TxDMV Fund Actual Revenue thru May 2018



TxDMV Fund Highlights

FY 2018 TxDMV Fund Revenue Collections vs. Expenditures/Obligations thru May 2018

FY 2018 Beginning Balance: **\$ 41,506,996**

Revenue:

Motor Vehicle Certificates of Title	\$ 32,107,830
Motor Vehicle Registration	25,143,130
Motor Carrier - Oversize/Overweight	10,986,274
Business Dealer Licenses	6,084,153
Miscellaneous Revenue	2,406,254
Processing and Handling Fee	43,152,348
Total Fee Collections	\$ 119,879,988
Texas.gov Fees	5,575,895
Credit-Card Convenience Fees	3,249,689
Total Revenue	\$ 128,705,572

Expenditures/Obligations:

TxDMV Fund Expenditures	\$ 74,398,088
Fringe Benefits	8,882,441
Texas.gov Fees	5,575,895
Credit-Card Convenience Fees	3,249,689
Total	\$ 92,106,113

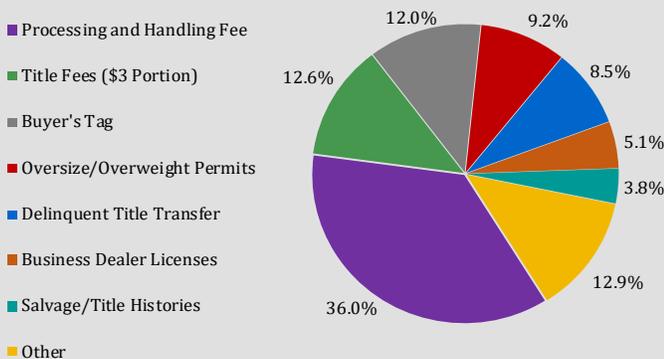
Ending Balance - May 2018: **\$ 78,106,455**



The \$128.7 million of year-to-date revenue primarily consists of \$119.9 million in TxDMV Fund fee collections. Texas.gov fees and credit-card convenience fees are also included.

Year-to-date expenditures total \$92.1 million. At the end of the third quarter there was a fund balance of \$78.1 million, which has increased since the end of the second quarter, as the department continues to take in more revenue than expenses. This figure includes the FY 2018 beginning fund balance of \$41.5 million.

FY 2018 TxDMV Fund Actual Revenue by Fee thru May 2018



Total Deposits thru May 2018: \$119,879,988

Top TxDMV Fund Fees

Fee	Revenue	% of Total
Processing and Handling Fee	\$ 43,152,348	36.0%
Title Fees (\$3 Portion)	15,051,180	12.6%
Buyer's Tag	14,379,373	12.0%
Oversize/Overweight Permits	10,986,274	9.2%
Delinquent Title Transfer	10,221,600	8.5%
Business Dealer Licenses	6,084,153	5.1%
Salvage/Title Histories	4,535,487	3.8%
<i>Other Sources</i>	15,469,574	12.9%

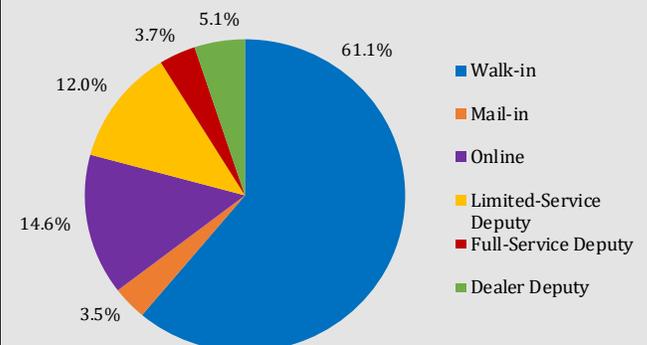
Processing and Handling Fee



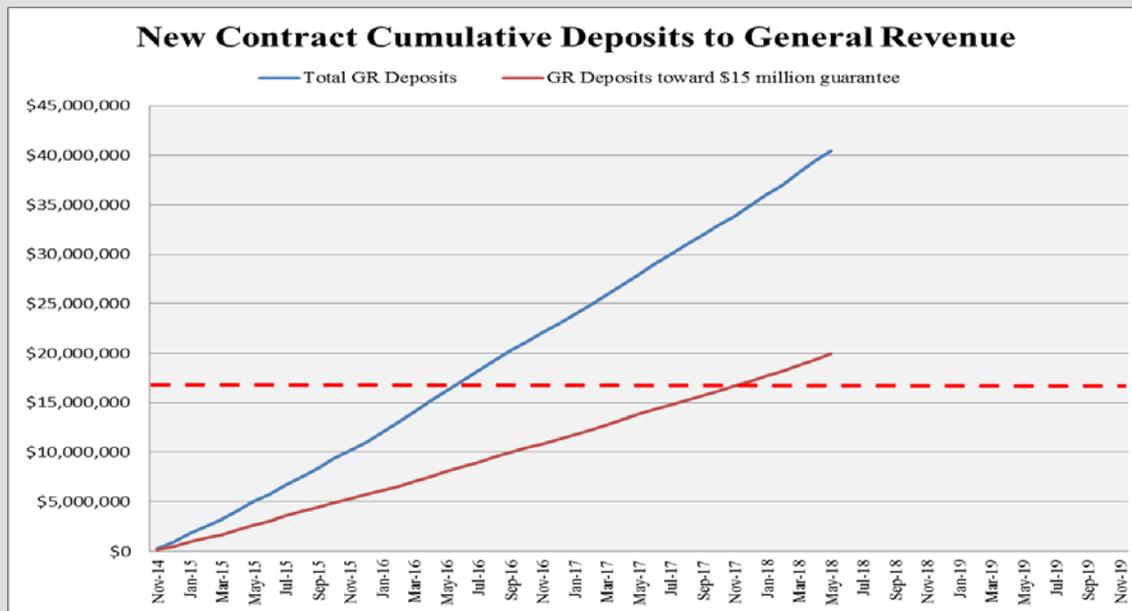
FY 2018 P&H Fee Revenue thru May 2018: \$43,152,348

- FY 2018 P&H fee revenue made up 36.0% of TxDMV Fund collections through the third quarter of FY 2018.
- The year-to-date observed transaction mix was very close to projections. Online utilization was 0.8% lower than projected.
- FY 2018 year-to-date, TxDMV Fund P&H-fee revenue was 6.3% over projections. This is the result of the above-referenced transaction mix and a higher-than-projected number of transactions, especially temporary permits. Year-to-date online and regional-office-issued temporary permits have increased 68% over YTD FY 2017, resulting in more than \$1 million in additional P&H-fee revenue deposited to the TxDMV Fund.

P&H Fee Transaction Mix



My Plates Revenue



- Through May 2018, cumulative vendor deposits to General Revenue under the renewed contract totaled \$40,416,299.
- MyPlates met the \$15 million contractual guarantee the third week of August 2017. Since that date, an additional \$4,954,091 deposited to General Revenue meets this criteria.
- General Revenue deposits from the sale of vendor specialty plates are determined by plate type and plate term with the State receiving: 40% from all plate sales of one year, 95% of all renewal sales, 60% of all auction sales, 60% from all plate sales with a term of greater than one year, and 10% of all ancillary products.

Overall Revenue Collections

FY 2017 vs. FY 2018 Actual Revenue - All Funds* thru May 2018

Revenue Category	FY 2017	FY 2018	% Change	
Motor Vehicle Certificates of Title	\$ 62,190,075	\$ 66,746,480	7.3%	↑
Motor Vehicle Registration	1,090,480,139	1,153,496,286	5.8%	↑
Motor Carrier - Oversize/Overweight	113,033,127	129,722,265	14.8%	↑
Motor Carrier Credentialing	5,025,801	5,201,432	3.5%	↑
Business Dealer Licenses	5,862,017	6,084,153	3.8%	↑
Miscellaneous Revenue	4,922,045	5,464,738	11.0%	↑
Processing and Handling Fee	21,909,397	43,152,348		
Total	\$ 1,303,422,602	\$ 1,409,867,702	8.2%	↑

Overall revenue collections continue to exceed FY 2017 collections due to:

- Motor Vehicle Certificates of Titles - Revenue was impacted by increased title issuance due to Hurricane Harvey.
- Motor Vehicle Registration - Increased deposits to the State Highway Fund are the result of county commissions now being paid from the P&H fee instead of registration fees, and an increase in the number of registration transactions.
- Motor Carrier - Oversize/Overweight - Experienced increased permitting activity in the rebounding oil-price environment.
- Motor Carrier Credentialing - Unified Carrier Registration payments caught up as expected in the third quarter.
- Business Dealer Licenses - Reflects current benefits of eLicensing automation.
- Miscellaneous Revenue - The revenue increase consists primarily of interest to the TxDMV Fund, which is the result of a larger fund balance.
- Processing and Handling Fee - Collections in FY 2017 reflect a partial year of deposits. As we progress toward the end of FY 2018, the percentage change from FY 2017 will narrow.

* All-funds revenue comprises revenue collected by the Department that is deposited to the General Revenue Fund, State Highway Fund, and TxDMV Fund.

Revenue by Category

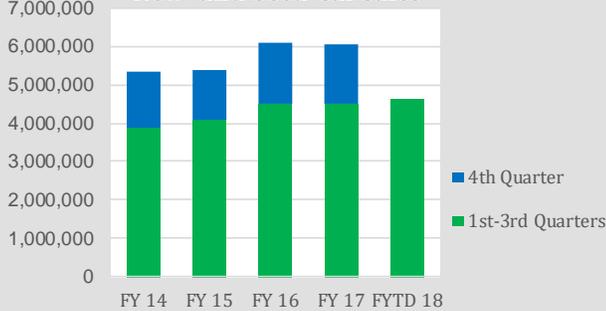
Motor Vehicle Certificates of Title



FY 2018 Title Revenue thru May 2018: \$66,746,480

- Year-to-date FY 2018, 4.7% of revenue collections were from motor vehicle certificates of title transactions. The \$66,746,480 collected was deposited as follows: \$27,289,986 (40.9%) to the General Revenue Fund; \$7,348,664 (11.0%) to the State Highway Fund; and \$32,107,830 (48.1%) to the TxDMV Fund.
- Year-to-date title revenue was 7.3% above FY 2017 collections, and 4.7% above FY 2018 projections, mostly due to increased salvage title issuance.
- Strong vehicle sales continued through the third quarter of FY 2018. Total dealer sales (new and used) were 4,645,079 units, 3.3% higher than FY 2017 sales through the third quarter. Average annual sales from FY 2014 to FY 2017 were 5,718,308 units.

New- and Used-Car Sales



Motor Vehicle Registration



FY 2018 Registration Revenue thru May 2018: \$1,153,496,286

- Year-to-date FY 2018, 81.8% of revenue collections were from motor vehicle registration fees. Of the \$1,153,496,286 collected, \$1,116,651,491 (96.8%) was deposited to the State Highway Fund.
- Year-to-date registration revenue was 5.8% above FY 2017 collections, and 4.2% above FY 2018 projections.
- As of May 31, 2018, there were 24,360,299 registered vehicles in Texas. This is a 1.0% increase from the 24,124,000 registered vehicles in May 2017.

Number of Currently Registered Vehicles

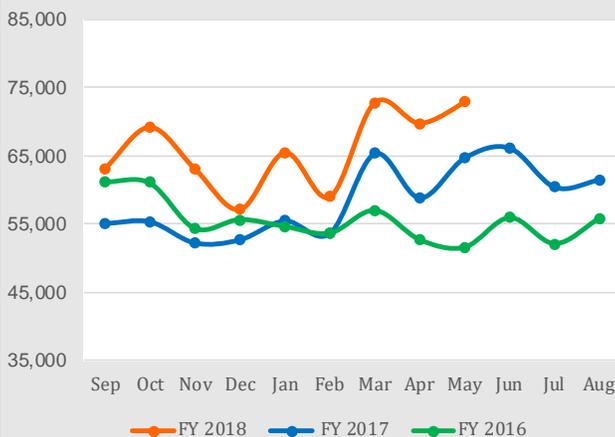


Motor Carrier - Oversize/Overweight



Number of Permits Issued

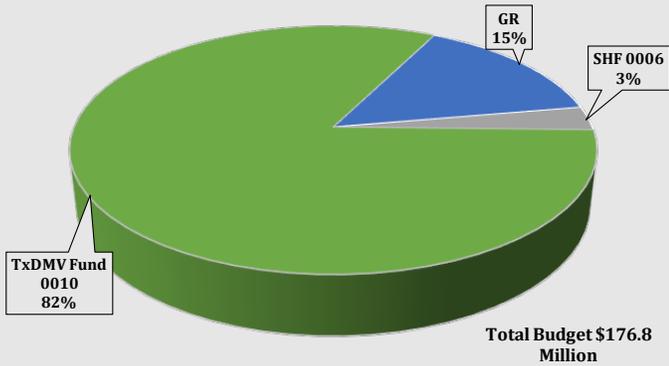
FY 2018 Oversize/Overweight Revenue thru May 2018: \$129,722,265



- Year-to-date FY 2018, 9.2% of revenue collections were from motor carrier oversize/overweight permit fees. The \$129,722,265 collected was deposited as follows: \$36,000,478 (27.8%) to the General Revenue Fund; \$82,735,514 (63.8%) to the State Highway Fund; and \$10,986,274 (8.5%) to the TxDMV Fund.
- Year-to-date oversize/overweight revenue was 14.8% above FY 2017 collections, and 9.8% above FY 2018 projections.
- 592,806 oversize/overweight permits have been issued FY 2018 year-to-date, a 15.4% increase over year-to-date FY 2017.

