Board Meeting Agenda Book

Texas Department of Motor Vehicles
HELPING TEXANS GO. HELPING TEXAS GROW.

TxDMA 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

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
**RULES - ADOPTION**

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)*

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)*

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**

9. Chapter 217, Vehicle Titles and Registration - Jeremiah Kuntz
   Amendments, §217.2 and §217.3
   (Relating to titling assembled vehicles)

10. Chapter 217, Vehicle Titles and Registration - Jeremiah Kuntz
    New, Subchapter K
    (Relating to accepting electronic signatures on secure and non-secure documents)

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

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
   B. FY 2019 Recommended Operating Budget - Linda M. Flores and Renita Bankhead
14. Projects and Operations

Progress Report on Operations of Compliance and Investigations Division - Tim Menke (BRIEFING ONLY)

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.
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

SECOND 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 2/28/2004, Putnam Darwin Richardson, was issued a motor vehicle dealer license (General Distinguishing Number P50986) 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

Work Item No. 903054

AGENDA

August 16, 2018
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) 485-4009
(512) 485-5850 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-VOUS 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: Putnam2richamsp.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 a revoked, canceled, or suspended license.

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. 903654

AGENDA

August 16, 2018
State Office of Administrative Hearings

Lesli G. Ginn
Chief Administrative Law Judge

January 26, 2018

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

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)
SOAH DOCKET NO. 608-17-0908.ENV
MOTOR VEHICLE CAUSE NO. 17-0045 ENV

THE TEXAS DEPARTMENT OF § BEFORE THE STATE OFFICE
MOTOR VEHICLES, §
ENFORCEMENT DIVISION §

v. §

PUTNAM DARWIN RICHARDSON § ADMINISTRATIVE HEARINGS
d/b/a CASUAL CAR SALES §

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. The GDN constitutes a dealer’s license. A dealer is defined as “a person who regularly and actively buys, sells, or exchanges vehicles at an established and permanent location.” A person may not legally engage in the business of a dealer unless he holds a GDN.

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). 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. The rule identifies the following crimes, among others, as directly relating to the duties and responsibilities of dealers: kidnapping, theft, and criminal trespass. Further, the offense of aggravated kidnapping is an offense that is identified in Article 42.12.

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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.
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.\textsuperscript{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.\textsuperscript{11}

\textsuperscript{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).

\textsuperscript{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.\(^{14}\)

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\(^{12}\) 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.  

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.

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.

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. 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). However, as noted by the use of the word “may,” the Department has discretion

15 Dept. Ex. 4.

16 Dept. Ex. 5.


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:

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>ANALYSIS</th>
</tr>
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<tbody>
<tr>
<td>The extent and nature of the person’s past criminal activity</td>
<td>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.</td>
</tr>
<tr>
<td>The age of the person when the crime was committed</td>
<td>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.</td>
</tr>
<tr>
<td>The amount of time that has elapsed since the person’s last criminal activity</td>
<td>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.</td>
</tr>
<tr>
<td>The conduct and work activity of the person before and after the criminal activity</td>
<td>Respondent has maintained a continuous history of regularly working. Therefore, this activity weighs FOR licensure.</td>
</tr>
<tr>
<td>Evidence of the person’s rehabilitation or rehabilitative effort while incarcerated or after release</td>
<td>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.</td>
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<tr>
<td>FACTOR</td>
<td>ANALYSIS</td>
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<td>Other evidence of the person’s fitness, including letters of</td>
<td>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.</td>
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<tr>
<td>recommendation from prosecutors, law enforcement and correctional</td>
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<td>officers; the sheriff or chief of police in the community where the</td>
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<tr>
<td>person resides; and any other person in contact with the convicted</td>
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<tr>
<td>person</td>
<td></td>
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<tr>
<td>Evidence that Respondent maintained a record of steady employment</td>
<td>Respondent has maintained a continuous history of regularly working. Therefore, this activity weighs FOR licensure.</td>
</tr>
<tr>
<td>Evidence that Respondent has supported his dependents</td>
<td>There is no contention that Respondent has failed to provide for his dependents. This factor weighs FOR licensure.</td>
</tr>
<tr>
<td>Evidence that Respondent has maintained a record of good conduct</td>
<td>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.</td>
</tr>
<tr>
<td>Evidence that Respondent has paid all outstanding court costs,</td>
<td>Insufficient evidence was offered of this, so this factor is NEUTRAL.</td>
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<tr>
<td>supervision fees, fines, and restitution ordered in any criminal</td>
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<tr>
<td>case in which the applicant has been convicted</td>
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</table>

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 of 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.


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.

[Signature]

CRAIG R. BENNETT
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS
MOTOR VEHICLE DIVISION
TEXAS DEPARTMENT OF MOTOR VEHICLES

IN THE MATTER OF PUTNAM DARWIN RICHARDSON D/B/A CASUAL CAR SALES

MVD DOCKET NO. 17-0045 ENF
SOAH DOCKET NO. 608-17-0908.ENF

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
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.
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,

[Signature]

Don Schwent
Group Controller – North Texas/Austin Division
August 3, 2018

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

Sent via email: rules@txdmv.gov


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.”

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).

³Id. § 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.\textsuperscript{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.\textsuperscript{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.\textsuperscript{6}

\textsuperscript{4}TEX. FIN. CODE ANN. § 348.501 (Vernon 2016). See also § 348.001(3) and (5).

\textsuperscript{5}TEX. FIN. CODE ANN. § 348.403 (Vernon 2016).

\textsuperscript{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.\(^7\)

\(^7\)§ 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,

Karen Phillips
General Counsel/EVP
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


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.
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,

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
Adoption Preamble

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

EXPLANATION OF AMENDMENTS

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

Amendments add new subsection (d) to provide that a licensed dealer holding only 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 department received comments from Enterprise Holdings, LLC (EAN), Texas Automobile Dealers Association (TADA), Texas Recreational Vehicle Association (TRVA), and Texas Independent Automobile Dealers Association (TIADA).

COMMENT

EAN objects to the adoption of proposed subsection 215.85(e) as written, and believes the rule as adopted will conflict internally, create confusion, and in the case of EAN, interfere with private employer/employee relationships. Accordingly, EAN requests that subsection 215.85(e) as proposed be deleted. Alternatively, EAN requests that 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.

RESPONSE

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

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

RESPONSE

In response to the comment, the department will modify 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. The department disagrees that consumers will be confused, and with the commenter regarding its concerns relating to potential violations of the Texas Finance Code. The
department believes that this rule amendment is fully within its statutory authority, and that any action allowed by a department rule cannot authorize any violation of another state statute or federal law.

COMMENT

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

RESPONSE

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

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

STATUTORY AUTHORITY

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

CROSS REFERENCE TO STATUTE

Transportation Code, Chapter 503.

(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 licensed dealer holding a GDN pursuant to §503.029(a)(6)(B), Transportation Code, and that acts for the dealer is not a broker for the purposes of this section.

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

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

(2) Participation by a dealer in the program is not restricted by conditions, such as limiting the number of line-
makes or discrimination by size of dealership or location. The
total number of participants in the program may be restricted if
the program is offered to all dealers at the same time, with no
regard to the line-make.

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

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

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

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

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

(d) 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 fee may be paid contingent upon either the new referred individual:

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

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

K. Keith McKee

Keith McKee,
President, Texas Crane Owners Association
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

August 16, 2018
Adoption Preamble

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

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

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

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

The Specialized Carriers & Rigging Association submitted a
letter to the FHWA in March of 2018, requesting clarification on
the definition of "nondivisible load." The FHWA responded in
April of 2018, authorizing a state to issue a special permit if
the applicant presented evidence or information demonstrating
that a vehicle or load meets one of the three criteria listed in
the federal definition for "nondivisible load or vehicle" found
in 23 C.F.R. §658.5. The FHWA also stated as follows:
"When the final rule establishing the definition of
nondivisible was issued in 1994, it was anticipated
that because of the complexity, there would be
inconsistencies and disagreements between State
permitting officials, enforcement officers, motor
carriers, and shippers. In light of this potential,
the Federal definition provides States latitude in
implementing the definition. Unless there are
indications of non-enforcement or abuse, FHWA does not
intervene in decisions related to the issuance of
permits for specific vehicles or loads."
The department thinks the language in §219.61(g) complies
with the definition of "nondivisible load or vehicle" found
in 23 C.F.R. §658.5 and 43 TAC §219.2. The language in
§219.61(g) is limited to equipment that is necessary for
the crane to perform its intended function. Also, the
language is limited to equipment for which the manufacturer provided specifications to properly secure the equipment.

The department adopts other amendments because it received calls from industry and law enforcement 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 under Transportation Code, Chapter 621, Subchapter C. Except as otherwise specified in Chapter 219, Subchapter E, 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. These amendments are consistent with the language in §219.11(l)(2) (A)(i) and §219.41(d)(4). A front and rear escort vehicle is not required to protect the safety of the traveling public or to protect the roadways from an overweight crane, except as otherwise specified in Chapter 219, Subchapter E. The language in §219.62 and §219.63 will continue to require a crane that exceeds 175,000 pounds gross weight to have a front and rear escort vehicle to prevent traffic from traveling beside the crane as it crosses a bridge.
A front and rear escort vehicle is needed to protect the safety of the traveling public when the permitted crane is traveling at nighttime and exceeds the size limits listed in amended §219.61(d)(3). The amendments provide uniform requirements for permitted cranes to travel at nighttime, including existing requirements that were previously only listed on the department’s website.

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

COMMENTS

Transportation Code, §623.195 requires the board of the Texas Department of Motor Vehicles (board) 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 a 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 Texas Crane Owners Association (TCOA) submitted a comment in which they request 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 that cranes that fall within these dimensions but exceed 175,000 pounds should adhere to the existing rules pertaining to crossing bridges. TCOA further states this modification is consistent with the rule for oil well servicing units.

RESPONSE

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. The Texas Department of Transportation adopted the language in the current §219.41(d)(4), which was transferred to the

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

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

STATUTORY AUTHORITY

The amendments are adopted under Transportation Code, §1002.001, which provides the board with the authority to adopt rules that
are necessary and appropriate to implement the powers and the
duties of the department; and more specifically, Transportation
Code, §623.002 which authorizes the board to adopt rules that
are necessary to implement and enforce Chapter 623; and
Transportation Code §623.195 which authorizes the board to adopt
rules to provide for the issuance of crane permits under
Subchapter J of Chapter 623.

CROSS REFERENCE TO STATUTE

Transportation Code, Chapter 623.
§219.60. Purpose [and Scope].

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

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

(a) General information.