Operating Budget Status

TxDMV Revised Operating Budget By Fund

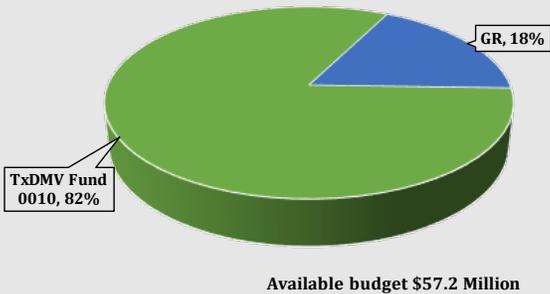


The Fiscal Year (FY) 2018 adjusted budget as of May 31, 2018 was \$176.7 million which remains unchanged from second quarter.

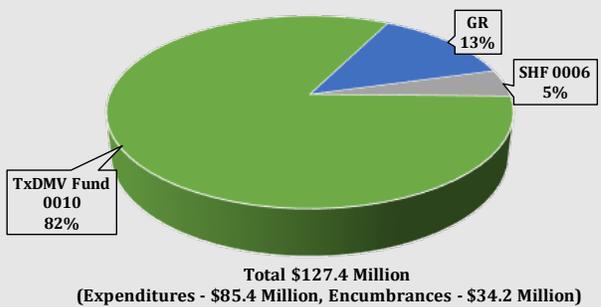
The TxDMV budget by method of finance is reflected in the revised budget shown at left. The percentages have not significantly changed since second quarter. The General Revenue (GR) portion of the budget represents Automobile Burglary and Theft Prevention Authority. State Highway Fund (SHF) 0006 expenditures as a percentage of all expenditures grew in the 3rd quarter due to the completion of phases in the Web Dealer Project and the approaching close out of the Registration and Titling System (RTS) Refactoring Project. Both projects experienced higher volumes of activity as compared to previous quarters. The SHF 0006 is carryforward from previous years.

The two pie charts below show department expenditures/encumbrances and remaining budget amounts by fund as of the end of the 3rd Quarter.

TxDMV 3rd Quarter Available Budget By Fund

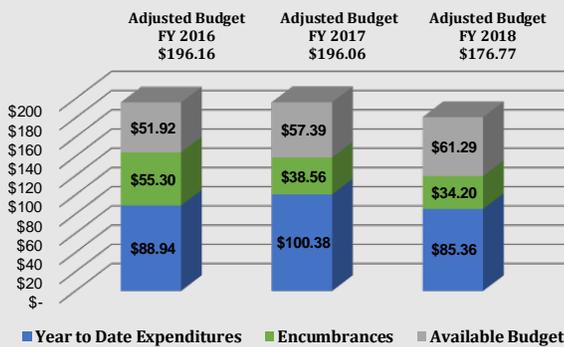


TxDMV 3rd Quarter Expenditures/Encumbrances By Fund

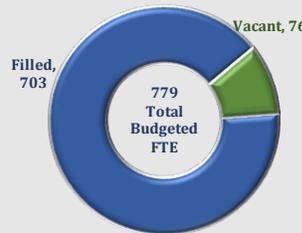


Third quarter expenditures are at expected levels compared to this time period in fiscal years 2016 and 2017. Prior year budgets are higher due to funding for capital projects and the inclusion of unexpended balances for Automation. Expenditures in FY2017 were higher in operating categories related to plate production (Contract Services), Postage and Professional Fees associated with capital projects.

TxDMV Budget Prior Year Comparisons
in millions



3rd Quarter FTE Status



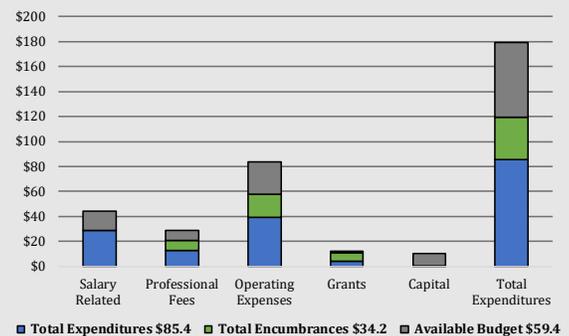
Hiring in the department has increased since the end of the hiring freeze in September; overall staffing levels have grown from 672 FTEs in September 2017 to 703 FTEs as of May 2018. Both the overall staffing and vacancy counts for FY 2018 are impacted by the addition of 16 new positions added at the beginning of FY 2018 for Compliance and Investigations and HQ Support.

Budget staff identified \$8.2 million in mid-year balances primarily from salary lapse. A total of \$4.2 million was used to fund internal agency needs the remaining funds will lapse into the TxDMV fund at year end.

Operating Budget Status

FY 2018 TxDMV 3rd Quarter Budget Status by Category

Budget Category	Revised Budget	Expenditures	Encumbrances	Available Budget
Salary Related	\$ 44,001,830	\$ 28,919,149	\$ -	\$ 15,082,681
Professional Fees	28,868,184	13,015,076	7,966,385	7,886,723
Operating Expenses				
Rent/Utilities	\$ 7,274,994	\$ 3,378,767	\$ 523,556	\$ 3,372,671
Contract Services and Services	35,437,898	18,183,090	7,700,393	9,554,415
Computer Equipment/Software and Maintenance & Repair	10,832,961	4,614,745	2,885,342	3,332,874
Freight, Postage, Reproduction & Printing	15,526,629	7,671,254	6,879,709	975,666
Advertising, Travel, Memberships / Training, Fuel/Consum/Fees&Chrgs	7,396,087	5,561,169	429,541	3,615,410
Other Expenses	5,107,342	128,988	87,057	4,891,297
Operating Expenses (Subtotal)	\$ 81,575,911	\$ 39,538,014	\$ 18,505,598	\$ 25,742,332
Grants	\$ 12,293,618	\$ 3,850,610	\$ 7,323,008	\$ 1,120,000
Capital	10,026,153	39,874	400,491	9,585,788
Total Expenditures	\$ 176,765,696	\$ 85,362,723	\$ 34,195,481	\$ 59,417,524



Overall 3rd Quarter expenditures were approximately \$10.1 million greater than the 2nd Quarter. The increase in expenses during the 3rd Quarter was primarily a result of a combination of a significant one-time expenditure in Automation, for payment of Deloitte contract retainage in the RTS Refactoring Project (\$2.7M); a large payment for postage in the Vehicles, Titles and Registration (VTR) Division (\$2.0M); and the first significant payment of FY 2018 Automobile Burglary and Theft Prevention Authority (ABTPA) grants(\$2.6M). The 3rd Quarter also saw the annual payment of the Statewide Cost Allocation Plan(\$433K).

The bar charts below show detail for expenditures/encumbrances for Professional Fees, Freight, Postage, and Reproduction/Printing.

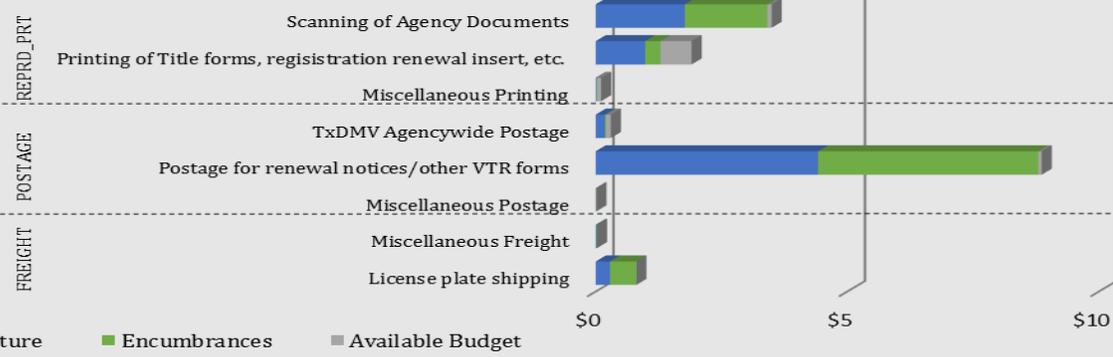
3rd Quarter Budget Status



Most of the expenditures and encumbrances in the Professional Fees category continue to be associated with the contract for Data Center Consolidation (DCS) Services. Another major expenditure/encumbrance category continues to be the Automation project, specifically costs associated with the Registration and Titling System (RTS) Refactoring project.

The Miscellaneous category consists of smaller contracts for temporary services, and other services.

3rd Quarter Budget Status Detail for Freight, Postage, Reproduction & Printing (in millions)



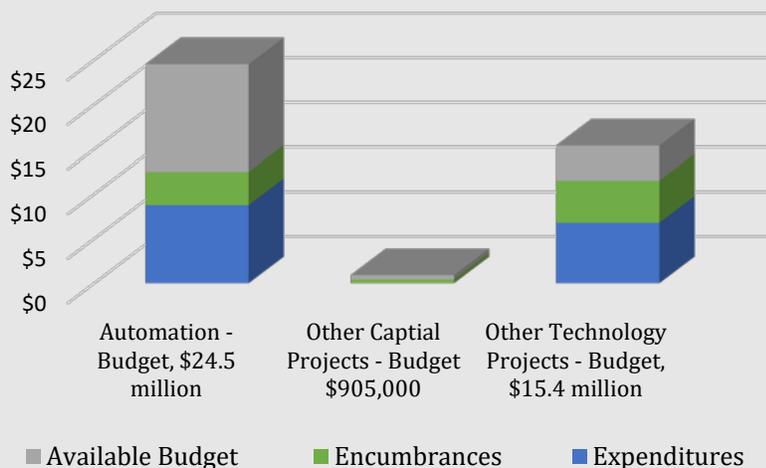
The bar chart at left primarily consists of obligations related to one of the department's core missions, registration and titling of motor vehicles. The Reproduction and Printing (Reprd_Prt) category, primarily consists of funding to image department documents for approximately \$3.5 million.

The Postage category includes \$9 million in funding with an increase of \$1.5 million during the third quarter to mail renewal notices and other vehicle registration/titling form. The new estimate for postage expense is \$11.1 million by the end of FY 2018.

Capital Budget Status

	Revised Budget	Expenditures	Encumbrances	Available Budget
Other Capital Projects				
Agency Vehicles	\$ 500,000	\$ -	\$ 324,207	\$ 175,793
CID Vehicles	100,000	-	76,284	23,716
TxDMV HQ Security/Badge System	305,000	-	-	305,000
Total Other Capital Projects	\$ 905,000	\$ -	\$ 400,491	\$ 504,509
Automation	\$ 24,504,427	\$ 8,753,591	\$ 3,717,456	\$ 12,033,381
Other Technology Projects				
Agy Growth & Enhancement	\$ 808,998	\$ 530,560	\$ 210,313	\$ 68,125
County Technology Replacement	5,000,000	1,025,102	359,460	3,615,438
Cybersecurity Initiative	400,000	14,494	182,409	203,097
Data Center Consolidation	9,076,261	5,200,402	3,875,859	-
PC Replacement	102,295	-	79,588	22,707
Other Technology Projects	\$ 15,387,554	\$ 6,770,558	\$ 4,707,629	\$ 3,909,367
Grand Total	\$ 40,796,981	\$ 15,524,149	\$ 8,825,576	\$ 16,447,257

3rd Quarter Capital Budget Status
(in millions)



The FY2018 adjusted capital budget remains at \$40.8 million.

Year to date capital budget expenditures total \$15.5 million. The majority of capital expenditures continues to be associated with RTS projects and the Data Center Consolidation contract included in other technology projects. Encumbrances total \$8.8 and primarily consists of obligations for the RTS Refactoring project and the Data Center Consolidation line item. Balances in capital budget are available for carryforward to FY 2019.

Highlights for New Capital Budget Projects

The following is a status of capital projects approved during the 85th Legislative session:

Agency and Compliance and Investigations Division (CID) Vehicles – The total encumbered amount as of May 2018 is \$400,491 and reflects an order of twenty-one (21) vehicles – seventeen (17) agency replacement vehicles and four (4) new vehicles for CID, the first group of cars were received in July 2018.

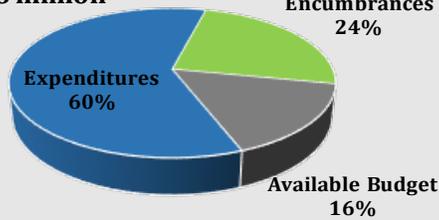
Cybersecurity – The total budget for FY 2018 is \$400,000. This is a new capital appropriation for FY 2018. Expenditures through May 2018 total \$189,409, with the primary items being software and consulting services. Specifications are being developed for anticipated procurement processes.

TxDMV HQ Badge and Security – This project is on hold until TxDMV and TxDOT collaborate on security plans for the campus.

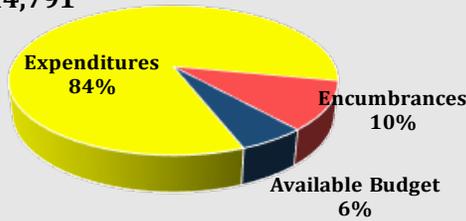
Automation Projects



**RTS Refactoring
\$11.6 million**



**webDealer/ETitles
\$1,014,791**



**eLicensing
\$750,000**

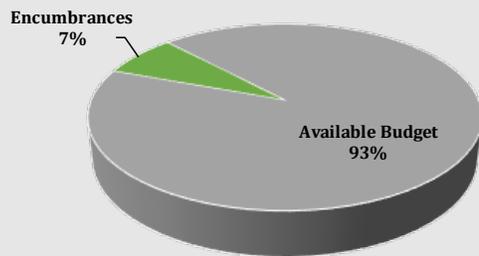


The TxDMV Automation capital project provides for the continued development of information technology assets to improve customer services and improve access to agency programs for customers and the public.

The revised budget as of May 31, 2018 for the TxDMV Automation project is \$24.5 million with approximately one-half (\$11.6 million) dedicated to the Registration and Titling System (RTS) Refactoring project. The Automation budget also includes \$7.8 million in Automation initiatives (listed in the chart below). Finally, the unallocated reserve for Automation totals \$3.3 million.

The pie charts at left shows the budget status as of the end of the third quarter for the major projects in the TxDMV Automation project. Increase in expenditures for the projects are to facilitate work toward planned software releases for the remainder of the year.

Automation Initiatives



Portfolio Projects	Revised Budget	Expenditures	Encumbrances	Available Budget
Web Lien	\$ 2,514,732	\$ -	\$ 115,255	\$ 2,399,477
Call Center Upgrades	600,000	-	350,000	250,000
Kiosk Pilot	500,000	-	-	500,000
E-Renewals/E-Reminder (1)	500,000	-	-	500,000
Fraud Data Dashboard	500,000	31,730	89,688	378,582
Enterprise Reporting	500,000	-	28,594	471,406
External Website Renovation	500,000	-	-	500,000
Mobile Applications (1)	300,000	-	-	300,000
Cybersecurity	775,000	8,558	70,865	695,577
CVIEW	600,000	153,834	146,488	299,678
Online Certified Records*	500,000	-	-	500,000
Total Automation Initiatives	\$ 7,789,732	\$ 194,122	\$ 800,890	\$ 6,794,720

The projects listed under the category Portfolio Projects are in the initiation and planning stages at this point. The Enterprise Project Management Office along with the executive steering committee are in the process of finalizing project scope, schedules and budgets for the project charters.

(1) E-Renewals/E-Reminder and Mobile Applications projects have been closed and funding will be reallocated at a future date.

*The Online Certified Records initiative is being reviewed for level of effort to determine if it should be included in the project portfolio.

DATE: August 16, 2018
Action Requested: APPROVAL

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Sandra Menjivar-Suddeath, Director, Internal Audit
Agenda Item: 13E
Subject: Fiscal Year (FY) 2019 Draft Annual Audit Plan

RECOMMENDATION

None.

PURPOSE AND EXECUTIVE SUMMARY

The Texas Internal Auditing Act (Govt Code 2102.008) requires that the annual audit plan be approved by the agency's governing board.

The annual audit plan is the work plan for the Internal Audit Division (IAD) for FY 2019. The audit plan lists 10 audits and advisory services (engagements), 5 contingency engagements, and other internal audit duties. In addition to listing the engagement topics, background information, estimated time requirements, and preliminary objectives (if needed) have been provided.

The plan includes a methodology section, which outlines the process used to identify high risk areas and the engagements that will be conducted in FY 2019.

FINANCIAL IMPACT

None.

BACKGROUND AND DISCUSSION

The Texas Internal Auditing Act (Govt Code 2102.008) requires that the annual audit plan be approved by the agency's governing board.

The audit plan was developed using a risk-based methodology, which incorporated input from board members, executive management, division management, and risks identified by audit staff through previous engagements and observations. The IAD also analyzed Department information and reviewed internal audit and industry publications to identify potential Department risks. For the FY 2019 audit plan, the IAD identified 100 Department risks. Each identified risk was ranked by determining financial impact, operational impact, regulatory impact, reputational impact, and likelihood of occurrence. The risks were ranked using a scale of 0 to 6 score. A score of 4 or higher was consider high risk for the Department. Risk scores from 0 to 3.99 were considered low or medium risk.

Only high risks were included in the audit plan. The audit plan includes the following:

- 10 proposed audit and advisory service engagements, which includes 2 required items, 6 audits or advisory services, 1 follow-up audit, and a special request placeholder. The special request placeholder will allow the Internal Audit Division to respond to and address any unforeseen risks that may come up throughout the fiscal year.
- 5 contingency engagements; and
- other Internal Audit Division duties.



Texas Department
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Fiscal Year 2019 Internal Audit Plan
18-12

Internal Audit Division
August 2018

Fiscal Year 2019 Annual Audit Plan

The Internal Audit Plan for fiscal year (FY) 2019 will be composed of ten engagements, five contingency engagements, and five Internal Audit Division duties.

Audit and Advisory Service Engagements

The table below provides information on the ten engagements that will be conducted in FY 2019, including the hours allocated to each engagement, the alignment to the TxDMV strategic goals, the initial contact division (if applicable), the engagement background information, and the preliminary objectives (if applicable).

Engagement Topic	Strategic Goal(s)	Division	Background and Preliminary Objectives
<p>1. Compliance & Investigations Division 650 hours</p>	<p>Customer Centric & Performance Driven</p>	<p>Compliance & Investigations Division (CID)</p>	<p><u>Background:</u> In the 85th Legislature, TxDMV requested an exceptional item of 13 Full – Time Equivalents (FTEs) with \$1.9 million in funding to address external fraud, waste, and abuse. The exceptional item was approved by the Legislature, which resulted in a new division (CID). CID is responsible for processing complaints and investigating fraud allegations of fraud related to motor vehicle title and registration, providing support for law enforcement, and working on compliance with tax assessor-collectors’ offices and Regional Service Centers.</p> <p><u>Preliminary Objectives</u></p> <ul style="list-style-type: none"> • To determine whether CID established appropriate and valid objectives to meet desired outcomes. • To evaluate whether CID structure is sufficient to prevent, detect, and investigate fraud, waste, and abuse.

Engagement Topic	Strategic Goal(s)	Division	Background and Preliminary Objectives
<p>2. Lemon Law Investigation and Resolution Process 500 hours</p>	<p>Customer Centric & Performance Driven</p>	<p>Enforcement Division (ENF) & Office of Administrative Hearing (OAH)</p>	<p><u>Background:</u> The Lemon Law resolution process was transferred from the State Office of Administrative Hearings (SOAH) to the Department when HB 1692 (83rd Texas Legislature, Reg. Session) passed. As of January 2014, the Office of Administrative Hearings, with help from the Enforcement Division, has overseen handling Lemon Law investigations and resolutions.</p> <p><u>Preliminary Objective</u></p> <ul style="list-style-type: none"> To determine whether the lemon law process provides equitable and objective resolution.
<p>3. Employee Classification & Hiring 500 hours</p>	<p>Performance Driven</p>	<p>Human Resources Division (HRD)</p>	<p><u>Background:</u> Effective talent management, including hiring staff, is a critical function to ensure the Department is properly staffed. The HRD is responsible for acquiring, developing, and retaining talent to meet the business needs of the Department. For HRD to meet its responsibilities, it works with Department staff to hire for vacant positions and conducts job audits to make sure staff are in the correct position and classification. In FY 2018, it currently takes the Department 84 days to hire an employee, and it takes HRD anywhere from a day to 105 days to process a job audit.</p> <p><u>Preliminary Objective</u></p> <ul style="list-style-type: none"> To determine whether the hiring process is sufficiently agile to address current and emerging staffing needs.
<p>4. Information Security Risk Management 600 hours</p>	<p>Performance Driven</p>	<p>Information Technology Services (ITS) Division</p>	<p><u>Background:</u> Cybersecurity continues to be one of the highest risk areas for any state agency. Cybersecurity requires a process to identify and manage security risks to avoid costly and significant consequences.</p> <p><u>Preliminary Objective</u></p> <ul style="list-style-type: none"> To determine whether the Department has sufficient processes in place to monitor and identify information security threats.

Engagement Topic	Strategic Goal(s)	Division	Background and Preliminary Objectives
<p>5. Payment Card Industry (PCI) Compliance 450 hours</p>	<p>Performance Driven</p>	<p>ITS</p>	<p><u>Background:</u> Customers' credit cards are accepted for some of the Department's transactions. To be able to accept credit cards, TxDMV must attest to the Payment Card Industry (PCI) Security Standards Council that the credit card information obtained from transactions is being safeguarded, and that the Department is meeting the twelve PCI requirements. The requirements range from installing and maintaining a firewall to maintaining an information security policy.</p> <p><u>Preliminary Objective</u></p> <ul style="list-style-type: none"> • To determine whether TxDMV is compliant with certain PCI requirements.
<p>6. Enterprise Project Management <i>Advisory Service</i> 1100 hours</p>	<p>Optimized Services and Innovation</p>	<p>Enterprise Project Management Office (EPMO)</p>	<p><u>Background:</u> EPMO and ITS have completed an organizational assessment that identified significant issues in the process for project planning and management. The assessment is being used to help with organizational change for the project planning and management process. With any organizational change, the changes increase risk to the function that updated roles and responsibilities will not be fully understood and processes will not be as efficient and effective as possible. Organizational changes may also increase the risk concerning project assignments, management reporting structures, quality assurance, and overall governance.</p> <p><u>Advisory Service Objective</u></p> <ul style="list-style-type: none"> • To conduct a facilitated self-assessment to identify risks and controls for the following EPMO processes: <ul style="list-style-type: none"> ○ Project Planning and Development; ○ Project Quality Assurance; ○ Project Governance; ○ Contractor and Contract Management; and ○ Staff and Project Roles.

Engagement Topic	Strategic Goal(s)	Division	Background and Preliminary Objectives
7. Management or Board Requests 600 hours	TBD	TBD	<u>Background:</u> Time has been allotted for a special requests or reviews of new or emerging risks for the Department. This time includes any type of request and may include specific reviews of Regional Service Centers, Driver's Privacy Protection Act, or other items.
8. FY 2019 Internal Audit Follow-Up 100 hours	Optimized Services and Innovation, Customer Centric, & Performance Driven	Department-wide	<u>Background:</u> This project would verify if outstanding internal and external audit recommendations have been fully implemented. Quarterly reporting and an annual report will be provided.
9. FY 2020 Internal Audit Plan 100 hours	Optimized Services and Innovation & Customer Centric	Department-wide	<u>Background:</u> The annual audit plan is prepared using risk assessment techniques to identify individual audits to be conducted during the year. The TxDMV Board must review and approve the annual audit plan as required by Government Code.
10. FY 2018 Annual Internal Audit Report 30 hours	Not Applicable	Department-wide	<u>Background:</u> A summary of internal audit activities, including the status of the FY2018 audit plan, non-audit services provided, and external audit services procured, and the FY2019 audit plan. Government Code requires this annual report be submitted before November 1 to the TxDMV Board, the Governor's Office, the Legislative Budget Board, the State Auditor's Office, and the Sunset Advisory Commission.

Contingency Audit and Advisory Services

The IAD has identified alternate, or contingency, engagements that it can perform. These engagements were identified through the annual risk assessment process and are high risk areas for the Department, but they are not as high risk as the primary engagements identified above.

The table below provides information on the contingent engagements for FY 2019, including the alignment to the strategic goals, the initial contact division (if necessary), and the engagement background information.

The engagements below may be conducted if additional resources become available or if no Management or Board Requests are received. The objectives would be developed if the audits are required.

Engagement Topic	Strategic Goal(s)	Division	Background
1. Procurement & Contract Management 800 hours	Optimized Services and Innovation & Performance Driven	FAS, EPMO	<u>Background:</u> Procurement processes and contracts continue to be an area of focus for the Texas Legislature and external regulators. Recently, there has been a focus on ensuring that contracts are properly procured, reviewed by management, and have oversight by the Board of Directors. As of April 2018, the Department had issued over \$78 million in procurements for FY 2018.
2. ELinc Application Review 600 hours	Optimized Services and Innovation	ITS & Motor Carrier Division	<u>Background:</u> ELinc will allow motor carriers to self-issue operating authority in Texas, which will reduce the approval time.
3. Access Management 600 hours	Performance Driven	ITS	<u>Background:</u> Access Management is a pivotal and key component of any information technology system. Ensuring that access is managed properly, to ensure only those employees or staff access only the right data, is needed.
4. ITS Infrastructure 800 hours	Optimized Services and Innovation & Performance Driven	ITS	<u>Background:</u> The Department relies on the Texas Data Center Services (DCS) to host and manage its key IT infrastructure, including services. DCS is responsible for ensuring servers are appropriately patched and maintained to reduce the risk of a cyber-attack and keep up with technology changes. Since DCS is a third-party provider, oversight by the Department is key to ensure objectives are met and IT infrastructure is properly maintained.
5. Regional Service Centers 800 hours	Customer Centric & Performance Driven	VTR	<u>Background:</u> The Regional Service Centers (RSCs) play an integral role in serving TxDMV customers located throughout the state of Texas. Each RSC has a regional manager that manages the RSC and an assistant chief that oversees the RSC.