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

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

(3) Cranes are also eligible for the following permits under this subchapter at weights above those established by
§219.11(d)(2) of this title (relating to General Oversize/Overweight Permit Requirements and Procedures):

(A) single-trip mileage permits; and

(B) quarterly hubometer permits.

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

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

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

[(2) single-trip mileage permits;]

[(3) quarterly hubometer permits; and]

[(4) annual permits.]

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

(1) name, address, telephone number, and email address (if requested) of the applicant;

(2) year and make of the crane;

(3) vehicle identification number of the crane;

(4) width, height, and length of the crane;
(5) crane [unit] axle and tire information, including the number of axles, distance between axles, gauge per axle, axle weights, number of tires, and tire size; and

(6) any other information required by law.

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

(d) Restrictions.

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

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

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

(A) the crane is overweight only; or

(B) the crane complies with one of the following, regardless of whether the crane is overweight:

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

(ii) the crane is accompanied by a front and rear
escort vehicle and does not exceed:

(I) 10 feet, 6 inches in width;

(II) 14 feet in height; or

(III) 95 feet in length.

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

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

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

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

(g) Properly secured equipment. A crane permitted under this subchapter may travel with properly secured equipment, such as outriggers, booms, counterweights, jibs, blocks, balls, cribbing, outrigger pads, and outrigger mats, in accordance with the manufacturer’s specifications to the extent the equipment is necessary for the crane to perform its intended function,
provided the axle weights, axle group weights, and gross weight do not exceed the maximum permit weights listed in this subchapter.


(a) General information.

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

(2) A single-trip mileage permit:

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

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

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

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

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

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

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

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

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

(5) Except as otherwise provided in this section, the permitted crane must not cross a load-restricted bridge when exceeding the posted capacity of the bridge.

(b) Maximum permit weight limits.

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

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

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

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

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

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

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

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

(iii) the name and contact information of the applicant’s TxDOT-approved licensed professional engineer. [will be eligible, on an individual case-by-case basis, for a single-
trip mileage permit only. Permit approval or denial will be based on a detailed route study and an analysis conducted by TxDOT of each bridge on the proposed travel route to determine if the road(s) and bridge(s) are capable of sustaining the movement.

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

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

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

(c) Permit application and issuance.

(1) An application for a single-trip mileage permit under
this section must be made in accordance with §219.61(b) of this title and must also include the origin and destination points of the crane.

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

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

(d) Permit fees and refunds.

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

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

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

(B) Total rate per mile. The total rate per mile is the combined mileage rates for width, height, and weight for the crane [unit]. The rate per mile for a trailer-mounted [trailer...
mounted crane is based on the overall width, overall height, and all axle weights, including the truck-tractor axles.

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

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

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

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

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

(A) The axle group with the lowest weight will have the
axle closest to the next axle group temporarily disregarded from its group in order to create a spacing of at least 12 feet between the two groups for fee calculation purposes.

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

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

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

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

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

Figure 1: 43 TAC §219.62(f) (No change.)
Figure 2: 43 TAC §219.62(f) (No change.)

§219.63. Quarterly Hubometer Permits.

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

(2) A quarterly hubometer permit:
   (A) is effective for three consecutive months;
   (B) allows the crane [vehicle] to travel on all state-maintained highways; and
   (C) allows the crane [unit] to travel on a state-wide basis.

(3) A crane permitted under this section must not exceed any of the following dimensions:
   (A) 12 feet in width;
   (B) 14 feet, 6 inches in height; or
   (C) 95 feet in length.

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

(5) A crane exceeding 175,000 pounds gross weight must:
   (A) have front and rear escort vehicles to prevent traffic from traveling beside the crane as it crosses a bridge;
   (B) cross all multi-lane bridges by centering the crane
on a lane line;

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

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

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

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

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

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

(A) a new hubometer serial number; or

(B) a new license plate number.

(b) Maximum permit weight limits.

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

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

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

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

(4) [45] A crane that has any group of axles that
exceeds the limits established by Figure 1: 43 TAC §219.62(f),
"Maximum Permit Weight Table," and Figure 2: 43 TAC §219.62(f),
"Maximum Permit Weight Formulas," is not eligible for a permit
under this section; however, it is eligible for a permit under
§219.62 of this title (relating to Single-Trip Mileage Permits).
[will be eligible, on an individual case-by-case basis, for a
single-trip mileage permit only; permit approval or denial will be based on a detailed route study and an analysis conducted by TxDOT of each bridge on the proposed travel route to determine if the road(s) and bridge(s) are capable of sustaining the movement.

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

(c) Initial permit application and issuance.

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

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

(d) Permit renewals and closeouts.

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

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

(e) Permit fees.

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

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

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

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

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

(C) Total rate per mile. The total rate per mile is the combined mileage rates for width, height, and weight for the crane.
(i) The mileage rate for width is $.06 per mile for each foot (or fraction thereof) above legal width.

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

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

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

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

(A) The axle group with the lowest weight will have the axle closest to the next axle group temporarily disregarded from its group in order to create a spacing of at least 12 feet
between the two groups for fee calculation purposes.

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

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

§219.64. Annual Permits.

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

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

(A) the weight limits established in §219.11(d)(1), (2), and (3) of this title (relating to General Oversize/Overweight Permit Requirements and Procedures);

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

(C) legal length and height limits as specified in Transportation Code, Chapter 621, Subchapter C; and

(D) 10 feet in width.

(2) A permit issued under this section may not be amended.
(3) A crane permitted under this section must not cross a load-restricted bridge or a load-restricted road when exceeding the posted capacity of such.

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

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

(b) Permit application and issuance.

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

(2) Permit issuance. Upon receipt of the application and the appropriate permit fee, the department will verify the application information and provide the permit to the applicant.
**Figure 1: 43 TAC §219.62(f)**

**MAXIMUM PERMIT WEIGHT TABLE**

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Figure 2: 43 TAC §219.62(f)

**MAXIMUM PERMIT WEIGHT FORMULAS**

\[ W = \frac{T}{L + 4} \]

“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.

\[ A = (RS)(THE\ AXLE\ LOAD) \]

“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.

\[ R = \frac{6.0 + G}{2G} \]

“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.

\[ S = 1.0\ for\ axles\ with\ four\ or\ fewer\ tires,\ and\ S = 0.96\ for\ axles\ with\ eight\ tires. \]
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.  

AGENDA  
August 16, 2018
Adoption Preamble

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

EXPLANATION OF AMENDMENTS

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

The amendments identify the director of the Vehicle Titles and Registration Division, or the director's designee, as the initial decision maker. The amendments clarify that the director may approve or deny an application for a personalized plate, and may cancel a previously issued personalized plate. The amendments identify and clarify the criteria that the director considers in evaluating plate patterns. More specifically, the amendments establish criteria for identifying
personalized plates that may be viewed as indecent, vulgar, or derogatory. Criteria are added to identify plates that contain references to gangs, violence, drugs, or the military.

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

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

COMMENTS

No comments on the proposed amendments were received.
STATUTORY AUTHORITY

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

CROSS REFERENCE TO STATUTE

Transportation Code, Chapter 504.
§217.27. Vehicle Registration Insignia.

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

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

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

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

(A) Former military vehicle registration numbers shall be displayed on a prominent location on the vehicle in numbers
and letters of at least two inches in height.

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

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

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

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

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

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

(2) validated by a registration insignia issued by the department for a registration period consisting of 12
consecutive months at the time of application for registration. Vehicles may be registered for 24 consecutive months only in accordance with Transportation Code, §548.102. However, the vehicle must be registered for 24 consecutive months and all fees must be paid for each year of registration, regardless of the number of months remaining on the inspection at the time of registration, if both of the following occur:

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

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

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

(1) The alpha-numeric pattern conflicts with the
department's current or proposed regular license plate numbering system.

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

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

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

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

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

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

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

(G) [E] a representation [misrepresentation] of, or reference to, law enforcement, military branches, or other governmental entities and their titles[5], including any reference to public office or position, military or law enforcement rank or status, or any other official government position or status; or

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

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

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

(g) A person whose initial application has been denied may either receive a refund or select a new alpha-numeric pattern. If an existing personalized alpha-numeric pattern has been
cancelled, the person may choose a new personalized alpha-
numeric pattern which will be valid for the remainder of the
term or will forfeit the remaining term purchased.
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.
Proposed Preamble

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

EXPLANATION OF PROPOSED AMENDMENTS

Transportation Code, §501.0041 allows the department to adopt rules to administer Chapter 501, Certificate of Title Act. Amendments to these sections clarify the department’s authority to title assembled vehicles.

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

Based on the Certificate of Title Act (Transportation Code, Chapter 501), motor vehicles are required to be issued certificate of title, and either as new or used. The definitions added to §217.2(4) reflect the various construction types of an assembled vehicle that do not meet the definition of a new motor
vehicle, as provided in Transportation Code §501.002(18). Other than unmodified manufactured motor vehicles that have not been subject to a first sale, constructed vehicles not listed in §217.2(4) are new motor vehicles and may only be manufactured, distributed, or assembled by a licensed manufacturer.

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

First, §217.2(4)(A) represents reconstructed vehicles constructed with an unmodified original body from a manufactured motor vehicle, attached to a frame not originally manufactured with the body. Second, §217.2(4)(B) defines another category of reconstructed vehicles, consisting of an unmodified original frame and a modified original body, both originally from a manufactured motor vehicle. Third, §217.2(4)(C) defines another category of reconstructed vehicles, consisting of a modified original body and a modified original frame from a manufactured motor vehicle, that is modified to the extent it no longer reflects the original manufacturer’s configuration. Fourth, §217.2(4)(D) consists of vehicles which have a body not reflecting a manufacturer’s established make, and an unmodified original frame from a manufactured motor vehicle. Lastly, §217.2(4)(E) consists of vehicles that are constructed from an
unmodified original frame of a manufactured motor vehicle, and a
body which is not original to the vehicle but resembles the body
of a manufactured motor vehicle.

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

The amended sections in §217.3(5) clarify what is required for
the department to title an assembled vehicle. Section
217.3(5)(A)(ii) clarifies that, per Transportation Code Chapter
547, all vehicles, including assembled vehicles, must include
the vehicle equipment found in that chapter to operate on a
roadway. §217.3(5)(A)(iii) clarifies that an assembled vehicle
must have an established body style to be eligible for title. §217.3(5)(A)(iv) clarifies that an assembled vehicle must pass a compulsory inspection, per Transportation Code Chapter 548. §217.3(5)(A)(v-ix) clarifies the documentation the department will need to title an assembled vehicle. §217.3(5)(C) is amended to indicate how an assembled vehicle will be titled. §217.3(5)(D) clarifies that owners of assembled vehicles must present to the department proof of insurance compliant with Transportation Code Chapter 601. This proof of insurance must indicate the policy is insuring the same year, make, and model of assembled vehicle as entered into the department’s registration and title database. §217.3(5)(E) provides the procedure for titling out-of-state assembled vehicles, and requires all the same steps as in-state titling, except that the applicant need not provide construction or assembly information to the department. §217.3(5)(F) requires applicants for an assembled vehicle title first present a satisfactory application to the department, prior to applying for title at a county tax-assessor collector’s office.