Other Internal Audit Duties

In addition to conducting engagements, the Internal Audit Division (IAD) has other duties that it performs each fiscal year. These duties include conducting quality control on issued audit and advisory service reports, working on Fraud, Waste, and Abuse Items, and providing ad hoc advisory services to the Department. The table below summarizes the other Internal Audit duties and the hours allocated to each item. In addition, the table provides information on total budgeted hours for IAD activities, including hours allocated to engagements and to other duties.

Other Internal Audit Duties	
1. Coordinating with external auditors and reviewers (80 hours)	
2. Working on Fraud, Waste, and Abuse Items (200 hours)	
3. Conducting an annual Quality Assurance and Improvement Program as required by auditing standards (80 hours)	
4. Advising the agency's Governance Team and Executive Steering Committees (125 hours)	
5. Providing ad hoc advisory services or consultations (85 hours)	
Total Budgeted Hours on Audits and Advisory Service Engagements:	4,630
Total Budgeted Hours on Other Internal Audit Division Duties:	570
Total Budgeted Hours for FY 2019:	5,200

Methodology

Scope

The Internal Audit Plan for FY 2019 covers the period of September 1, 2018 to August 31, 2019.

Risk Assessment

The audit plan was developed using a risk-based methodology, which incorporated input from board members, executive management, division management, and risks identified by audit staff through FY 2018 engagements and observations. The Internal Audit Division also analyzed Department information and reviewed internal audit and industry publications to identify and rank potential audit topics by risk. Projects' risk rankings were developed using the following factors:

- Revenue or expense impact
- Asset or liability impact
- Operational effectiveness and efficiency impact
- Legal or regulatory impact
- Brand or reputational impact
- Degree of change in the program, function, or process
- Degree of complexity
- Degree of centralization

In total, 100 Department risks were identified through the risk assessment. Each risk was scored using the above factors. The risk scores ranged from zero, which is the lowest risk score, to six, which is the highest risk score. A risk score of four or higher is consider high risk for the Department. Low and medium risk scores are from 0 to 3.99, as depicted below.

Low Risk	Medium Risk	High Risk
0 – 1.99	2 – 3.99	4 - 6

Hour Analysis

Hours were calculated using historical data and auditor's judgement. Hours are an estimate and could be adjusted during the fiscal year.

DATE: August 16, 2018
Action Requested: BRIEFING

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Sandra Menjivar-Suddeath, Internal Audit Director
Agenda Item: 13F
Subject: Internal Audit Division Status

RECOMMENDATION

None.

PURPOSE AND EXECUTIVE SUMMARY

The status update provides information on current Internal Audit Division (IAD) activities. The August 2018 status update contains the fiscal year (FY) 2018 Audit Plan Status.

FINANCIAL IMPACT

None.

BACKGROUND AND DISCUSSION

At each board meeting, the IAD provides a status on current activities done.

FY 2018 Audit Plan Status

The IAD is currently working on two internal engagements and has completed four engagements:

- Fraud, Waste, and Abuse Risk Assessment Advisory Service (Completed)
 - **Objective:** An advisory service to identify and rank fraud, waste, and abuse risks for the Department.
- FY 2018 Internal Audit Follow-Up (Completed)
 - **Objective:** To verify if outstanding external and internal audit recommendations have been fully implemented.
 - **Annual Results:** The Department has an implementation rate of 94% for internal audit recommendations. IAD verified that TxDMV fully implemented 34 of 36 internal audit recommendations, with two recommendations started but not fully implemented. The Department has improved its implementation rate by 9%, from 85% in FY 2017 to 94% in FY 2018. For external audit recommendation, TxDMV has implemented 60 audit recommendations.
- Inventory (Completed)
 - **Objective:** To evaluate if the Department has adequate processes to control, safeguard, and accurately track assets. In addition, to determine if the Department is in compliance with statutory requirements.
- FY 2019 Annual Audit Plan (Completed)
 - **Objective:** To determine the highest risk areas for FY 2019 audit plan.
- Payment Card Industry Compliance (Reporting)
 - To determine whether TxDMV is compliant PCI requirement 12 (maintaining an information security manual).
- eLICENSING (Reporting)
 - **Objective:** To determine if eLICENSING is achieving desired outcomes related to faster services to customers and the impact on the licensing process. In addition, to review the adequacy of access controls within eLICENSING.

External Audits and Communications

The IAD is coordinating two external audits: the State Auditor's Office (SAO) contract management audit and the Texas Comptroller of Public Accounts post-payment audit. In addition, the IAD submitted the Coordination of Investigation letter for the third quarter (March 1 – May 31, 2018) to the SAO.

Internal Audit Division Status Update

Status of Fiscal Year (FY) 2018 Internal Audit Plan

Project	Description	Status
FY 2019 Annual Audit Plan	Identify high risk areas that may warrant an audit or advisory service in FY 2019.	Completed.
FY 2018 Internal Audit Follow-Up	A follow-up engagement to determine if outstanding audit recommendations have been fully implemented. IAD reports the results on a quarterly and annual basis.	Completed. Annual report attached.
Inventory	An audit to evaluate if the Department has adequate processes to control, safeguard, and accurately track assets. In addition, to determine if the department is in compliance with statutory requirements.	Completed.
Fraud, Waste, and Abuse Risk Assessment Advisory Service	An advisory service to identify and rank fraud, waste, and abuse risks for the department.	Completed.
Payment Card Industry (PCI) Compliance	To determine whether TxDMV is compliant PCI requirement 12 (maintaining an information security manual).	Reporting. Anticipated release date: August 2018
eLICENSING	An audit to determine if eLICENSING is achieving desired outcomes related to faster services to customers and the impact on the licensing process. In addition, the audit will review the adequacy of access controls within eLICENSING.	Reporting Anticipated release date: September 2018

External Audits and Communications

1. The Coordination of Investigation Letter was submitted to the State Auditor's Office (SAO) on July 26, 2018. TxDMV responded to six SAO Hotline complaints and provided information on eleven internal referrals.
2. The SAO began an audit on contract management in July 2018. Their audit objective is to determine whether the Department has administered certain contract management functions for selected contracts in accordance with applicable requirements. The SAO anticipates the release of their report in December 2018.
3. The Texas Comptroller of Public Accounts conducted a post-payment audit on the Department in November 2017 and anticipates releasing the report prior to September 2018.

Attachments

1. FY 2018 Internal Audit Follow-Up Report
2. SAO Contract Management Audit Engagement Letter



Texas Department *of* Motor Vehicles

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Fiscal Year 2018 Internal Audit Follow-Up 18-11

Internal Audit Division
August 2018

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Fiscal Year 2018 Internal Audit Follow – Up, 18-11

Executive Summary

BACKGROUND

The Internal Audit Division (IAD) continuously conducts follow-up activities to determine if appropriate action has been taken to address internal and external audit recommendations. Throughout the year, IAD works with executive management to document and verify the implementation status of the audit recommendations.

In fiscal year (FY) 2018, IAD reviewed and verified the implementation status of 36 internal audit recommendations with estimated completion dates between January 1, 2017 and July 1, 2018. In addition, IAD reviewed and verified the implementation status of 60 external audit recommendations.

The follow-up objective was to determine and verify the implementation status of internal audit and external audit recommendations issued.

RECOMMENDATIONS

The IAD did not make any additional recommendations in this report as it was a follow-up report.

RESULTS

The Texas Department of Motor Vehicles (TxDMV) has taken an active approach to implementing internal audit recommendations, which resulted in all internal recommendations being started and almost all being fully implemented. IAD verified that TxDMV fully implemented 34 of 36 internal audit recommendations, with two recommendations started but not fully implemented. Both started audit recommendations have estimated completion dates before FY 2020.

TxDmv has improved its implementation rate by 9%, from 85% in FY 2017 to 94% in FY 2018.

Similarly, TxDMV has taken an active approach to implementing external audit recommendations and has implemented all 60 external audit recommendations.

MANAGEMENT RESPONSE

For started recommendations, management provided explanations and new completion dates. The information is available on page 9 of the report.

Background

Implementation Status

Throughout the fiscal year (FY), the Internal Audit Division (IAD) works with Texas Department of Motor Vehicles (TxDMV) management on follow-up activities by obtaining documentation and implementation statuses on audit recommendations. When management believes an audit recommendation is fully implemented, they submit it for IAD review. IAD reviews submitted documentation and status to determine if the audit recommendation has been fully implemented. Based on the review, the IAD will verify and assign one of the following implementation statuses:

- **Fully Implemented:** The division fully implemented the audit recommendation by developing and using processes, systems, or policies. The changes are operating as intended.
- **Fully Implemented – External Verification Needed:** Only used for audit recommendations not issued by the IAD (i.e. External Audit Recommendations). The IAD reviewed documentation and verified that the division has fully implemented the audit recommendation by developing and using processes, systems, or policies.
- **Started:** The division began developing and using processes, systems, or policies to implement a recommendation, but not all elements were completed. The division revised the completion date.
- **Pending:** The division has not begun developing processes or using processes, systems, or policies to implement a recommendation. The division revised the completion date.
- **Not Implemented/ Management Accepts the Risk:** The division and TxDMV no longer intends to develop a process, system, or policy to address a recommendation.
- **Not Applicable¹:** The recommendation is no longer relevant.

Internal Audit Recommendations

In fiscal year 2018, IAD verified the status of internal audit recommendations issued from ten internal audit and advisory service reports. These reports reviewed operations in several TxDMV divisions, including the Automobile Burglary Theft & Prevention Authority, Motor Carrier, Information Technology Services, Vehicle Titles & Registration, and Finance & Administrative Services. The table below provides information on each audit report:

Report Number and Name	Summary
P14-14 Follow up Audit on the Implementation of Recommendations	<p>The follow up audit determined the implementation status for recommendations issued in the Organizational Review conducted by the Azimuth Group and four State Auditor's Office (SAO) audit reports. The four SAO audit reports were the following:</p> <ul style="list-style-type: none"> • Audit Report on the Financial Responsibility Verification Program (TexasSure) (No. 10-016), • Audit Report on the Department of Motor Vehicles (No. 11-007),

¹ Some recommendations are no longer applicable due to the age of the recommendation and organizational changes.

Report Number and Name	Summary
	<ul style="list-style-type: none"> • Audit Report on Contract Management at the Department of Motor Vehicles (No. 12-043), and the • Audit Report on Selected State Entities' Compliance with Requirements Related to the Historically Underutilized Business Program and the State Use Program (No. 13-026).
P14-15 Audit of the Automobile Burglary and Theft Prevention Authority	The audit reviewed the Automobile Burglary and Theft Prevention Authority grant program, including the awarding and monitoring of grants. The audit identified several areas of improvement for grant awarding and monitoring.
15-02 Internal Controls over the State of Texas Titling Processes Audit	The audit reviewed the process for titling vehicles. The audit identified areas of improvement related to monitoring of titling transactions.
15-05 Confidential Follow-up Audit on the Information Security Standards Gap Assessment	The confidential audit determined the implementation status of the recommendations from a Texas Administrative Code (TAC) 202 assessment. TAC 202 outlines the Information Security Standards that are required to be followed by the Department.
16-03 Audit on the Efficiency of the Texas International Registration Plan (IRP) Compliance Audit Process	The audit reviewed the International Registration Plan (IRP) Audit Compliance Section within the MCD. The IRP allows licensed commercial vehicles that engage in interstate operations to obtain registration credentials in one jurisdiction. The IRP Audit Compliance Section conducts audits to ensure proper payment is given to all states for commercial vehicles that are registered in Texas. The audit identified areas of improvement related to reviewing audits, developing an annual audit plan, and creating an electronic process for conducting and storing audit documentation.
16-04 Confidential Audit of Texas Department of Motor Vehicles' Internal Controls Related to the Driver's Privacy Protection Act	The confidential audit reviewed how the Department ensures compliance with the Driver Privacy Protection Act and the Motor Vehicle Records Act. The audit identified improvements related to monitoring usage and legislative changes.
17-02 RTS Refactored and Single Sticker Post-Implementation Audit	The audit reviewed implementation of the Cognos enterprise reporting application, which replaced the Registration and Titling System (RTS) legacy report tool. The audit identified that the Cognos application is pulling data accurately according to its design. However, users were skeptical of Cognos data reliability and completeness, leading them to spend additional time and effort verifying Cognos report output to RTS source data to ensure reports' accuracy. The audit identified areas to improve understanding of Cognos and the reports provided by Cognos.
17-03 Information Technology Services Organizational Assessment – Application	The advisory service reviewed the organizational assessment of the Information Technology Services – Application Services Section. The advisory service identified areas of improvement,

Report Number and Name	Summary
Services Section Advisory Services	including cross-training to reduce the over-allocation of staff workload.
17-07 Payment Card Industry (PCI) Compliance with Credit Card Information Storage Audit	The confidential audit reviewed TxDMV's compliance with PCI. The TxDMV accepts customers' credit cards for some transactions. To be able to accept credit cards, the TxDMV attests to the Payment Card Industry (PCI) Security Standards Council that credit card information obtained is being safeguarded. Recommendations were made in the confidential audit report.
18-03 Public Information Request Processes (Open Records) Audit	The audit reviewed TxDMV's Public Information Request process. The audit identified areas of improvement related to guidance and centralization.