§217.3(6) clarifies what assembled vehicles are not eligible for title. Assembled vehicles without required equipment listed in Transportation Code Chapter 547, fail an inspection in Chapter
548, or are branded in another jurisdiction as "not for resale," will not be titled. Vehicles not intended for on-road use by the manufacturer unless defined as a motor vehicle in Transportation Code, Chapter 501, may not be titled, even if altered for on-road use. A motor vehicle constructed from a new frame and new body (thus a new vehicle) may not be titled unless assembled by a licensed manufacturer. Lastly, §217.3(7) clarifies that owners who modify their vehicle to the extent it becomes an assembled vehicle as defined in §217.2(4), at any point in the vehicle’s life, must reapply for certificate of title with the department as an assembled vehicle.

FISCAL NOTE

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

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

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

TAKINGS IMPACT ASSESSMENT

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

GOVERNMENT GROWTH IMPACT STATEMENT

The department has determined that during the first five years
the proposed amendments are in effect, no government program would be created or eliminated. Implementation of the proposed amendments would not require the creation of new employee positions or elimination of existing employee positions. Implementation would not require an increase or decrease in future legislative appropriations to the department or an increase or decrease of fees paid to the department (other than the statutory fee to apply for certificate of title).

Additionally, the proposed amendments do not create a new regulation, or expand or limit existing regulation. The proposed amendments do, however, repeal several existing provisions related to issuing certificate of title to an assembled vehicle. Implementation does not affect the number of individuals subject to the rule's applicability and will not affect this state's economy.

SUBMITTAL OF COMMENTS

Written comments on the proposed amendments may be submitted to David D. Duncan, General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731 or by email to rules@txdmv.gov. The deadline for receipt of comments is 5:00 p.m. on ____________.
1 STATUTORY AUTHORITY
2 The amendments are proposed under Transportation Code, §1002.001, which provides the board of the Texas Department of Motor Vehicles (board) with the authority to adopt rules that are necessary and appropriate to implement the powers and the duties of the department under the Transportation Code; and more specifically, Transportation Code, §501.0041, which provides that the department may adopt rules to implement and administer Transportation Code, Chapter 501, Certificate of Title Act.

11 CROSS REFERENCE TO STATUTE
12 Transportation Code, Chapter 501, and Chapter 503.
SUBCHAPTER A. MOTOR VEHICLE TITLES

§217.2. Definitions.

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

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

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

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

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

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

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

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

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

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

(5) [(4)] Bond release letter--Written notification from the United States Department of Transportation authorizing United States Customs to release the bond posted for a motor vehicle imported into the United States to ensure compliance with federal motor vehicle safety standards.
(6) [45+] Date of sale--The date of the transfer of
possession of a specific vehicle from a seller to a purchaser.

(7) [46+] Division director--The director of the
department's Vehicle Titles and Registration Division.

(8) [47+] Executive administrator--The director of a
federal agency, the director of a Texas state agency, the
sheriff of a Texas county, or the chief of police of a Texas
city who by law possesses the authority to conduct covert
criminal investigations.

(9) [48+] Exempt agency--A governmental body exempt by
law from paying title or registration fees for motor vehicles.

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

(11) [50+] House moving dolly--An apparatus
consisting of metal beams and axles used to move houses. House
moving dollies, by nature of their construction and use,
actually form large semitrailers.

(12) [51+] Identification certificate--A form issued
by an inspector of an authorized safety inspection station in
accordance with Transportation Code, Chapter 548.
(13) Implements of husbandry—Farm implements, machinery, and tools used in tilling the soil, including self-propelled machinery specifically designed or especially adapted for applying plant food materials or agricultural chemicals. This term does not include an implement unless it is designed or adapted for the sole purpose of transporting farm materials or chemicals. This term does not include any passenger car or truck. This term does include a towed vehicle that transports to the field and spreads fertilizer or agricultural chemicals; or a motor vehicle designed and adapted to deliver feed to livestock.

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

(15) Moped—A motor-driven cycle whose attainable speed is not more than 30 miles per hour and that is equipped with a motor that produces not more than two-brake horsepower. If an internal combustion engine is used, the piston displacement may not exceed 50 cubic centimeters and the power
drive system may not require the operator to shift gears.

(16) [415] Motor vehicle importation form--A declaration form prescribed by the United States Department of Transportation and certified by United States Customs that relates to any motor vehicle being brought into the United States and the motor vehicle's compliance with federal motor vehicle safety standards.

(17) [416] Non United States standard motor vehicle--A motor vehicle not manufactured in compliance with federal motor vehicle safety standards.

(18) [417] Obligor--An individual who is required to make payments under the terms of a support order for a child.

(19) [418] Person--An individual, firm, corporation, company, partnership, or other entity.

(20) [419] Recreational off-highway vehicle or ROV--A motor vehicle as defined by Transportation Code, §502.001, and designed primarily for recreational use. The term does not include a "utility vehicle" as defined by Transportation Code, §663.001, or a self-propelled, motor-driven vehicle designed or marketed by the manufacturer primarily for non-recreational uses.

(21) [420] Safety certification label--A label placed on a motor vehicle by a manufacturer certifying that the motor
vehicle complies with all federal motor vehicle safety standards.

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

(23) Title application--A form prescribed by the division director that reflects the information required by the department to create a motor vehicle title record.

(24) Verifiable proof--Additional documentation required of a vehicle owner, lienholder, or agent executing an application for a certified copy of a title.

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

(B) Business applicant. If the applicant is a business, verifiable proof consists of an original or copy of a
letter of signature authority on letterhead, a business card, or employee identification and a copy of current photo identification issued by this state or by the United States or foreign passport.

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

§217.3. Motor Vehicle Titles.

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

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

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

(B) A vehicle that meets the criteria for a moped
and has been certified as a moped by the Department of Public
Safety will be registered and titled as a moped. If the vehicle
does not appear on the list of certified mopeds published by
that agency, the vehicle will be treated as a motorcycle for
title and registration purposes.

(2) Farm vehicles.

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

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

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

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

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

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

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

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

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

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

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

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

(5) Assembled vehicles.

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

[(i) assembled from new or used materials and parts by someone not regulated as a motor vehicle manufacturer;]

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

[(iii) assembled from a kit even if a]
Manufacturer's Certificate of Origin or Manufacturer's Statement of Origin is provided.]

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

[(i) it is assembled and completed with a body, motor, and frame, except that a motorcycle must have a frame and motor, and a trailer or travel trailer will have no motor.]

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

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

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

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Crime Information Center (NCIC);

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

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

(iv) it is not a vehicle described by paragraph (6) of this section;

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

(I) is structurally stable;

(II) meets the necessary conditions to be operated safely on the roadway; and

(III) is equipped and operational with all equipment required by statute or rule as a condition of sale during the year the vehicle was assembled unless it is being inspected pursuant to Subchapter G of this chapter;
(vi) [for a vehicle assembled with a body, motor, and frame,] the applicant submits proof of a law enforcement identification number inspection [a copy of the Certified Master Automobile and Light Truck Technician's ASE certification];

(vii) the applicant submits proof of installation of a department assigned number if the department determines assignment of a number is required or when the law enforcement inspection is unable to determine an original manufacturer's identification number; \([\text{a Rebuilt Vehicle Statement; and}]\)

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

\[(\text{I}) \text{ an Application for Assigned or Reassigned Number, and Notice of Assigned Number or Installation of Reassigned Vehicle Identification Number, on forms prescribed by the department, or}]\n
\[(\text{II}) \text{ acceptable proof, as established by the department, of a vehicle determines assignment of a number is required or when the law enforcement inspection is unable to determine an original manufacturer’s identification number assigned by the manufacturer of the component part by}]\
which the vehicle will be identified.]

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

(x) it is not a vehicle described by

paragraph (6) of this section.

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

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

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

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

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

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

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

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

(D) An assembled vehicle may not be registered
unless the applicant provides proof of financial responsibility to the department or county tax-assessor collector according to Transportation Code, Chapter 601. An insurance policy, bond, or deposit that complies with Chapter 601 must provide the year, make, model, and vehicle identification number (VIN) of the vehicle, as it is entered in the department’s registration and title system in compliance with subparagraph (C) of this paragraph. Any difference between the proof of financial responsibility presented and how the vehicle is titled by the department will result in denial of registration.

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

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

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

(A) vehicles that are missing or [are] stripped
of their [motor, frame, or] body, to the extent that it materially alters the manufacturer's original design [or makes the vehicle unsafe for on-road operation as determined by the department];

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

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

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

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

(i) a body or frame from a vehicle which is a "nonrepairable motor vehicle" as that term is defined in
Transportation Code, §501.091(9); or

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

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

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

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

EXPLANATION OF PROPOSED NEW SUBCHAPTER

Senate Bill 1062, 85th Legislature, Regular Session, 2017, amended Transportation Code, §501.174, directing the department by rule to establish a 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.

Proposed new §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.

Proposed new §217.302, Definitions, defines key terms used in
the proposed new subchapter, including department, electronic
signature, secure document, and webDEALER. Electronic signature
is defined by reference to Transportation Code, §501.172; secure
document is defined as a document that incorporates features
that can be used to identify and authenticate a document as
original, printed by a secure printing process, and provided by
the department or an equivalent department in another
jurisdiction; and webDEALER is defined by reference to §217.71
of this title (relating to Automated and Web-Based Vehicle
Registration and Title Systems).

Proposed new §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. New §217.303(b) clarifies that electronic
signatures may not be used for any purpose other than the
purpose indicated by the signer on the document and that the
electronic signatures must be linked to their respective
electronic records and match the signer’s printed name.

New §217.303(c) provides that the department does not certify or
approve an electronic signature process or vendor. An entity
offering an electronic signature process assumes responsibility
for the accuracy of the signature.

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

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

New §217.303(f) requires a system used to electronically sign documents to capture and retain the signer’s name, the date, and the electronic signature. New §217.303(g) requires an electronic signature physically printed or affixed on a document to indicate it is an electronic signature. New §217.303(h) 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. This new subsection also establishes a retention period for information captured by an
electronic signature system and requires that the information retained be provided to the department on request.

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

FISCAL NOTE

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

Jeremiah Kuntz, Director of the Vehicle Titles and Registration, has determined that there will be no significant impact on local economies or overall employment as a result of enforcing or
administering the proposed new subchapter.

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

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

The department has determined that during the first five years the proposed new subchapter is in effect, no government program would be created or eliminated. Implementation of the proposed new subchapter would not require the creation of new employee positions or elimination of existing employee positions. Implementation would not require an increase or decrease in future legislative appropriations to the department or an increase or decrease of fees paid to the department. Additionally, the proposed new subchapter does not create a new regulation, or expand, limit, or repeal an existing regulation – it authorizes an additional method by which certain documents may be signed and submitted to county tax assessor-collectors and the department. The proposed new subchapter does not affect the number of individuals subject to the rule's applicability and will not affect this state's economy.

SUBMITTAL OF COMMENTS

Written comments on the proposed new subchapter may be submitted to David D. Duncan, General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731 or by email to rules@txdmv.gov. The deadline for receipt of comments is 5:00 p.m. on __________.
The new subchapter is proposed under Transportation Code, §1002.001, which provides the board of the Texas Department of Motor Vehicles with the authority to adopt rules that are necessary and appropriate to implement the powers and the duties of the department; and more specifically, Transportation Code, §501.174, and Business and Commerce Code, §322.017.

CROSS REFERENCE TO STATUTE

Transportation Code, Chapter 501.
SUBCHAPTER K. ELECTRONIC SIGNATURES

§217.301. Purpose and Scope.
Transportation Code, §501.174, requires the department to establish a process to accept electronic signatures on secure documents that have been electronically signed through a system not controlled by the department. 1 T.A.C. §203.20 requires state government agencies that send and accept electronic records and electronic signatures to and from other persons and to state agencies that otherwise create, generate, communicate, store, process, use, and rely upon electronic records and electronic signatures to comply with Guidelines for the Management of Electronic Transactions and Signed Records. This subchapter prescribes 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.
The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.
(1) Department -- The Texas Department of Motor Vehicles.
(2) Electronic signature -- An electronic signature as defined in Transportation Code, §501.172.

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

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


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

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

(1) shall be linked to their respective electronic records to ensure that the signatures cannot be excised, copied, or otherwise transferred; and
(2) must match the signer’s printed name on the form or application on which the signature is affixed.

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

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

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

(f) A system used to electronically sign documents, regardless of how the documents are submitted, must capture and retain the:
(1) name of the signer;

(2) date; and

(3) electronic signature of the signer.

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

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

The system must:

(1) be securely maintained;

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

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

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

(i) An electronic signature captured using a stylus, pen
pad, mouse, or other physical means, is exempt from subsection (h) of this section and meets the requirements of this subchapter if the signer presents a current photo identification described by §217.5(d) of this title (relating to Evidence of Motor Vehicle Ownership); the identity of the signer is verified in person by a person who holds a general distinguishing number issued under Transportation Code, Chapter 503, or Occupations Code, Chapter 2301; and the photo identification presented is retained in accordance with §217.5(d).
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;

AGENDA
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.
Proposed Preamble

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

EXPLANATION OF PROPOSED AMENDMENTS

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

Texas is bound by the IRP, which is a vehicle registration reciprocity agreement between the 48 contiguous states, the District of Columbia, and the Canadian provinces. Section 217.56 should incorporate the latest edition of the IRP because it contains language regarding the nature and requirements of apportioned vehicle registration.
Amendments to §217.56 are also proposed to clarify the scope and applicability of the IRP language regarding the display of an electronic image of a cab card. The IRP is a registration reciprocity agreement that does not have the authority to: 1) force a registrant to voluntarily consent to a peace officer’s request or any other person’s request to search the contents of the registrant’s wireless communication device or other electronic device; 2) override a peace officer’s authority, if any, to search the contents of the registrant’s device; 3) override any other authority to search the contents of the registrant’s device, such as a valid court order; or 4) override the rules and procedures that apply in courts of law or administrative tribunals.

When the member jurisdictions voted on Ballot 412, the votes didn’t authorize the IRP to: 1) amend the Fourth Amendment to the United States Constitution or Article I, §9 of the Texas Constitution regarding searches and seizures; 2) overrule case law interpreting the Fourth Amendment to the United States Constitution or Article I, §9 of the Texas Constitution; or 3) amend or enact laws or rules for the member jurisdictions, such as laws or rules regarding court procedures or court orders. The United States Constitution, and the constitution and laws of
each member jurisdiction do not give these powers to the IRP or
to the member jurisdictions of the IRP when voting on IRP
ballots. Even if the member jurisdictions had these powers when
voting on Ballot 412, it was not their intent to amend or change
constitutions, laws, or case law regarding the issues listed
above.

Ballot 412 gives the registrant the choice of presenting a paper
original, a legible paper copy, or a legible electronic image of
its cab card to a peace officer upon request. The amendment was
intended to give the registrant the choice to use modern
technology to present its cab card to a peace officer. Ballot
412 was not intended to constitute the registrant’s voluntary
consent to authorize a peace officer or any other person to
search the contents of the registrant’s device. 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.

The IRP website includes a webpage regarding the implementation
of Ballot 412. The webpage includes draft language for member
jurisdictions to use to make it clear that the ballot language
does not constitute voluntary consent for a peace officer to
view the contents of the registrant’s device.

See https://www.irponline.org/page/ECBallotImplement

When a peace officer is relying on authority other than
voluntary consent for the search, Ballot 412 does not impact
such authority, if any, to search the contents of the
registrant’s device. This authority, if any, may exist
regardless of whether the registrant chooses to display an
electronic image of the registrant’s cab card or chooses to
display a paper copy of the cab card. At the annual IRP meeting
in May of 2018, the member jurisdictions discussed the
implementation of Ballot 412 during the presentation of an
agenda item titled Implementation of Electronic Cab Card Ballot.

Part of the discussion focused on the fact that the ballot
language does not impact any authority that a peace officer
might have to search the contents of the registrant’s device.

Also, Ballot 412 was not intended to override any rules
regarding the form of evidence that is required or used in
connection with a hearing, trial, or discovery proceeding in a
court or administrative tribunal. A proposed amendment to
§217.56 clarifies that the language does not impact any requirements to provide a paper copy of the cab card in a proceeding before the Texas State Office of Administrative Hearings or a court of competent jurisdiction.

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

The language in Ballot 412 does not expressly conflict with any Texas statutes. Also, the proposed amendments are consistent with the department’s rules regarding the electronic display of an oversize or overweight permit and an insurance cab card for a motor carrier. The proposed amendments are also consistent with Transportation Code, §601.053(d) and (e) regarding the electronic display of insurance information on a wireless communication device.
Amendments are also proposed to make the language consistent with the following: 1) other rules in Chapter 217; 2) Transportation Code, Chapter 502; and 3) a resolution of the board of the Texas Department of Motor Vehicles (board) dated December 3, 2009, in which the board delegated the following to the department’s executive director or her designee: the final order authority in contested cases involving the assessment of additional registration fees, the cancellation of registration, or the revocation of registration after an audit of the registrant’s operational records.

FISCAL NOTE

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

Jimmy Archer, Director of the Motor Carrier Division, has determined that there will be no impact on local economies or overall employment as a result of enforcing or administering the proposed amendments.
PUBLIC BENEFIT AND COST

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

TAKINGS IMPACT ASSESSMENT

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

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

SUBMITTAL OF COMMENTS

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

STATUTORY AUTHORITY

The amendments are proposed under Transportation Code,
§1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement the powers and the duties of the department; Government Code, §2001.004(1), which requires state agencies to adopt rules of practice that state the nature and requirements of all available formal and informal procedures; and more specifically, Transportation Code §502.0021, which authorizes the department to adopt rules to administer Transportation Code, 502; and Transportation Code, §502.091(b), which authorizes the department to adopt rules to carry out the IRP.

CROSS REFERENCE TO STATUTE

Transportation Code, §502.091.
§217.56. Registration Reciprocity Agreements.

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

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

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

(2) Department--The Texas Department of Motor
Vehicles.

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

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

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

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

(c) Multilateral agreements.

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

(2) International Registration Plan.

(A) Applicability. The IRP is a registration reciprocity agreement among states of the United States and other jurisdictions providing for payment of registration fees on the basis of fleet distance operated in various
jurisdictions. Its purpose is to promote and encourage the fullest possible use of the highway system by authorizing apportioned registration for commercial motor vehicles and payment of appropriate vehicle registration fees and thus contributing to the economic development and growth of the member jurisdictions.

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

(i) Apportionable vehicle--Any vehicle-- except recreational vehicles, vehicles displaying restricted plates, city pickup and delivery vehicles, and government-owned
vehicles – used or intended for use in two or more member
jurisdictions that allocate or proportionally register vehicles
and used either for the transportation of persons for hire or
designed, used, or maintained primarily for the transportation
of property and:

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

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

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

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

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

(iii) Erroneous issuance--Apportioned
registration issued based on erroneous information provided to
the department.

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

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

(C) Application.

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

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

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

(E) Display of License Plates and Cab Cards.

(i) The department will issue one license plate for a tractor, truck-tractor [truck tractor], trailer, and semitrailer. The license plate issued to a tractor or a truck-
tractor [truck tractor] shall be installed on the front of the tractor or truck-tractor [truck tractor], and the license plate issued for a trailer or semitrailer shall be installed on the rear of the trailer or semitrailer.

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

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

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

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

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

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

(ii) the registrant failed to provide 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
5 (H) Refunds. If an audit conducted under
6 subparagraph (F) of this paragraph reveals an overpayment of
7 fees to Texas or any other IRP jurisdiction, the department will
8 refund the overpayment of registration fees in accordance with
9 Transportation Code, §502.195 and the IRP. Any registration fees
10 refunded to a carrier for another jurisdiction will be deducted
11 from registration fees collected and transmitted to that
12 jurisdiction.
13
14 (I) Cancellation or revocation. The director or
15 the director's designee may cancel or revoke a registrant's
16 apportioned registration and all privileges provided by the IRP
17 as authorized by the following:
18
19 (i) the IRP; or
20
21 (ii) Transportation Code, Chapter 502.
22
23 (J) Enforcement of cancelled or revoked
24 registration.
25
26 (i) Notice. If a registrant is assessed
27 additional registration fees, as provided in subparagraph (G) of
28 this paragraph, and the additional fees are not paid by the due
29 date provided in the notice or it is determined that a
registrant's apportioned license plates and privileges should be canceled or revoked, as provided in subparagraph (I) of this paragraph, the director or the director's designee will mail a notice by certified mail to the last known address of the registrant. The notice will state the facts underlying the assessment, cancellation, or revocation; the effective date of the assessment, cancellation, or revocation; and the right of the registrant to request a conference as provided in clause (ii) of this subparagraph.