In these 10 reports, the IAD issued 96 internal audit recommendations. Of the 96 internal audit recommendations issued, 36 had completion dates between January 1, 2017 and July 1, 2018. Specifically, each report had the following number of recommendations:

Report Number and Name	Number of Recommendations in the report	Number of Recommendations with completion dates between January 1, 2017 and July 1, 2018
P14-14 Follow up Audit on the Implementation of Recommendations	4	3
P14-15 Audit of the Automobile Burglary and Theft Prevention Authority	39	2
15-02 Internal Controls over the State of Texas Titling Processes Audit	10	1
15-05 Confidential Follow-up Audit on the Information Security Standards Gap Assessment	16	7
16-03 Audit on the Efficiency of the Texas International Registration Plan (IRP) Compliance Audit Process	6	6
16-04 Confidential Audit of Texas Department of Motor Vehicles' Internal Controls Related to the Driver's Privacy Protection Act	5	5
17-02 RTS Refactored and Single Sticker Post-Implementation Audit	2	1
17-03 Information Technology Services Organizational Assessment	3	2

Report Number and Name	Number of Recommendations in the report	Number of Recommendations with completion dates between January 1, 2017 and July 1, 2018
– Application Services Section Advisory Services		
17-07 Payment Card Industry (PCI) Compliance with Credit Card Information Storage Audit	7	7
18-03 Public Information Request Processes (Open Records) Audit	4	2
Total	96	36

External Audit Recommendations

The IAD also tracked and verified the implementation status of external audit recommendations. Since FY 2010, TxDMV has been audited by the SAO, State Office of Risk Management (SORM), Texas Comptroller of Public Accounts (CPA), Texas Commission on Law Enforcement (TCOLE), Texas Department of Public Safety, Sunset Commission, and the International Registration Plan. In total, 19 external audits have been fully conducted on TxDMV operations. The IAD has reviewed external audit recommendations from four State Auditor's Office audit reports and issued audit follow-up reports with results².

For FY 2018, the IAD reviewed 60 external audit recommendations that had not been assessed or were due prior to July 1, 2018. The audit recommendations come from the following 15 external audits. The table below summarizes the external audit objective's and the number of recommendations reviewed by IAD:

Issuing Agency and Report Name	Summary	Number of Recommendations Reviewed
CPA - #608-13-01 Post Payment Audit of the Texas Department of Motor Vehicles	The audit objectives were to determine whether the Department's expenditures complied with certain state laws and rules concerning expenditures, and with the processing requirements of the Uniform Statewide Payroll/Personnel System and the Uniform Statewide Accounting System.	5
SORM - FY 2013 Agency 608 Risk	The review was conducted under the authority of Texas Labor Code, Title V, Subtitle A, Chapter 412, and is designed to assist state	8

² Internal Audit Report P 13-09 verified the implementation status of the SAO report 12-043, which focused on contract management. The SAO issued 18 audit recommendations. Audit Report P 14 -14 verified the implementation status of the following SAO reports: 10-016, 11-007, 12-043, and 13-026. These audits focused on multiple TxDMV processes, including Historically Underutilized Business Program, contract management, and the use of TexasSure. In total, 34 SAO audit recommendations were reviewed in P 14-14.

Issuing Agency and Report Name	Summary	Number of Recommendations Reviewed
Management Program Review	agencies to develop and implement comprehensive risk management programs that meet Risk Management for Texas State Agencies (RMTSA) guidelines.	
SAO - State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2013	The audit objective was to determine whether the State's basic financial statements present fairly, in all material respects, the balances and activities for the State of Texas for the fiscal year that ended August 31, 2013.	3
SAO - State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2014	The audit objective was to determine whether the State's basic financial statements present fairly, in all material respects, the balances and activities for the State of Texas for the fiscal year that ended August 31, 2014.	1
International Registration Plan, Inc - 2015 Texas Peer Review	The audit objective was to determine Texas compliance with the International Registration Plan.	2
SORM – FY 2016 Agency 608 On-Site Consultation - Beaumont Regional Service Center	A review to assist state agencies in implementing an effective risk management program and to identify the exposures to property and liability losses, including workers' compensation losses, through an on-site consultation. The review was conducted at a regional service center.	7
SORM – FY 2016 Agency 608 On-Site Consultation - Carrollton Regional Service Center	A review to assist state agencies in implementing an effective risk management program and to identify the exposures to property and liability losses, including workers' compensation losses, through an on-site consultation. The review was conducted at a regional service center.	5
SORM – FY 2016 Agency 608 On-Site Consultation – Headquarters	A review to assist state agencies in implementing an effective risk management program and to identify the exposures to property and liability losses, including workers' compensation losses, through an on-site consultation. The review was conducted at Headquarters.	1
SORM – FY 2016 Agency 608 On-Site	A review to assist state agencies in implementing an effective risk management	1

Issuing Agency and Report Name	Summary	Number of Recommendations Reviewed
Consultation - Longview Regional Service Center	program and to identify the exposures to property and liability losses, including workers' compensation losses, through an on-site consultation. The review was conducted at a regional service center.	
SORM – FY 2016 Agency 608 On-Site Consultation - Waco Regional Service Center	A review to assist state agencies in implementing an effective risk management program and to identify the exposures to property and liability losses, including workers' compensation losses, through an on-site consultation. The review was conducted at a regional service center.	5
SAO – FY 2017 An Audit Report on Complaint Processing at the Department of Motor Vehicles	The audit objective was to determine whether the Department of Motor Vehicles has processes and related controls to help ensure that it reviews, investigates, and resolves complaints in a timely manner and in compliance with applicable statutes, rules, policies and procedures, and other requirements.	11
SORM – FY 2018 Agency 608 Risk Management Program Review	The review was conducted under the authority of Texas Labor Code, Title V, Subtitle A, Chapter 412, and is designed to assist state agencies to develop and implement comprehensive risk management programs that meet RMTSA guidelines.	2
Texas Department of Public Safety - 2017 Criminal Justice Information Services (CJIS) Security Audit	The audit objective was to determine compliance with CJIS policies.	5
Sunset Commission - 2018 -2019 Sunset Advisory Commission Staff Report	An evaluation that reviews the Department's function to determine whether it needs to continue to exist.	3
TCOLE - 2018 Training Program Evaluation Report	The evaluation objectives are to determine the Department's compliance with TCOLE statutes and rules related to the training program.	2
Total		60

This follow-up engagement was included in the Fiscal Year 2018 Audit Plan. This follow-up engagement was conducted in accordance with Generally Accepted Government Auditing Standards and in conformance with the International Standards for the Professional Practice of Internal Auditing. These standards require that the division plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. The IAD believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

The follow-up engagement was performed by Jacob Geray (Internal Auditor), Frances Barker (Internal Auditor), Jason Gonzalez (Senior Auditor), Derrick Miller (Senior Auditor), and Sandra Menjivar-Suddeath (Internal Audit Director).

In accordance with the Texas Internal Auditing Act, this report is distributed to the Board of the Texas Department of Motor Vehicles, Governor's Office of Budget, Planning, and Policy, Legislative Budget Board, State Auditor's Office, and the Sunset Advisory Commission. In addition, this report was distributed to the Texas Department of Motor Vehicles' Executive Management Team.

Follow-Up Results

TxDMV has fully implemented 34 previously issued internal audit recommendations and has started 2 recommendations.

TxDMV has taken an active approach to implementing internal audit recommendations, which resulted in all recommendations being started and almost all internal audit recommendations being fully implemented. The IAD verified that TxDMV has fully implemented 34 internal audit recommendations (94%) and started 2 internal audit recommendations (6%). The table below summarizes the verified recommendation status (fully implemented, started) by report.

Report Name and Number	Fully Implemented	Started	Total
P14-14 Follow up Audit on the Implementation of Recommendations	3	0	3
P14-15 Audit of the Automobile Burglary and Theft Prevention Authority	2	0	2
15-02 Internal Controls over the State of Texas Titling Processes Audit	0	1	1
15-05 Confidential Follow-up Audit on the Information Security Standards Gap Assessment	7	0	7
16-03 Audit on the Efficiency of the Texas International Registration Plan (IRP) Compliance Audit Process	6	0	6
16-04 Confidential Audit of Texas Department of Motor Vehicles' Internal Controls Related to the Driver's Privacy Protection Act	5	0	5
17-02 RTS Refactored and Single Sticker Post-Implementation Audit	0	1	1

17-03 Information Technology Services Organizational Assessment – Application Services Section Advisory Services	2	0	2
17-07 Payment Card Industry (PCI) Compliance with Credit Card Information Storage Audit	7	0	7
18-03 Public Information Request Processes (Open Records) Audit	2	0	2
Total	34	2	36

For the two audit recommendations that were started, management provided updated completion dates and an explanation for why the date needed to be revised. The table below summarizes the recommendation, updated completion date, and explanation for the revision.

Report Number and Name	Summary of Started Audit Recommendations	Revised Completion Date	Explanation for the Revision
15-02 Internal Controls over the State of Texas Titling Processes Audit	One audit recommendation was started related to creating a process to proactively monitor titling performance and transactions. Original Due Date: September 1, 2017	August 31, 2019	The completion date was revised because more time was needed to develop the reports that facilitate the monitoring of transactions.
17-02 RTS Refactored and Single Sticker Post-Implementation Audit	One audit recommendation was started related to developing and providing training for internal agency Cognos users. Original Due Date: February 28, 2018	December 31, 2018	The completion date was revised due to the Information Technology Service (ITS) Division needing to obtain a vendor to provide the training.

The Department has improved its implementation rate by 9%, from 85% in FY 2017.

TxDMV has fully implemented 60 of previously issued external audit recommendations.

The IAD verified that 60 external audit recommendations had been fully implemented by TxDMV. Out of 60 audit recommendations, the issuing entity conducted some follow up activity in FY 2018 and confirmed IAD evaluation. In the table below, IAD has listed the audits, the number of recommendations fully implemented, the number of audit recommendations that still need to be verified by the external entity, and the total number of recommendations reviewed.

Issuing Agency and Report Name	Number of Fully Implemented External Recommendations	Number of Fully Implemented Recommendations – External Verification Needed	Total Reviewed
CPA - #608-13-01 Post Payment Audit of the Texas Department of Motor Vehicles	5	0	5
SORM - FY 2013 Agency 608 Risk Management Program Review	8	0	8
SAO - State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2013	3	0	3
SAO - State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2014	1	0	1
International Registration Plan, Inc - 2015 Texas Peer Review	2	0	2
SORM – FY 2016 Agency 608 On-Site Consultation - Beaumont Regional Service Center	7	0	7
SORM – FY 2016 Agency 608 On-Site Consultation - Carrollton Regional Service Center	5	0	5
SORM – FY 2016 Agency 608 On-Site Consultation - Headquarters	1	0	1
SORM – FY 2016 Agency 608 On-Site Consultation - Longview Regional Service Center	1	0	1

SORM – FY 2016 Agency 608 On-Site Consultation - Waco Regional Service Center	5	0	5
SAO – FY 2017 An Audit Report on Complaint Processing at the Department of Motor Vehicles	0	11	11
SORM – FY 2018 Agency 608 Risk Management Program Review	0	1	1
Texas Department of Public Safety - 2017 Criminal Justice Information Services (CJIS) Security Audit	5	0	5
Sunset Commission - 2018 - 2019 Sunset Advisory Commission Staff Report	0	3	3
TCOLE - 2018 Training Program Evaluation Report	0	2	2
Total	43	11	60

Appendix 1: Objectives, Scope, and Methodology

Objectives

The objective of this audit was to determine and verify the implementation status of internal audit and external audit recommendations issued.

Scope and Methodology

The scope of the audit included any audit recommendation that had a completion date between January 1, 2017 to July 1, 2018, or that had no assigned completion date.

Information and documents reviewed in the audit included the following:

- Department policies and procedures
- Department forms
- ABTPA grant documentation
- Meeting minutes and notes
- Texas legislature documents
- TxDMV contractor information
- Job descriptions
- Division recommendation status documentation
- TxDMV Internal Audit Division reports



July 12, 2018

Ms. Whitney Brewster, Executive Director
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, TX 78731

Subject: Engagement Letter for an Audit of Selected Contracts at the Texas Department of Motor Vehicles

Dear Ms. Brewster:

The State Auditor's Office will be auditing the Texas Department of Motor Vehicles (Department). The audit objective is to determine whether the Department has administered certain contract management functions for selected contracts in accordance with applicable requirements. Once we finalize our audit scope, we will communicate it to you. Our work will include the automated systems and processes that support the functions being audited. We will conduct the audit in accordance with generally accepted government auditing standards.

The audit is currently in the planning phase, and we are gathering information to help us understand the Department's operations. To avoid duplicating audit efforts, we will coordinate our work with the Department's internal audit department. The State Auditor's Office also has developed an engagement expectations memo to document what the Department can expect from the State Auditor's Office and what the State Auditor's Office can expect from the Department (see attachment). We will discuss that memo at the entrance conference. Audit fieldwork is tentatively scheduled from July 2018 through October 2018. We expect to release the audit report in December 2018.