(ii) Conference. A registrant may request a conference upon receipt of a notice issued as provided by clause (i) of this subparagraph. The request must be made in writing to the director or the director's designee within 30 days of the date of the notice. If timely requested, the conference will be scheduled and conducted by the director or the director's designee at division headquarters in Austin and will serve to abate the assessment, cancellation, or revocation unless and until that assessment, cancellation, or revocation is affirmed or disaffirmed by the director or the director's designee. In the event matters are resolved in the registrant's favor, the director or the director's designee will mail the registrant a notice of withdrawal, notifying the registrant that the assessment, cancellation, or revocation is withdrawn, and
stating the basis for that action. In the event matters are not resolved in the registrant's favor, the director or the director's designee will issue a ruling reaffirming the department's assessment of additional registration fees or cancellation or revocation of apportioned license plates and privileges. The registrant has the right to appeal in accordance with clause (iii) of this subparagraph.

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

(K) Reinstatement.

(i) The director or the director's designee will reinstate apportioned registration to a previously canceled
or revoked registrant if all applicable fees and assessments due on the previously canceled or revoked apportioned account have been paid and the applicant provides proof of an acceptable recordkeeping system for a period of no less than 60 days.

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

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

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

(I) deny initial issuance of apportioned registration;

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

(III) deny renewal of apportioned registration; or

(IV) suspend current apportioned registration.
registration.

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

(M) Temporary cab card.

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

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

(II) registration receipt to evidence title for registration purposes only (Registration Purposes Only) as provided for in Transportation Code, §501.029 and §217.24 of this title (relating to Vehicle Last Registered in Another Jurisdiction).
(ii) Title application. A registrant who is applying for a Texas title as provided for in clause (i)(I) of this subparagraph and is requesting authorization for a temporary cab card, must submit to a Regional Service Center [by email, fax, overnight mail, or in person] a photocopy of the title application receipt issued by the county tax assessor-collector's office.

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

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

(v) Finalization and payment of fees. To finalize the transaction and print the temporary cab card, the registrant may compute the registration fees through the department's apportioned registration software application, TxIRP system, and:
(I) make payment of the applicable registration fees to the department as provided by §209.23 of this title (related to Methods of Payment); and

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

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

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

AGENDA Number: ___________________________ Date Passed: ________________

August 16, 2018
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 FY 2019.

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 FY 2019 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 FY 2019 IAC and the impact of the additional HQ maintenance.

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

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/
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

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

James M. Bass  
Executive Director

Date: __________________________

Texas Department of Motor Vehicles

Whitney H. Brewster  
Executive Director

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 surplused 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.
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>
<thead>
<tr>
<th>Table 1 - FY2019 TxDMV HQ Maintenance Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
</tr>
<tr>
<td>Exterior Building &quot;Face Lift&quot;</td>
</tr>
<tr>
<td>CH1 Weatherization Consultant Services and Work/Project</td>
</tr>
<tr>
<td>Hard Wall Office Requests (including HVAC/electrical/cabling, with related needs)</td>
</tr>
<tr>
<td>Flooring: Buildings 1 and 5, beginning with shared/unoccupied areas, including lobbies and stairwells</td>
</tr>
</tbody>
</table>
Table 1 - FY2019 TxDMV HQ Maintenance Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>TxDMV HQ Maintenance/Repair Capital Project</th>
<th>Maintenance &amp; Repair Projects TxDMV/TxDOT MOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Painting: Buildings 1 and 5, beginning with shared/unoccupied areas,</td>
<td>$895,000</td>
<td></td>
</tr>
<tr>
<td>including lobbies and stairwells</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roof Replacement – Building 5</td>
<td>$1,200,000</td>
<td></td>
</tr>
<tr>
<td>Indoor Air Quality Checks</td>
<td>$14,000</td>
<td></td>
</tr>
<tr>
<td>ADA Assessments</td>
<td>$31,000</td>
<td></td>
</tr>
<tr>
<td>Dock Leveler at CH-5</td>
<td>$21,000</td>
<td></td>
</tr>
<tr>
<td>Entire Bathroom Retrofit/Bathroom Fixture Replacements</td>
<td>$750,000</td>
<td></td>
</tr>
<tr>
<td>Interior Building Plumbing System Renovations</td>
<td>$150,000</td>
<td></td>
</tr>
<tr>
<td>Space Utilization Study of VTR/CH-1 and ITD/CH-5</td>
<td>$25,000</td>
<td></td>
</tr>
<tr>
<td>LED Lighting Upgrades</td>
<td>$430,000</td>
<td></td>
</tr>
<tr>
<td>ARCH Flash Study</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td>Electrical Upgrades</td>
<td>$125,000</td>
<td></td>
</tr>
<tr>
<td>Front &amp; Rear Elevator Lobbies and Floor Cubbies Upgrades</td>
<td>$250,000</td>
<td></td>
</tr>
<tr>
<td>Electric Vehicle Charging Stations</td>
<td>$30,000</td>
<td></td>
</tr>
<tr>
<td>CH1 FAS-ADM Suite Retrofit</td>
<td>$130,000</td>
<td></td>
</tr>
<tr>
<td>CH1 FAS-ADM Warehouse/Mail Room Retrofit</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td>Sound Suppression/White Noise Installation CH1 and CH5</td>
<td>$150,000</td>
<td></td>
</tr>
<tr>
<td>Best Key System and Training</td>
<td>$20,000</td>
<td></td>
</tr>
<tr>
<td>Consultant to Perform Office and Conference Room Signage Updates</td>
<td>$20,000</td>
<td></td>
</tr>
<tr>
<td>Office and Conference Room Signage Updates</td>
<td>$15,000</td>
<td></td>
</tr>
<tr>
<td>CH1 Lift Truck Shelter</td>
<td>$55,000</td>
<td></td>
</tr>
<tr>
<td>Fire Alarm System Replacement CH1 &amp; CH5</td>
<td>$280,000</td>
<td></td>
</tr>
<tr>
<td><strong>Estimated Total Costs FY 2019</strong></td>
<td><strong>$4,209,505</strong></td>
<td><strong>$2,582,000</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Monthly Maintenance</th>
<th>TxDMV Share of TxDOT DCS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current MOU FY2019</td>
<td>$940,000</td>
<td>$60,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Less</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly Maintenance/Utility Charges</td>
<td>$456,000</td>
<td>$456,000</td>
<td></td>
</tr>
<tr>
<td>Headquarters Security</td>
<td>$110,000</td>
<td>$110,000</td>
<td></td>
</tr>
<tr>
<td>TxDMV/TxDOT DCS</td>
<td></td>
<td>$60,000</td>
<td>$60,000</td>
</tr>
<tr>
<td>Available TxDMV/TxDOT MOU</td>
<td>$374,000</td>
<td>$0</td>
<td>$374,000</td>
</tr>
<tr>
<td>Less</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated HQ maintenance (Table 1)</td>
<td>$2,582,000</td>
<td>$0</td>
<td>$2,582,000</td>
</tr>
<tr>
<td><strong>Surplus/Deficit</strong></td>
<td><strong>($2,208,000)</strong></td>
<td>$0</td>
<td><strong>($2,208,000)</strong></td>
</tr>
</tbody>
</table>
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>
<thead>
<tr>
<th>Table 3 – HQ Maintenance Budget Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Original Exceptional Item HQ Maintenance</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Salaries</td>
</tr>
<tr>
<td>Staff Operating</td>
</tr>
<tr>
<td>Capital Budget (badge system)</td>
</tr>
<tr>
<td>Maintenance</td>
</tr>
<tr>
<td>Total Exceptional Item HQ Maintenance</td>
</tr>
<tr>
<td>Less:</td>
</tr>
<tr>
<td>Estimated Expenditures</td>
</tr>
<tr>
<td>Additional MOU costs for FY2018 Maintenance</td>
</tr>
<tr>
<td>Total Available</td>
</tr>
<tr>
<td>Less:</td>
</tr>
<tr>
<td>Additional FY2019 Obligations</td>
</tr>
<tr>
<td>HQ Maintenance/Repair Capital Project (Table 1)</td>
</tr>
<tr>
<td>MOU Additional HQ Maintenance (Table 2)</td>
</tr>
<tr>
<td>Total FY2019 Obligations</td>
</tr>
<tr>
<td>Balance</td>
</tr>
</tbody>
</table>

**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) (i) 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 (i) 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:

(i) specific authority in another provision of this Act; or

(2) written approval of the Legislative Budget Board.
<table>
<thead>
<tr>
<th>PROJECT #</th>
<th>PRIORITY</th>
<th>Funding Source</th>
<th>REQUESTED NEED/REPAIR</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>1</td>
<td>Operating</td>
<td>TxDMV Parking Permits</td>
<td>$1,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>1</td>
<td>Operating</td>
<td>CH1 EDO Suite Furniture</td>
<td>22,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>3</td>
<td>Operating</td>
<td>Board Room Dais Chair Rail</td>
<td>2,714</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>4</td>
<td>Operating</td>
<td>Light Fixture Cleaning</td>
<td>800</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>1</td>
<td>Operating</td>
<td>Exterior Building &quot;Face Lift&quot;</td>
<td>$275,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>2</td>
<td>Capital Budget</td>
<td>CH1 Weatherization Consultant Services and Work/Project</td>
<td>460,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25A</td>
<td>3</td>
<td>Capital Budget</td>
<td>Hard Wall Office Requests (including HVAC/electrical/cabling, with related needs)</td>
<td>1,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>4</td>
<td>Capital Budget</td>
<td>Flooring: CH1 - Floors 1, 2, 3, 4, 5; CH5 - Floors 1, 2 Start with shared areas, lobbies, stairwells, unoccupied areas</td>
<td>365,505</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>5</td>
<td>Capital Budget</td>
<td>Painting: CH1 - Floors 1, 2, 3, 4, 5; CH5 - Floors 1, 2 Start with shared areas, lobbies, stairwells, unoccupied areas</td>
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<td>$27,014</td>
<td>$4,209,505</td>
<td>$450,000</td>
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<p>| 21        | 1        | Operating      | CH1 EDO Suite Retrofit                                                               | $300,000 |        |             |
| 49        | 2        | Operating      | CH-1 Dock Gate Replacement                                                            | 7,900   |        |             |
| 31        | 2        | Operating      | CID Suite Window Tinting CH5                                                          | 800     |        |             |
| 13        | 3        | Operating      | Overhaul CH1 - Elevator #3                                                            | 165,000 |        |             |
| 43        | 4        | Operating      | CH5 Door Actuator                                                                    | 3,000   |        |             |
| 5         | 5        | Operating      | Replace Existing Water Fountains                                                     | 60,000  |        |             |
| 6         | 6        | Operating      | Water Softener CH1                                                                   | 100,000 |        |             |
| 11        | 7        | Operating      | Parking Signage                                                                      | 4,500   |        |             |
| 29        | 8        | Operating      | CH5 Wrangler Room Carpet                                                             | 2,000   |        |             |
| 44        | 9        | Operating      | Improved CH-5 Warehouse Security                                                     | 1,700   |        |             |
| 45        | 10       | Operating      | CH-5 Generator Security                                                               | 1,700   |        |             |
| 46        | 11       | Operating      | CH-5 IT MDF Room Security                                                             | 2,550   |        |             |
| 10        | 12       | Operating      | CH5 Window Lock Replacement                                                           | 8,550   |        |             |
| 20        | 1        | Capital        | ADA Assessments                                                                      | $31,000 |        |             |
| 48        | 2        | Capital        | Dock Leveler at CH-5                                                                  | 21,000  |        |             |
| 16        | 3        | Capital        | Entire Bathroom Retrofit/Bathroom Fixture Replacements                                | 750,000 |        |             |
| 18        | 4        | Capital        | Interior Building Plumbing System Renovations                                        | 150,000 |        |             |
| 51        | 5        | Capital        | Space Utilization Study of VTR/CH-1 and ITD/CH-5                                      | 25,000  |        |             |
| 1         | 6        | Capital        | LED Lighting Upgrades                                                                | 430,000 |        |             |
| 19        | 7        | Capital        | ARCH Flash Study                                                                     | 50,000  |        |             |</p>
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**ESTIMATED TOTAL COST - TxDOT/TxDMV MOU Projects**