In the interest of facilitating the audit, the State Auditor's Office plans to use a desktop screen-sharing tool to obtain and observe audit documentation in limited circumstances. The desktop screen-sharing tool is a secure communication tool that is housed and operated by the State Auditor's Office, and it does not involve third-party or "cloud" services. While the use of that tool is not required, if the Department chooses to use that tool, your staff will not need to install executable programs because the desktop screen-sharing tool is entirely accessible through a standard Internet browser.

We will meet periodically with the Department's management to discuss interim and final audit results. Before releasing the report, we will provide management with a confidential draft and will request formal written responses. Those responses should objectively address the audit results and include a corrective action plan, if necessary. The responses should be written on Department letterhead and submitted to the State Auditor's Office. Generally, Department management will have 10 working days to provide responses. However, the response time may be fewer than 10 working days, based on the significance of any issues identified during the engagement. The published, public audit report will include management's formal responses.

Robert E. Johnson Building
1501 N. Congress Avenue
Austin, Texas 78701

P.O. Box 12067
Austin, Texas 78711-2067

Phone:
(512) 936-9500

Fax:
(512) 936-9400

Internet:
www.sao.texas.gov

August 16, 2018

Ms. Whitney Brewster, Executive Director
Texas Department of Motor Vehicles
July 12, 2018
Page 2

Our office applies auditing standards, which emphasize that auditors should exercise professional skepticism and increased awareness to detect potential noncompliance, fraud, and abuse. As a result, our interviews will include specific questions to help us assess fraud risk at your entity. In addition, to help in our risk assessment and gaining an understanding of the Department, our procedures will include a review of lawsuits filed against the Department. We will request a list of filed lawsuits outstanding and those settled during a period to be determined. We will also request a representation letter signed by management at the end of this engagement that affirms management's responsibility for a number of key areas and affirms that the information provided to the audit team is complete and correct to the best of management's knowledge.

A copy of the most recent external quality control review report on the State Auditor's Office is available at <http://www.sao.texas.gov/About/PeerReviews/>. *Government Auditing Standards* require audit organizations to have an external review every three years. The most recent review found that the State Auditor's Office conducts audits in accordance with auditing standards.

If you have any questions, please contact Becky Beachy (the audit manager overseeing the audit), Jennifer Lehman (the project manager directing the audit on-site), or me at (512) 936-9500. Our office looks forward to working with Department personnel over the next few months.

Sincerely,



Lisa R. Collier, CPA, CFE, CIDA
First Assistant State Auditor

Attachment

cc: Members of the Texas Department of Motor Vehicles Board:
Mr. Raymond Palacios, Jr., Board Chairman
Mr. Blake Ingram, Vice Chair
Mr. Robert Barnwell III
Ms. Luanne Caraway
Mr. Brett Graham
Ms. Kate Hardy
Mr. Gary Painter
Mr. Guillermo Trevino
Mr. John Walker III
Ms. Sandra Menjivar-Suddeath, Director of Internal Audit

DATE: August 16, 2018
Continued From: -
Action Requested: APPROVAL

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Timothy Menke, Compliance and Investigations Division
Agenda Item: 14
Subject: Progress Report on Operations of Compliance and Investigations Division

RECOMMENDATION

Provide the Texas Department of Motor Vehicles Board an update on Compliance and Investigations Division activity.

PURPOSE AND EXECUTIVE SUMMARY

Discuss the Compliance and Investigations Division's progress related to hiring, training, and liaison activity.

FINANCIAL IMPACT

As budgeted.

BACKGROUND AND DISCUSSION

HIRING and TRAINING:

The Compliance and Investigations Division director has filled 21 of 22 positions to include all investigator positions, executive assistant position, criminal intelligence analyst position, attorney position, and 11 of 12 field service representative positions. The field service representative from El Paso was promoted to field service manager and backfilling his position is currently underway.

Several training sessions were conducted to include a one-day overview for new Compliance and Investigations Division employees at the Williamson County Tax Assessor-Collector Office and a three-day divisional training session in Austin. The lead investigator and field services manager conducted multiple individual training sessions for new employees.

OUTREACH:

The Compliance and Investigations Division director has been in contact with the Dallas Fusion Center, North Texas Fusion Center, Houston Fusion Center, Southwest Fusions Center, Transnational Intelligence Center, Texas Joint Crime Information Center, and Austin Regional Intelligence Center. The Compliance and Investigations Division director will meet with the El Paso Intelligence Center and Multi-Agency Tactical Response Information Exchange on August 30. All centers agreed to collaborate with the Texas Department of Motor Vehicles and pledged support.

A Texas Department of Motor Vehicle Law Enforcement Working Group has been established and met for the first time on July 16 in Austin to discuss temporary tag issues. Quarterly meetings will take place to discuss agreed upon items of interest. Participants include federal, state, county, and local law enforcement agencies, Texas Department of Transportation Toll Operations Division, fusions centers, and multiple Texas Department of Motor Vehicle divisions.

Compliance and Investigations Division staff conducted fraud training at the Tax Assessor-Collector Association Dallas/Fort Worth Regional Meeting on August 14.

DATE: August 16, 2018

Action Requested: APPROVAL

To: Texas Department of Motor Vehicles (TxDMV) Board
From: Jeremiah Kuntz, Vehicle Titles and Registration Division
Agenda Item: 15
Subject: Specialty Plate Design

RECOMMENDATION

The Vehicle Titles and Registration Division (VTR) seeks board approval or denial of one plate design submitted for your consideration. The design is from a nonprofit organization.

PURPOSE AND EXECUTIVE SUMMARY

Statutory authority for the board to approve nonprofit specialty plates is in Transportation Code Section 504.801. Statutory authority for the department to invite the public's comment on proposed plate designs is in Texas Transportation Code Section 504.851 (g-1) (1). The board's approval criteria are clarified in Administrative Code §217.45 *Specialty License Plates, Symbols, Tabs*.

TxDMV's procedure is to invite comments on all proposed plates ahead of the board's review. The department's intent is to determine if there are any unforeseen public concerns about a plate design. The department publishes a 10-day "like/dislike/comment-by-email" survey, called an e-View, on its website. Although the survey counts the public's "likes" and "dislikes," it is unscientific and not used as an indicator of a plate's popularity. The vendor's OU plate, for example, received thousands of e-View "dislikes" in 2010 (presumably because of college football rivalry) and has since sold over 1,500 plates.

This plate design was presented to the public in a July 2018 e-View. No negative comments were received. The count of the public's "like/dislikes" are below with the design.

(New) Sea Turtle:
286 people liked this design and 52 did not.



BOARD MEETING eBOOK TEXAS Specialty PLATE BUSINESS

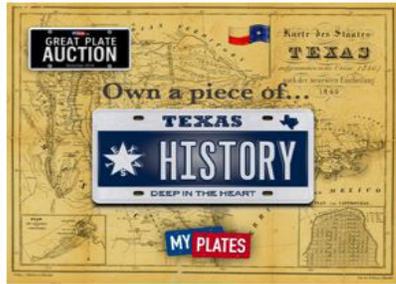
Vehicle Titles and
Registration Division
Special Plates Unit
(7 FTEs) 6/18



Division Director
Jeremiah Kuntz



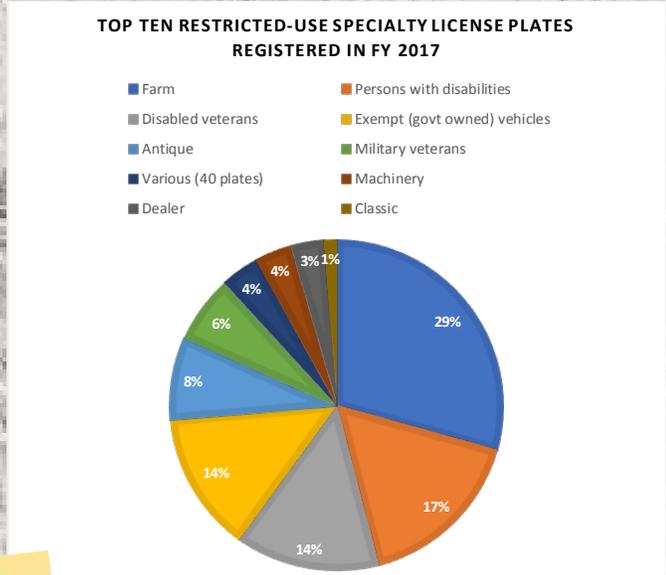
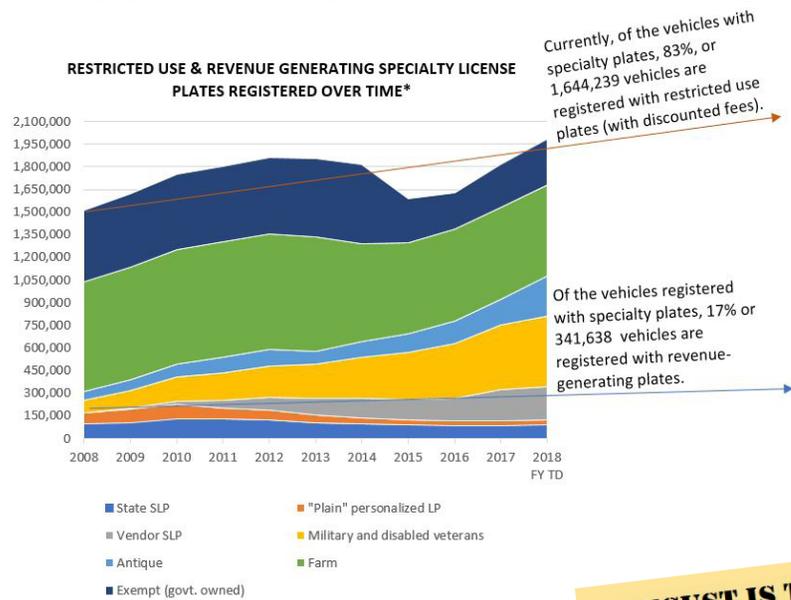
Texas Department
of Motor Vehicles



Detail

Revenue from both contracts 8.7 years:

Since 2009:	Mo's	Gross	GR	% to GR	MP	% to MP	Admin. costs	C/card costs	TxDMV	Tx.gov	Crossovers
Total months elapsed	104	\$138,524,019	\$69,099,241	50%	\$53,323,077	38%	\$13,029,128	\$2,274,979	\$1,497,601	\$261,492	\$797,596
Average annual revenue both contracts to date:		\$15,922,301	\$7,942,441		\$6,129,089						\$91,678



SLP AVAILABLE 477:
MILITARY AND DV 180
RESTRICTED USE 50
STATE SPECIALTY 127
VENDOR SPECIALTY 120

AUGUST IS THE LAST MONTH TO GET YOUR

19 TEXAS 17
100 YEARS
100 YEAR PLATE



ANNOUNCEMENT

Chevrolet Baby Grand Touring Cars

Price \$935

Chevrolet Motor Co. of Texas

SPECIAL PLATES UNIT CUSTOMER SERVICE FY 2018 TO DATE (SEPT - JUN)

- 38,294 Personalized Plate Applications Reviewed (7% declined)
- 32,133 Telephone Calls
- 142 Walk-in Customers
- 10,947 Email
- 1,323 Refunds
- 21 Public Information/Open Records
- 6,791 Correspondence (including plate applications)

Board Policy Documents

[Governance Process](#) (10/13/11)

[Strategic Planning](#) (10/13/11)

[Board Vision](#) (4/7/16)

[Agency Boundaries](#) (9/13/12)

[KPIs](#) (9/12/14)

Texas Department of Motor Vehicles TxDMV Board Governance Policy

1. PURPOSE

The directives presented in this policy address board governance of the Texas Department of Motor Vehicles (TxDMV).

2. SCOPE

The directives presented in this policy apply to the TxDMV Board and TxDMV agency personnel who interact with the Board. The TxDMV Board Governance Policy shall be one that is comprehensive and pioneering in its scope.

3. POLICY

3.1. TxDMV Board Governing Style

The Board shall govern according to the following general principles: (a) a vision for the agency, (b) diversity in points of view, (c) strategic leadership, providing day-to-day detail as necessary to achieve the agency vision, (d) clear distinction of Board and Executive Director roles, (e) collective decision making, (f) react proactively rather than reactively and with a strategic approach. Accordingly:

- 3.1.1. The Board shall provide strategic leadership to TxDMV. In order to do this, the Board shall:
 - 3.1.1.1. Be proactive and visionary in its thinking.
 - 3.1.1.2. Encourage thoughtful deliberation, incorporating a diversity of viewpoints.
 - 3.1.1.3. Work together as colleagues, encouraging mutual support and good humor.
 - 3.1.1.4. Have the courage to lead and make difficult decisions.
 - 3.1.1.5. Listen to the customers and stakeholders needs and objectives.
 - 3.1.1.6. Anticipate the future, keeping informed of issues and trends that may affect the mission and organizational health of the TxDMV.
 - 3.1.1.7. Make decisions based on an understanding that is developed by appropriate and complete stakeholder participation in the process of identifying the needs of the motoring public, motor vehicle industries,

and best practices in accordance with the mission and vision of the agency.

- 3.1.1.8. Commit to excellence in governance, including periodic monitoring, assessing and improving its own performance.
- 3.1.2. The Board shall create the linkage between the Board and the operations of the agency, via the Executive Director when policy or a directive is in order.
- 3.1.3. The Board shall cultivate a sense of group responsibility, accepting responsibility for excellence in governance. The Board shall be the initiator of policy, not merely respond to staff initiatives. The Board shall not use the expertise of individual members to substitute for the judgment of the board, although the expertise of individual members may be used to enhance the understanding of the Board as a body.
- 3.1.4. The Board shall govern the agency through the careful establishment of policies reflecting the board's values and perspectives, always focusing on the goals to be achieved and not the day-to-day administrative functions.
- 3.1.5. Continual Board development shall include orientation of new Board members in the board's governance process and periodic board discussion of how to improve its governance process.
- 3.1.6. The Board members shall fulfill group obligations, encouraging member involvement.
- 3.1.7. The Board shall evaluate its processes and performances periodically and make improvements as necessary to achieve premier governance standards.
- 3.1.8. Members shall respect confidentiality as is appropriate to issues of a sensitive nature.

3.2. TxDMV Board Primary Functions/Characteristics

TxDMV Board Governance can be seen as evolving over time. The system must be flexible and evolutionary. The functions and characteristics of the TxDMV governance system are:

- 3.2.1. Outreach
 - 3.2.1.1. Monitoring emerging trends, needs, expectations, and problems from the motoring public and the motor vehicle industries.
 - 3.2.1.2. Soliciting input from a broad base of stakeholders.

3.2.2. Stewardship

3.2.2.1. Challenging the framework and vision of the agency.

3.2.2.2. Maintaining a forward looking perspective.

3.2.2.3. Ensuring the evolution, capacity and robustness of the agency so it remains flexible and nimble.

3.2.3. Oversight of Operational Structure and Operations

3.2.3.1. Accountability functions.

3.2.3.2. Fiduciary responsibility.

3.2.3.3. Checks and balances on operations from a policy perspective.

3.2.3.4. Protecting the integrity of the agency.

3.2.4. Ambassadorial and Legitimizing

3.2.4.1. Promotion of the organization to the external stakeholders, including the Texas Legislature, based on the vision of the agency.

3.2.4.2. Ensuring the interests of a broad network of stakeholders are represented.

3.2.4.3. Board members lend their positional, professional and personal credibility to the organization through their position on the board.

3.2.5. Self-reflection and Assessment

3.2.5.1. Regular reviews of the functions and effectiveness of the Board itself.

3.2.5.2. Assessing the level of trust within the Board and the effectiveness of the group processes.

3.3. Board Governance Investment

Because poor governance costs more than learning to govern well, the Board shall invest in its governance capacity. Accordingly:

3.3.1. Board skills, methods, and supports shall be sufficient to ensure governing with excellence.

- 3.3.1.1. Training and retraining shall be used liberally to orient new members, as well as maintain and increase existing member skills and understanding.
 - 3.3.1.2. Outside monitoring assistance shall be arranged so that the board can exercise confident control over agency performance. This includes, but is not limited to, financial audits.
 - 3.3.1.3. Outreach mechanisms shall be used as needed to ensure the Board's ability to listen to stakeholder viewpoints and values.
 - 3.3.1.4. Other activities as needed to ensure the Board's ability to fulfill its ethical and legal obligations and to represent and link to the motoring public and the various motor vehicle industries.
- 3.3.2. The Board shall establish its cost of governance and it will be integrated into strategic planning and the agency's annual budgeting process.

3.4. Practice Discipline and Assess Performance

The Board shall ensure the integrity of the board's process by practicing discipline in Board behavior and continuously working to improve its performance. Accordingly:

- 3.4.1. The assigned result is that the Board operates consistently with its own rules and those legitimately imposed on it from outside the organization.
 - 3.4.1.1. Meeting discussion content shall consist solely of issues that clearly belong to the Board to decide or to monitor according to policy, rule and law. Meeting discussion shall be focused on performance targets, performance boundaries, action on items of Board authority such as conduct of administrative hearings, proposal, discussion and approval of administrative rule-making and discussion and approval of all strategic planning and fiscal matters of the agency.
 - 3.4.1.2. Board discussion during meetings shall be limited to topics posted on the agenda.
 - 3.4.1.3. Adequate time shall be given for deliberation which shall be respectful, brief, and to the point.
- 3.4.2. The Board shall strengthen its governing capacity by periodically assessing its own performance with respect to its governance model. Possible areas of assessment include, but are not limited to, the following:
 - 3.4.2.1. Are we clear and in agreement about mission and purpose?

- 3.4.2.2. Are values shared?
 - 3.4.2.3. Do we have a strong orientation for our new members?
 - 3.4.2.4. What goals have we set and how well are we accomplishing them?
 - 3.4.2.5. What can we do as a board to improve our performance in these areas?
 - 3.4.2.6. Are we providing clear and relevant direction to the Executive Director, stakeholders and partners of the TxDMV?
- 3.4.3. The Board Chair shall periodically promote regular evaluation and feedback to the whole Board on the level of its effectiveness.

Texas Department of Motor Vehicles Strategic Planning Policy

1. PURPOSE

The directives presented in this policy address the annual Strategic Planning process at the Texas Department of Motor Vehicles (TxDMV).

2. SCOPE

The directives presented in this policy apply to the TxDMV Board and TxDMV agency personnel who interact with the Board. TxDMV Strategic Planning Policy attempts to develop, document and expand its policy that is comprehensive in its scope in regards to the strategic planning process of the Board and the Department beyond that of the state strategic planning process.

3. POLICY

3.1. TxDMV Board Strategic Planning

This policy describes the context for strategic planning at TxDMV and the way in which the strategic plan shall be developed and communicated.

- 3.1.1. The Board is responsible for the strategic direction of the organization, which includes the vision, mission, values, strategic goals, and strategic objectives.
- 3.1.2. TxDMV shall use a 5-year strategic planning cycle, which shall be reviewed and updated annually, or as needed.
- 3.1.3. The 5-year strategic plan shall be informed by but not confined by requirements and directions of state and other funding bodies.
- 3.1.4. In developing strategic directions, the Board shall seek input from stakeholders, the industries served, and the public.
- 3.1.5. The Board shall:
 - 3.1.5.1. Ensure that it reviews the identification of and communication with its stakeholders at least annually.
 - 3.1.5.2. Discuss with agency staff, representatives of the industries served, and the public before determining or substantially changing strategic directions.



-
- 3.1.5.3. Ensure it receives continuous input about strategic directions and agency performance through periodic reporting processes.
 - 3.1.6. The Board is responsible for a 5-year strategic plan that shall identify the key priorities and objectives of the organization, including but not limited to:
 - 3.1.6.1. The creation of meaningful vision, mission, and values statements.
 - 3.1.6.2. The establishment of a Customer Value Proposition that clearly articulates essential customer expectations.
 - 3.1.6.3. A Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis, to be updated annually.
 - 3.1.6.4. An assessment of external factors or trends (i.e., customer needs, political factors, economic factors, industry trends, technology factors, uncertainties, etc.)
 - 3.1.6.5. Development of the specific goals and objectives the Department must achieve and a timeline for action.
 - 3.1.6.6. Identification of the key performance indicators to measure success and the initiatives that shall drive results.
 - 3.1.6.7. Engage staff at all levels of the organization, through the executive director, in the development of the strategic plan through surveys, interviews, focus groups, and regular communication.
 - 3.1.6.8. Ensure the strategic planning process produces the data necessary for LBB/GOBPP state required compliance while expanding and enhancing the strategic plan to support the needs of the TxDMV. The overall strategic plan shall be used as a tool for strategic management.
 - 3.1.7. The Board delegates to the Executive Director the responsibility for **implementing** the agency's strategic direction through the development of agency wide and divisional operational plans.

Texas Department of Motor Vehicles TxDMV Goals and Objectives

1. PURPOSE

The information presented in this policy addresses the goals and key objectives of the Board of the Texas Department of Motor Vehicles (TxDMV) as they relate to the mission, vision, and values of the TxDMV.

2. SCOPE

The scope of this policy is to define the desired state the TxDMV Board is working to achieve. This policy is designed to be inspirational in outlining the desired state of the agency that supports the TxDMV Board vision and meeting agency goals.

3. TxDMV MISSION

To serve, protect and advance the citizens and industries in the state with quality motor vehicle related services.

4. TxDMV VISION

The Texas Department of Motor Vehicles sets the standard as the premier provider of customer service in the nation.

5. TxDMV VALUES

To earn the trust and faith of all citizens of Texas with transparency, efficiency, excellence, accountability, and putting stakeholders first.

- 5.1. Transparency** – Being open and inclusive in all we do.
- 5.2. Efficiency** – Being good stewards of state resources by providing products and services in the most cost-effective manner possible.
- 5.3. Excellence** – Working diligently to achieve the highest standards.
- 5.4. Accountability** – Accepting responsibility for all we do, collectively and as individuals.
- 5.5. Stakeholders** – Putting customers and stakeholders first, always.

6. TxDMV GOALS

6.1. GOAL 1 – Performance Driven

The TxDMV shall be a performance driven agency in its operations whether it is in customer service, licensing, permitting, enforcement or rule-making. At all times the TxDMV shall mirror in its performance the expectations of its customers and stakeholder by effective, efficient, customer-focused, on-time, fair, predictable and thorough service or decisions.

6.1.1. Key Objective 1

The TxDMV shall be an agency that is retail-oriented in its approach. To accomplish this orientation TxDMV shall concentrate the focus of the agency on:

- 6.1.1.1. Delivering its products and services to all of its customers and stakeholders in a manner that recognizes that their needs come first. These needs must be positively and proactively met. TxDMV works for and with its customers and stakeholders, not the other way around.
- 6.1.1.2. Operating the agency's licensing and registration functions in a manner akin to how a private, for-profit business. As a private, for-profit business, TxDMV would have to listen to its customers and stakeholders and implement best practices to meet their needs or its services would no longer be profitable or necessary. Act and react in a manner that understands how to perform without a government safety net and going out of business.
- 6.1.1.3. Simplify the production and distribution processes and ease of doing business with the TxDMV. Adapting and maintaining a business value of continuous improvement is central to TxDMV operations and processes.
- 6.1.1.4. All operations of the TxDMV shall stand on their own merits operationally and financially. If a current process does not make sense then TxDMV shall work within legislative and legal constraints to redesign or discard it. If a current process does not make or save money for the state and/or its customers or stakeholders then TxDMV shall work within legislative and legal constraints to redesign or discard it. TxDMV shall operate as efficiently and effective as possible in terms of financial and personnel needs. Divisions should focus on cost savings without sacrificing performance. Division directors are accountable for meeting these needs and applicable measures. All division directors are collectively responsible for the performance of TxDMV as a whole.
- 6.1.1.5. Focus on revenue generation for transportation needs as well as the needs of its customers.
- 6.1.1.6. Decisions regarding the TxDMV divisions should be based on the overriding business need of each division to meet or provide a specific service demand, with the understanding and coordination of overarching agency-wide needs.

- 6.1.1.7. Developing and regularly updating a long-range Statewide Plan describing total system needs, establishing overarching statewide goals, and ensuring progress toward those goals.
- 6.1.1.8. The TxDMV shall establish a transparent, well-defined, and understandable system of project management within the TxDMV that integrates project milestones, forecasts, and priorities.
- 6.1.1.9. The TxDMV shall develop detailed work programs driven by milestones for major projects and other statewide goals for all TxDMV divisions.
- 6.1.1.10. The TxDMV, with input from stakeholders and policymakers, shall measure and report on progress in meeting goals and milestones for major projects and other statewide goals.

6.2. GOAL 2 – Optimized Services and Innovation

The TxDMV shall be an innovative, forward thinking agency that looks for ways to promote the economic well-being and development of the industries it serves as well as the State of Texas within the legislative boundaries that have been established for the agency.

6.2.1. Key Objective 1

The TxDMV shall achieve operational, cultural, structural and financial independence from other state agencies.

- 6.2.1.1. Build the TxDMV identity. This means that TxDMV shall make customers aware of what services we offer and how they can take advantage of those services.
- 6.2.1.2. Build the TxDMV brand. This means that TxDMV shall reach out to the stakeholders, industries we serve and the public, being proactive in addressing and anticipating their needs.
- 6.2.1.3. Determine immediate, future, and long term facility and capital needs. TxDMV needs its own stand-alone facility and IT system as soon as possible. In connection with these needs, TxDMV shall identify efficient and effective ways to pay for them without unduly burdening either the state, its customers or stakeholders.
- 6.2.1.4. All regulations, enforcement actions and decision at TxDMV shall be made in a timely, fair and predictable manner.

6.2.2. Key Objective 2

Provide continuous education training on business trends in the industry with a particular emphasis on activities in Texas.

6.2.3. Key Objective 3

Provide continuous outreach services to all customers and stakeholders to access their respective needs and wants. This includes helping frame legislative or regulatory issues for consideration by other bodies including the legislature.

6.2.4. Key Objective 4

Examine all fees to determine their individual worth and reasonableness of amount. No fee shall be charged that cannot be defended financially and operationally.