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**Recap**

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August 16, 2018
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.
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 include $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.
Fiscal Year 2019
Recommended Operating Budget
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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
Texas Department of Motor Vehicles

- Governor
  - Executive Director, 3 FTEs
  - Deputy Executive Director, 1 FTE
  - General Counsel, Director, 11 FTEs
  - Administrative Hearings, Director, 5 FTEs
  - Civil Rights, 1 FTE
  - Innovation & Strategic Planning, 1 FTE
  - Internal Audit, Director, 1 FTE
  - TxDMV Board Chairman, 9 Members
  - Board Support, 1 FTE

- Enforcement, Director, 82 FTEs
- Automobile Burglary & Theft Prevention Authority, Director, 5 FTEs
- Consumer Relations, Director, 55 FTEs
- Compliance & Investigation, Director, 21 FTEs
- ABTPA Board Chairman, 5 Members
- Motor Carrier, Director, 115 FTEs
- Motor Vehicle, Director, 37 FTEs
- Vehicle Titles & Registration, Director, 241 FTEs

- Enterprise Project Management Office, Director, 17 FTEs
- Finance & Administrative Services, Director, 74 FTEs
- Government & Strategic Communication, Director, 10 FTEs
- Human Resources, Director, 10 FTEs
- Information Technology Services, Director, 85 FTEs

- 779 FTEs
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

Motor Vehicle Registration Fees
$1.57 billion

Motor Carrier Oversize/Overweight Permits
$175 million

Motor Vehicle Certificates of Title
$86 million

Processing and Handling Fee
$58 million

Business Dealer Licenses
$8.4 million
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

<table>
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<tr>
<th>Division/Office</th>
<th>FY 2019 Original Appropriation Budget</th>
<th>Adjustments - Carryforward of Unexpended Balance/ Lapse/ Benefit Replacement Pay</th>
<th>FY 2019 Recommended Budget</th>
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<td>PC Replacement</td>
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<td>-</td>
<td>$103,380</td>
<td></td>
</tr>
<tr>
<td>Vehicle Replacement</td>
<td>$325,000</td>
<td>$199,509</td>
<td>$524,509</td>
<td></td>
</tr>
<tr>
<td>HQ Maintenance (contingent upon LBB approval)</td>
<td>$2,001,505</td>
<td>$2,208,000</td>
<td>$4,209,505</td>
<td></td>
</tr>
<tr>
<td>Capital Equipment (HQ Security and Badge System)</td>
<td>$-</td>
<td>$305,000</td>
<td>$305,000</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$17,613,448</strong></td>
<td><strong>$15,992,190</strong></td>
<td><strong>$33,605,638</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Agency Total</strong></td>
<td><strong>$151,837,695</strong></td>
<td><strong>$16,492,190</strong></td>
<td><strong>$168,329,885</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Adjustments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lapsed appropriation for Texas.gov service fees¹</td>
<td>$10,354,089</td>
<td>$(10,354,089)</td>
<td>$-</td>
<td></td>
</tr>
<tr>
<td>Lapsed appropriation for MyPlates</td>
<td>$1,800,000</td>
<td>$(1,800,000)</td>
<td>$-</td>
<td></td>
</tr>
<tr>
<td>Benefit Replacement Pay</td>
<td>$-</td>
<td>$74,971</td>
<td>$74,971</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$12,154,089</strong></td>
<td><strong>$12,079,118</strong></td>
<td><strong>$74,971</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total TxDMV</strong></td>
<td><strong>$163,991,784</strong></td>
<td><strong>$4,413,072</strong></td>
<td><strong>$168,404,856</strong></td>
<td><strong>779.0</strong></td>
</tr>
</tbody>
</table>

### Method of Finance

<table>
<thead>
<tr>
<th>Fund/Source of Finance</th>
<th>FY 2019 Budget</th>
<th>Total TxDMV Obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund (includes Automation and ABTPA UB)</td>
<td>$12,835,851</td>
<td>$6,013,488</td>
</tr>
<tr>
<td>State Highway Fund (estimated Automation UB)</td>
<td>$ -</td>
<td>$3,759,556</td>
</tr>
<tr>
<td>TxDMV Fund</td>
<td>$150,412,183</td>
<td>$(5,359,972)</td>
</tr>
<tr>
<td>Federal Reimbursements</td>
<td>$743,750</td>
<td>$743,750</td>
</tr>
<tr>
<td><strong>Total Method of Finance</strong></td>
<td><strong>$163,991,784</strong></td>
<td><strong>$4,413,072</strong></td>
</tr>
</tbody>
</table>

### TxDMV Fund Obligations not included in operating budget

- Fringe Benefits | $13,067,000
- Transfers for Tx.Gov² | $10,356,089
| **Subtotal** | **$13,067,000** |

### Grand Total TxDMV FY 2019 Obligations

| | $181,471,856 |

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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.

² Executive Office includes $21,405 for Civil Rights Office.

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This document contains the operating budget and FTE allocation for various divisions within an organization for Fiscal Year 2019 (FY 2019). The budget includes original appropriations, adjustments, and recommended budget allocations. Each division's budget is detailed, including the original budget amount, adjustments, and the recommended budget with its corresponding FTE allocation. The document also includes a section on capital projects, adjustments for lapsed appropriations, and a total for the agency. Additionally, it provides a breakdown of the method of finance, including general revenue funds, state highway funds, TxDMV funds, and federal reimbursements. Fringe benefits and transfers for Texas Government are also included. The grand total for the fiscal year is presented, along with footnotes for special considerations.
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 my 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 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

<table>
<thead>
<tr>
<th>$100k or Less</th>
<th>&lt;$200k&gt;</th>
<th>$200k or Greater</th>
</tr>
</thead>
<tbody>
<tr>
<td>$573K</td>
<td>$916K</td>
<td>$14MM</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$10MM</td>
</tr>
</tbody>
</table>

Statutorily Required Contracts $50MM
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.

<table>
<thead>
<tr>
<th>Division</th>
<th>Vendor</th>
<th>Purpose</th>
<th>Contract Period Award</th>
<th>Expire</th>
<th>FY 2019 Contract Amount</th>
<th>Total Contract Amount as of FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Carrier</td>
<td>Southwest Research Institute</td>
<td>TCVIIW Annual Support</td>
<td>3/31/2019</td>
<td>1/31/2020</td>
<td>$1,125,000</td>
<td>$3,768,157</td>
</tr>
<tr>
<td>Vehicle Titles and Registration</td>
<td>American Association of Motor Vehicle Administration</td>
<td>Information systems title check through AAMVA</td>
<td>10/1/2018</td>
<td>9/30/2019</td>
<td>$334,207</td>
<td>$1,291,345</td>
</tr>
<tr>
<td>Finance and Administrative Services</td>
<td>Texas Dept of Transportation</td>
<td>Interagency contract between TxDMV &amp; TxDOT</td>
<td>9/1/2018</td>
<td>8/31/2019</td>
<td>$3,300,000</td>
<td>$3,300,000</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Division</th>
<th>Vendor</th>
<th>Purpose</th>
<th>Contract Period</th>
<th>FY 2019 Contract Amount</th>
<th>Total Contract Amount as of FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Projects</td>
<td>Texas Dept. of Information Resources</td>
<td>Data Center Services</td>
<td>7/8/2014 8/31/2019</td>
<td>$12,944,318</td>
<td>$45,930,948</td>
</tr>
<tr>
<td>Finance and Administrative</td>
<td>Alliant Insurance Services</td>
<td>Fleet liability ins premium</td>
<td>5/13/2016 8/31/2019</td>
<td>$17,700</td>
<td>$48,900</td>
</tr>
<tr>
<td>Services</td>
<td>Arthur J Gallagher Risk Management Services, Inc</td>
<td>Property Liability insurance per State Office of Risk Management</td>
<td>9/1/2016 8/31/2019</td>
<td>$9,800</td>
<td>$29,300</td>
</tr>
<tr>
<td>Finance and Administrative</td>
<td>Open Text</td>
<td>Digital Imaging services</td>
<td>9/1/2016 8/31/2019</td>
<td>$3,272,881</td>
<td>$13,441,633</td>
</tr>
<tr>
<td>Finance and Administrative</td>
<td>Texas State Library</td>
<td>Records Storage</td>
<td>9/1/2016 8/31/2019</td>
<td>$8,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>Services</td>
<td>TIBH Industries Inc.</td>
<td>Janitorial/Custodial Services at Regional Service Centers</td>
<td>7/1/2017 6/30/2019</td>
<td>$208,999</td>
<td>$980,885</td>
</tr>
<tr>
<td>Finance and Administrative</td>
<td>TIBH Industries Inc.</td>
<td>HQ Janitorial Services</td>
<td>9/1/2016 8/31/2019</td>
<td>$172,789</td>
<td>$910,457</td>
</tr>
<tr>
<td>Services</td>
<td>TIBH Industries, Inc.</td>
<td>Transportation/freight services for plates provided by Southeast Vocational Alliance (SVA) Services</td>
<td>9/1/2016 8/31/2019</td>
<td>$797,000</td>
<td>$2,227,000</td>
</tr>
<tr>
<td>Finance and Administrative</td>
<td>TX Comptroller of Public Accounts</td>
<td>Fleet mgmt system support fee</td>
<td>5/11/2015 8/31/2019</td>
<td>$407</td>
<td>$2,847</td>
</tr>
<tr>
<td>Services</td>
<td>NICUSA</td>
<td>Web Hosting TX.Gov</td>
<td>9/1/2016 8/31/2019</td>
<td>$518,514</td>
<td>$3,091,614</td>
</tr>
<tr>
<td>Motor Vehicle</td>
<td>State Office of Administrative Hearings</td>
<td>Interagency contract for administrative hearings</td>
<td>9/1/2015 8/31/2019</td>
<td>$167,200</td>
<td>$442,760</td>
</tr>
<tr>
<td>Vehicle Titles and Registration</td>
<td>Taylor Communications</td>
<td>Vehicle Registration Decals</td>
<td>4/16/2015 4/15/2019</td>
<td>$3,303,085</td>
<td>$15,655,955</td>
</tr>
<tr>
<td></td>
<td>TIBH Industries, Inc.</td>
<td>Specialty license plates mail preparation &amp; mailing service</td>
<td>9/1/2016 8/31/2017</td>
<td>$947,895</td>
<td>$2,714,668</td>
</tr>
<tr>
<td>Agency Wide</td>
<td>NICUSA</td>
<td>Texas.Gov Transaction Fees</td>
<td>9/1/2017 8/31/2019</td>
<td>$11,202,650</td>
<td>$22,405,300</td>
</tr>
</tbody>
</table>