6.3. GOAL 3 – Customer-centric

The TxDMV shall be a customer-centric agency that delivers today’s services and decisions in a positive, solution-seeking manner while ensuring continuous, consistent and meaningful public and stakeholder involvement in shaping the TxDMV of tomorrow.

6.3.1. Key Objective 1

The TxDMV shall seek to serve its customer base through a creative and retail oriented approach to support the needs of its industries and customers.

6.3.2. Key Objective 2

The TxDMV shall develop and implement a public involvement policy that guides and encourages meaningful public involvement efforts agency-wide.

6.3.3. Key Objective 3

The TxDMV shall develop standard procedures for documenting, tracking, and analyzing customer complaint data. Successful problem resolution metrics should be monitored to support continuous improvement activities that shall permanently improve customer facing processes.

6.3.4. Key Objective 4

The TxDMV shall provide a formal process for staff with similar responsibilities to share best practices information.

6.3.5. Key Objective 5

The TxDMV shall provide central coordination of the Department's outreach campaigns.

6.3.6. Key Objective 6

The TxDMV shall develop and expand user friendly, convenient, and efficient website applications.

6.3.7. Key Objective 7

TxDmv shall timely meet all legislative requests and mandates.

Agency Operational Boundaries as Defined by Department Policies of the TxDMV Board (Board)

The Board is responsible for the policy direction of the agency. The Board's official connection to the day-to-day operation of the Texas Department of Motor Vehicles (TxDMV) and the conduct of its business is through the Executive Director of the TxDMV (ED) who is appointed by the Board and serves at its pleasure. The authority and accountability for the day-to-day operations of the agency and all members of the staff, except those members who report directly to the Board, is the sole responsibility of the ED.

In accordance with its policy-making authority the Board has established the following policy boundaries for the agency. The intent of the boundaries is not to limit the ability of the ED and agency staff to manage the day-to-day operations of the agency. To the contrary, the intent of the boundaries is to more clearly define the roles and responsibilities of the Board and the ED so as to liberate the staff from any uncertainty as to limitations on their authority to act in the best interest of the agency. The ED and staff should have certainty that they can operate on a daily basis as they see fit without having to worry about prior Board consultation or subsequent Board reversal of their acts.

The ED and all agency employees shall act at all times in an exemplary manner consistent with the responsibilities and expectations vested in their positions. The ED and all agency employees shall act in a manner consistent with Board policies as well as with those practices, activities, decisions, and organizational circumstances that are legal, prudent, and ethical. It is the responsibility of the ED to ensure that all agency employees adhere to these boundaries.

Accordingly, the TxDMV boundaries are as follows:

1. The day-to-day operations of the agency should be conducted in a manner consistent with the vision, mission, values, strategic framework, and performance metrics as established by the Board. These elements must not be disregarded or jeopardized in any way.
2. A team-oriented approach must be followed on all enterprise-wide decisions to ensure openness and transparency both internally and externally.
3. The agency must guard against allowing any financial conditions and decision which risk adverse fiscal consequences, compromise Board financial priorities, or fail to

show an acceptable level of foresight as related to the needs and benefits of agency initiatives.

4. The agency must provide timely, accurate, and honest information that will afford the Board, public, stakeholders, executive branch and the legislature the best ability to evaluate all sides of an issue or opportunity before forming an opinion or taking action on it. Any information provided that is intentionally untimely, inaccurate, misleading or one-sided will not be tolerated.
5. The agency must take all reasonable care to avoid or identify in a timely manner all conflicts of interest or even the appearance of impropriety in awarding purchases, negotiating contracts or in hiring employees.
6. The agency must maintain adequate administrative policies and procedures that are understandable and aid in staff recruitment, development and retention.
7. The agency must maintain an organizational structure that develops and promotes the program areas from an enterprise-wide perspective. No organizational silos or sub-agencies will be allowed. We are the TxDMV.
8. The agency must empower its entire staff to deliver a positive customer experience to every TxDMV customer, stakeholder or vendor to reduce their effort and make it easier for them to do business with the TxDMV.
9. The agency must at all times look to flattening its organizational structure to reduce cost as technology advances allow.
10. Agency staff shall anticipate and resolve all issues timely.
11. The agency must maximize the deployment and utilization of all of its assets – people, processes and capital equipment – in order to fully succeed.
12. The agency must not waste the goodwill and respect of our customers, stakeholders, executive branch and legislature. All communication shall be proper, honest, and transparent with timely follow-up when appropriate.
13. The agency should focus its work efforts to create value, make sure that processes, programs, or projects are properly designed, budgeted and vetted as appropriate with outside stakeholders to ensure our assumptions are correct so positive value continues to be created by the actions of the TxDMV.
14. The ED through his or her staff is responsible for the ongoing monitoring of all program and fiscal activities and providing information to the Board to keep it apprised of all program progress and fiscal activities. This self-assessment must result in a product that adequately describes the accomplishment of all program

goals, objectives and outcomes as well as proposals to correct any identified problems.

15. In advance of all policy decisions that the Board is expected to make, the ED will provide pertinent information and ensure board members understand issues/matters related to the pending policy decision. Additionally, the ED or designee will develop a process for planning activities to be performed leading up to that particular policy decision and the timeframe for conducting these planning activities. It is imperative that the planning process describes not only when Board consideration will be expected but also when prior Board consultation and involvement in each planning activity will occur.
16. In seeking clarification on informational items Board members may directly approach the ED or his or her designee to obtain information to supplement, upgrade or enhance their knowledge and improve the Board's decision-making. Any Board member requests that require substantive work should come to the Board or Committee Chairs for direction.
17. The agency must seek stakeholder input as appropriate on matters that might affect them prior to public presentation of same to the Board.
18. The agency must measure results, track progress, and report out timely and consistently.
19. The ED and staff shall have the courage to admit a mistake or failure.
20. The ED and staff shall celebrate successes!

The Board expects the ED to work with agency staff to develop their written interpretation of each of the boundaries. The ED will then present this written interpretation to the Board prior to discussion between the Board and ED on the interpretation. The Board reserves the right to accept, reject or modify any interpretation. The intent is that the Board and the ED will come to a mutually agreeable interpretation of agency boundaries that will then form the basis of additional written thought on the part of the ED and staff as to how these boundaries will influence the actions of the agency.

GOAL	STRATEGY	#	MEASURE	Baseline	Target	Actual	OWNER
Performance Driven	Effective and efficient services	1	Average processing time for new franchise license applications	45 days	35 days		MVD
		2	Average processing time for franchise renewals	11 days	5 days		MVD
		3	Average processing time of franchise license amendments	20 days	8 days		MVD
		4	Average processing time for new Dealer's General Distinguishing Number (GDN) license applications	35 days	17 days		MVD
		5	Average processing time for GDN renewals	14 days	7 days		MVD
		6	Average processing time for GDN license amendments	19 days	7 days		MVD
		7	Average turnaround time for single-trip routed permits	33.88 mins	32 mins		MCD
		8	Average turnaround time for intrastate authority application processing	1.47 days	1.4 days		MCD
		9	Average turnaround time for apportioned registration renewal applications processing	2 days	2 days		MCD
		10	Average turnaround time to issue salvage or non-repairable vehicle titles	5 days	4 days		VTR
		11	Average time to complete motor vehicle complaints with no contested case proceeding	131 days	120 days		ENF
		12	Average time to complete motor vehicle complaints with contested case proceeding	434 days	400 days		ENF
		13	Average time to complete salvage complaints with no contested case proceeding	131 days	120 days		ENF
		14	Average time to complete salvage complaints with contested case proceeding	434 days	400 days		ENF
		15	Average time to complete motor carrier complaints with no contested case proceeding	297 days	145 days		ENF
		16	Average time to complete motor carrier complaints with contested case proceeding	133 days	120 days		ENF
		17	Average time to complete household goods complaints with no contested case proceeding	432 days	145 days		ENF
		18	Average time to complete household goods complaints with contested case proceeding	371 days	180 days		ENF
		19	Average time to complete Oversize/Overweight (OS/OW) complaints with no contested case proceeding	40 days	35 days		ENF
		20	Average time to complete OS/OW complaints with contested case proceeding	265 days	250 days		ENF
		21	Percent of lemon law cases resolved prior to referral for hearing	76%	60%		ENF
		22	Average time to complete lemon law cases where no hearing is held	147 days	65 days		ENF
		23	Average time to complete lemon law cases where hearing is held	222 days	150 days		ENF
		24	Percent of total renewals and net cost of registration renewal: A. Online B. Mail C. In Person	A. 15% B. 5% C. 80%	A. 16% B. 5% C. 79%		VTR
		25	Total dealer title applications: A. Through Webdealer B. Tax Office	Baseline in development	A. 5% B. 95%		VTR

GOAL	STRATEGY	#	MEASURE	Baseline	Target	Actual	OWNER
Optimized Services and Innovation	Implement appropriate best practices	26	Percent of total lien titles issued: A. Electronic Lien Title B. Standard Lien Title	A. 16% B. 84%	A. 20% B. 80%		VTR
		27	Percent of total OS/OW permits: A. Online (self-issued) B. Online (MCD-issued) C. Phone D. Mail E. Fax	A. 57.47% B. 23.03% C. 11.33% D. 1.76% E. 6.4%	A. 58% or greater B. 25% or greater C. 10% or less D. 1.7% or less E. 5.3% or less		MCD
		28	Average time to complete lemon law and warranty performance cases after referral	Baseline in development	25 days		OAH
		29	Average time to issue a decision after closing the record of hearing	Baseline in development	30 days		OAH
	30	Percent of audit recommendations implemented	Baseline in development	90% annual goal for these recommendations which Internal Audit included in a follow-up audit		IAD	
	31	Percent of projects approved by the agency's governance team that finish within originally estimated time (annual)	57%	100%		EPMO	
	32	Percent of projects approved by the agency's governance team that finish within originally estimated budget (annual)	71%	100%		EPMO/ FAS	
	33	Percent of monitoring reports submitted to Texas Quality Assurance Team (TXQAT) by or before the due date	79%	100%		EPMO	
	34	Percent of project manager compliance with EPMO project management standards based upon internal quality assurance reviews	Baseline in development	100%		EPMO	
	35	Percent of employees due a performance evaluation during the month that were completed on time by division.	Baseline in development	100%		HR	
36	Percent of goals accomplished as stated in the directors performance evaluation	Baseline in development	Measure annually at the end of the fiscal year		EXEC		
37	Employees who rate job satisfaction as above average as scored by the Survey of Employee Engagement (SEE)	3.47 (SEE 2012)	3.65	3.60 (SEE 2013)	HR		
38	Increase in the overall SEE score	337 (SEE 2012)	360	351 (SEE 2013)	HR		
Focus on the internal customer	Focus on the internal customer	39	Percent of favorable responses from customer satisfaction surveys	Baseline in development	90%		EPMO
		40	Annual agency voluntary turnover rate	6.5% (FY 2013)	5.0%		HR
	Increase transparency with external customers	41	Number of education programs conducted and number of stakeholders/customers attending education programs	4.48/80.61	4/80		MCD
		42	Number of education programs conducted and number of stakeholders/customers attending education programs	36/335	42/390		VTR
		43	Number of eLearning training modules available online through the Learning Management System and number of modules completed by stakeholders/customers	eLearning Modules Available - 28 Completed - 735	Available - 31 Completed - 814		VTR

GOAL	STRATEGY	#	MEASURE	Baseline	Target	Actual	OWNER
Customer Centri		44	Number of Shows and Exhibits attended to educate stakeholders/customers about TxDMV services and programs	6	7		MVD
		45	Number of education programs conducted and number of stakeholders/customers attending education programs	3/250	3/250		ENF
		46	Number of education programs conducted and number of stakeholders/customers attending education programs	3/150	4/300		ABTPA
		47	Percent of customers and stakeholders who express above average satisfaction with communications to and from TxDMV	Baseline in development	80%		All Divisions
	Excellent Service Delivery	48	Average hold time	9 min	9 min		CRD
		49	Abandoned call rate	22%	20%		CRD
		50	Average hold time	Baseline in development	1 min		ITS
		51	Abandoned call rate	Baseline in development	5%		ITS
		52	Average hold time	Credentialing - 1.6 minutes Permits - 2.08 minutes CFS - 54.38 seconds	Credentialing - 1.5 minutes Permits - 2 minutes CFS - 50 seconds		MCD
		53	Abandoned call rate	Credentialing - 7% Permits - 6.42% CFS - 5.63%	Credentialing - 6% Permits - 5% CFS - 5%		MCD
Key:		Critical	Off Target	On target	Not yet started		
Vision: The Texas Department of Motor Vehicles sets the standard as the premier provider of customer service in the nation.							
Mission: To serve, protect, and advance the citizens and industries in the state with quality motor vehicle related services.							
Philosophy: The Texas Department of Motor Vehicles is customer-focused and performance driven. We are dedicated to providing services in an efficient, effective and progressive manner as good stewards of state resources. With feedback from our customers, stakeholders and employees, we work to continuously improve our operations, increase customer satisfaction and provide a consumer friendly atmosphere.							
Values: We at the Texas Department of Motor Vehicles are committed to: TEXAS-Transparency, Efficiency, EXcellence, Accountability, and Stakeholders.							