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).

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.
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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Division</th>
<th>Vendor</th>
<th>Purpose</th>
<th>Contract Period</th>
<th>FY 2019 Contract Amount</th>
<th>Total Contract Amount as of FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Services</td>
<td>Texas Dept. of Information Resources</td>
<td>Data Recovery Center</td>
<td>4/16/2014 - 4/30/2019</td>
<td>$12,000</td>
<td>$24,000</td>
</tr>
<tr>
<td></td>
<td>Finance and Administrative</td>
<td>Corpus Christ Regional Transportation</td>
<td>Corpus Christ RSC</td>
<td>4/1/2017 - 3/31/2019</td>
<td>$20,337</td>
<td>$40,674</td>
</tr>
<tr>
<td></td>
<td>Services</td>
<td>4015 Limited Partnership</td>
<td>CPA Warehouse</td>
<td>5/1/2013 - 4/30/2019</td>
<td>$20,337</td>
<td>$40,674</td>
</tr>
<tr>
<td></td>
<td>Finance and Administrative</td>
<td>Tony Martin Trustee</td>
<td>Waco RSC</td>
<td>4/2/2012 - 8/31/2020</td>
<td>$38,236</td>
<td>$76,452</td>
</tr>
<tr>
<td></td>
<td>Services</td>
<td>Riverbend Complex LLC</td>
<td>Ft. Worth RSC</td>
<td>7/1/2019 - 9/30/2020</td>
<td>$77,625</td>
<td>$155,250</td>
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<tr>
<td></td>
<td>Finance and Administrative</td>
<td>Herrero &amp; Company LLC</td>
<td>San Antonio RSC</td>
<td>5/1/2017 - 4/30/2019</td>
<td>$81,825</td>
<td>$163,650</td>
</tr>
<tr>
<td></td>
<td>Services</td>
<td>National Auto Research Division</td>
<td>Web Portal Services</td>
<td>6/1/2017 - 5/31/2018</td>
<td>$108,000</td>
<td>$530,875</td>
</tr>
<tr>
<td></td>
<td>Services</td>
<td>SHI Govt Solutions</td>
<td>GoTo Webinar</td>
<td>5/18/2019 - 5/18/2019</td>
<td>$7,158</td>
<td>$20,766</td>
</tr>
<tr>
<td></td>
<td>Services</td>
<td>PCMG</td>
<td>Acrobat Licenses</td>
<td>9/1/2017 - 8/31/2018</td>
<td>$36,574</td>
<td>$108,574</td>
</tr>
<tr>
<td></td>
<td>Services</td>
<td>Smarty Streets</td>
<td>Address Lookup</td>
<td>7/1/2016 - 6/30/2017</td>
<td>$10,000</td>
<td>$27,400</td>
</tr>
<tr>
<td></td>
<td>Multiple</td>
<td>AT&amp;T Wireless</td>
<td>Cellular Services</td>
<td>9/1/2017 - 8/31/2019</td>
<td>$91,276</td>
<td>$163,276</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$664,567</td>
<td>$1,609,876</td>
</tr>
</tbody>
</table>

AGENDA

August 16, 2018
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.

<table>
<thead>
<tr>
<th>Division</th>
<th>Vendor</th>
<th>Purpose</th>
<th>Contract Period</th>
<th>Primary Project</th>
<th>FY 2017 Estimated Expenditures</th>
<th>FY 2018 Estimated Expenditures</th>
<th>FY 2019 Contract Amount</th>
<th>Total Contract Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Project Management</td>
<td>NF Consulting</td>
<td>Technology Services Staff</td>
<td>6/12/2017 - 6/11/2018</td>
<td>IT Operating/Kiosk</td>
<td>$129,333</td>
<td>$195,520</td>
<td>$201,760</td>
<td>$526,813</td>
</tr>
<tr>
<td>Enterprise Project Management</td>
<td>NF Consulting</td>
<td>Technology Services Staff</td>
<td>8/1/2017 - 7/31/2018</td>
<td>RTS Refactoring</td>
<td>$244,984</td>
<td>$235,040</td>
<td>$97,632</td>
<td>$577,656</td>
</tr>
<tr>
<td>Enterprise Project Management</td>
<td>TIBH</td>
<td>Technology Services Staff</td>
<td>9/1/2016 - 8/31/2017</td>
<td>RTS Refactoring</td>
<td>$115,503</td>
<td>$108,385</td>
<td>$41,461</td>
<td>$265,352</td>
</tr>
<tr>
<td>Enterprise Project Management</td>
<td>Apex Systems</td>
<td>Technology Services Staff</td>
<td>1/5/2017 - 1/4/2018</td>
<td>RTS Refactoring</td>
<td>$97,360</td>
<td>$187,200</td>
<td>$61,920</td>
<td>$346,480</td>
</tr>
<tr>
<td>Enterprise Project Management</td>
<td>Capitol Systems Inc.</td>
<td>Technology Services Staff</td>
<td>2/13/2017 - 2/12/2018</td>
<td>Dashboard and</td>
<td>$94,180</td>
<td>$208,832</td>
<td>$208,832</td>
<td>$430,832</td>
</tr>
<tr>
<td>Information Technology</td>
<td>TIBH</td>
<td>Technology Services Staff</td>
<td>12/9/2016 - 12/8/2017</td>
<td>IT Operating</td>
<td>$109,532</td>
<td>$27,097</td>
<td>$30,476</td>
<td>$167,505</td>
</tr>
<tr>
<td>Enterprise Project Management</td>
<td>TIBH</td>
<td>Technology Services Staff</td>
<td>7/4/2017 - 6/30/2017</td>
<td>RTS Refactoring</td>
<td>$140,922</td>
<td>$201,402</td>
<td>$54,331</td>
<td>$397,655</td>
</tr>
<tr>
<td>Enterprise Project Management</td>
<td>TIBH</td>
<td>Technology Services Staff</td>
<td>11/14/2017 - 11/13/2018</td>
<td>RTS Refactoring</td>
<td>$154,558</td>
<td>$196,747</td>
<td>$37,079</td>
<td>$388,385</td>
</tr>
<tr>
<td>Enterprise Project Management</td>
<td>Nipun Systems</td>
<td>Technology Services Staff</td>
<td>9/5/2017 - 9/4/2017</td>
<td>RTS Refactoring</td>
<td>$191,360</td>
<td>$191,360</td>
<td>$51,520</td>
<td>$434,240</td>
</tr>
<tr>
<td>Enterprise Project Management</td>
<td>Nipun Systems</td>
<td>Technology Services Staff</td>
<td>7/17/2017 - 7/16/2017</td>
<td>RTS Refactoring</td>
<td>$16,212</td>
<td>$200,720</td>
<td>$66,392</td>
<td>$333,824</td>
</tr>
<tr>
<td>Enterprise Project Management</td>
<td>Nipun Systems</td>
<td>Technology Services Staff</td>
<td>10/5/2017 - 9/30/2018</td>
<td>RTS Refactoring</td>
<td>$205,920</td>
<td>$72,072</td>
<td>$72,072</td>
<td>$449,064</td>
</tr>
<tr>
<td>Information Technology</td>
<td>Dataman USA</td>
<td>Technology Services Staff</td>
<td>8/21/2017 - 8/20/2017</td>
<td>Cybersecurity</td>
<td>$94,180</td>
<td>$218,400</td>
<td>$218,400</td>
<td>$436,280</td>
</tr>
<tr>
<td>Enterprise Project Management</td>
<td>Cognizant Infotech</td>
<td>Technology Services Staff</td>
<td>1/9/2017 - 1/8/2017</td>
<td>RTS Refactoring</td>
<td>$130,368</td>
<td>$201,760</td>
<td>$50,440</td>
<td>$382,568</td>
</tr>
<tr>
<td>Information Technology</td>
<td>NTT Data</td>
<td>Technology Services Staff</td>
<td>4/17/2018 - 4/15/2018</td>
<td>IT Operating/FI</td>
<td>$9,442</td>
<td>$270,483</td>
<td>$270,483</td>
<td>$270,483</td>
</tr>
<tr>
<td>Enterprise Project Management</td>
<td>Allied Consultants</td>
<td>Technology Services Staff</td>
<td>5/15/2018 - 5/14/2018</td>
<td>RTS Refactoring</td>
<td>$57,624</td>
<td>$34,060</td>
<td>$34,060</td>
<td>$125,604</td>
</tr>
<tr>
<td>Information Technology</td>
<td>Sistema Technologies Inc.</td>
<td>Technology Services Staff</td>
<td>8/1/2018 - 7/31/2018</td>
<td>IT Operating</td>
<td>$20,647</td>
<td>$105,202</td>
<td>$105,202</td>
<td>$156,600</td>
</tr>
</tbody>
</table>

Total $2,793,688 $2,296,982 $5,766,670

August 16, 2018
Summary of Contracts Grouped by Category

The following table is a summary of contracts that are less than $100,000 grouped by category.

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Memberships &amp; Licenses</td>
<td>20 Contracts</td>
<td></td>
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<tr>
<td>Subscriptions</td>
<td>19 Contracts</td>
<td>Bar Dues $4,903</td>
<td>$6,616</td>
<td>$264,626</td>
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<td></td>
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<td>Memberships $57,969</td>
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<td></td>
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<td>Subscriptions $201,754</td>
<td></td>
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<tr>
<td>Technology, Hardware/Software Maintenance</td>
<td>33 Contracts</td>
<td>Software Maintenance $48,328</td>
<td>$1,464.42</td>
<td>$48,326</td>
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<td>Copier Leases</td>
<td>47 Contracts</td>
<td>47 Copiers $226,969</td>
<td>$4,829.13</td>
<td>$226,969</td>
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<tr>
<td>Service Contracts</td>
<td>23 Contracts</td>
<td>IT-related $146,347</td>
<td>$8,700</td>
<td>$348,009</td>
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<td>Broadband Services $4,157</td>
<td></td>
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<td></td>
<td></td>
<td>Other $35,254</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>On-Line Subscription $162,251</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Total</td>
<td>$887,930</td>
<td>$6,198,159</td>
</tr>
</tbody>
</table>
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

Linda Flores, Chief Financial Officer  
512-465-4125

Renita Bankhead, Assistant Chief Financial Officer  
512-465-1216

David Chambers, Purchasing Director  
512-465-1257

Sergio Rey, Accounting Operations, Director  
512-465-4203

Ann Pierce, Assistant Division Director, Administrative Services  
512-465-4100

Budget Analysts

John Ralston, Budget Team Lead  
512-465-4182

Gilbert A. Hernandez, Budget Analyst  
512-465-4178

Sheila Bledsoe, Budget Analyst  
512-465-5831

Dawne Crichlow-Rouse, Budget Analyst  
512-465-4195

Allen Bassett, Budget Analyst  
512-465-1401

Revenue Forecasting

Brian Kline, Revenue Forecasting Team Lead  
512-465-4194

Laura Fowler, Financial Analyst  
512-465-5851

Steve Sandoval, Financial Analyst  
512-465-1448

Planning

Lisa Conley, Planner  
512-465-4186
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

- August 10, 2018
  - LAR Submitted to LBB and Governor’s Office, Budget Division
- August 28, 2018
  - Joint Budget Hearing - LBB and Governor’s Office, Budget Division
- January 8, 2019
  - 86th Legislature Convens
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 million in Federal Funds and $281 million from the TxDMV Fund.**

### 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

<table>
<thead>
<tr>
<th>Priority</th>
<th>Division</th>
<th>Exceptional Item</th>
<th>Description</th>
<th>Biennial Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Information Technology Services</td>
<td>Information Technology Infrastructure Improvements</td>
<td><strong>Sunset Item 5.4</strong> 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 $400,000 to build out self-service password reset functionality in the Registration and Titling System (RTS) and Motor Vehicle Inquiry Network (MVINET) and to modify International Registration Plan System (IRP) to reduce errors.</td>
<td>$ 2,700,000</td>
</tr>
<tr>
<td>2</td>
<td>Information Technology Services</td>
<td>Information Technology Development &amp; Maintenance</td>
<td><strong>Sunset Item 5.4</strong> 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.</td>
<td>12.00</td>
</tr>
<tr>
<td>Priority</td>
<td>Division</td>
<td>Exceptional Item</td>
<td>Description</td>
<td>Biennial Request</td>
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<td>------------------</td>
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</table>
| 3       | Enforcement/Compliance & Investigations/ Internal Audit                  | Consumer Protection and Tracking        | **Sunset Items, 2.4, 3.6 and 3.9**  
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. | $ 567,500        |
| 4       | 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  |
<table>
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<th>Priority</th>
<th>Division</th>
<th>Exceptional Item</th>
<th>Description</th>
<th>Biennial Request</th>
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</thead>
<tbody>
<tr>
<td>5</td>
<td>Consumer Relations</td>
<td>Customer Service Enhancement</td>
<td>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.</td>
<td>9.00</td>
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</tbody>
</table>

| TxDMV Exceptional Items                                                                 |                                                                 |                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 22.00           | $10,248,888 |
|                                                                                     |                                                                 |                                                                                     | 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. | 21.00           | $ 6,094,073 |

<p>|                                                                                     |                                                                 |                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | -               | $7,297,440  |</p>
<table>
<thead>
<tr>
<th>Priority</th>
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<th>Exceptional Item</th>
<th>Description</th>
<th>Biennial Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 1</td>
<td>Automobile Burglary and Theft Prevention Authority</td>
<td>Broden ABTPA's Statutory Mandate (GR Request)</td>
<td><strong>Sunset Item 2.6</strong>&lt;br&gt;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.</td>
<td>$13,102,560</td>
</tr>
</tbody>
</table>

**Subtotal ABTPA Exceptional Items**<br>$20,400,000<br>$13,102,560

**Totals by Method of Finance**

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<thead>
<tr>
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<th>FTE</th>
<th>Amount</th>
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<tbody>
<tr>
<td>General Revenue</td>
<td>22.00</td>
<td>$20,400,000&lt;br&gt;$13,102,560</td>
</tr>
<tr>
<td>TxDMV Fund</td>
<td>22.00</td>
<td>$10,248,888&lt;br&gt;6,094,073</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21.00</td>
<td>$30,648,888&lt;br&gt;19,196,633</td>
</tr>
</tbody>
</table>
Appendix A – 2020-2021 Preliminary LAR Request Summary
June 2018
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 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 ($2.8 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.
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

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 24</td>
<td></td>
</tr>
<tr>
<td>Base Reconciliation Submitted to LBB</td>
<td></td>
</tr>
<tr>
<td>Mid - July</td>
<td></td>
</tr>
<tr>
<td>Estimated Approval of Base Reconciliation by LBB</td>
<td></td>
</tr>
<tr>
<td>August</td>
<td></td>
</tr>
<tr>
<td>Estimated Submission date for the LAR to LBB and Governor’s Office, Budget Diviison</td>
<td></td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Estimated FY 2020-21 Base Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 Estimated Expenditures</td>
</tr>
<tr>
<td>2019 Budget</td>
</tr>
<tr>
<td>Total 2018-19</td>
</tr>
<tr>
<td>Less - TxDMV Automation UB</td>
</tr>
<tr>
<td>(GR/SHF6 &amp; a small TxDMV Fnd UB from FY2017)</td>
</tr>
<tr>
<td>Estimated FY2020-21 Baseline</td>
</tr>
</tbody>
</table>

August 16, 2018
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

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Highway Fund 0006</td>
<td>$1,624,388,000</td>
<td>$1,646,624,000</td>
<td>$1,670,756,000</td>
<td>$1,695,244,000</td>
</tr>
<tr>
<td>TxDMV Fund 0010</td>
<td>$159,234,000</td>
<td>$159,607,000</td>
<td>$161,088,000</td>
<td>$162,415,000</td>
</tr>
<tr>
<td>General Revenue Fund 0001</td>
<td>$109,451,000</td>
<td>$110,051,000</td>
<td>$111,234,000</td>
<td>$112,139,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,893,073,000</strong></td>
<td><strong>$1,916,282,000</strong></td>
<td><strong>$1,943,078,000</strong></td>
<td><strong>$1,969,798,000</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle Titles</td>
<td>$41,700,000</td>
<td>$41,397,000</td>
<td>$41,872,000</td>
<td>$42,177,000</td>
</tr>
<tr>
<td>Motor Vehicle Registration</td>
<td>$33,125,000</td>
<td>$33,291,000</td>
<td>$33,457,000</td>
<td>$33,624,000</td>
</tr>
<tr>
<td>Motor Carrier - Oversize / Overweight</td>
<td>$15,108,000</td>
<td>$15,259,000</td>
<td>$15,412,000</td>
<td>$15,566,000</td>
</tr>
<tr>
<td>Business Dealer Licenses</td>
<td>$8,378,000</td>
<td>$8,420,000</td>
<td>$8,462,000</td>
<td>$8,504,000</td>
</tr>
<tr>
<td>Processing &amp; Handling Fee</td>
<td>$57,800,000</td>
<td>$58,082,000</td>
<td>$58,711,000</td>
<td>$59,352,000</td>
</tr>
<tr>
<td>Miscellaneous Fees</td>
<td>$3,123,000</td>
<td>$3,158,000</td>
<td>$3,174,000</td>
<td>$3,192,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$159,234,000</strong></td>
<td><strong>$159,607,000</strong></td>
<td><strong>$161,088,000</strong></td>
<td><strong>$162,415,000</strong></td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th>FY2017 Actual</th>
<th>FY2018 Estimated</th>
<th>FY2019 Budgeted</th>
<th>FY2020 Requested</th>
<th>FY2021 Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Balance</strong></td>
<td>$ 23,000,000</td>
<td>$ 51,986,246</td>
<td>$ 73,363,863</td>
<td>$ 81,352,364</td>
<td>$ 66,286,625</td>
</tr>
<tr>
<td>Capital UB Authority</td>
<td>$ 41,374,089</td>
<td>$ 18,993,268</td>
<td>$ 14,133,388</td>
<td>$ 14,133,388</td>
<td>$ 14,133,388</td>
</tr>
<tr>
<td>ABTPA Grant UB Authority</td>
<td>$ -</td>
<td>$ 500,000</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$ 64,374,089</td>
<td>$ 70,979,514</td>
<td>$ 87,997,251</td>
<td>$ 81,352,364</td>
<td>$ 66,286,625</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Revenue (ABTPA)</td>
<td>$ 14,912,006</td>
<td>$ 12,335,851</td>
<td>$ 12,835,851</td>
<td>$ 12,835,851</td>
<td>$ 12,835,851</td>
</tr>
<tr>
<td>TxDMV Fund</td>
<td>$ 152,276,454</td>
<td>$ 171,261,570</td>
<td>$ 172,505,316</td>
<td>$ 174,959,815</td>
<td>$ 177,371,725</td>
</tr>
<tr>
<td>Federal Reimbursement</td>
<td>$ 292,700</td>
<td>$ 743,750</td>
<td>$ 743,750</td>
<td>$ 743,750</td>
<td>$ 743,750</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ 167,481,160</td>
<td>$ 184,341,171</td>
<td>$ 186,084,917</td>
<td>$ 188,539,416</td>
<td>$ 190,951,326</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>$ 231,855,249</td>
<td>$ 255,320,685</td>
<td>$ 274,082,168</td>
<td>$ 269,891,780</td>
<td>$ 257,237,951</td>
</tr>
<tr>
<td><strong>Obligations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$ 163,018,511</td>
<td>$ 161,127,022</td>
<td>$ 168,783,745</td>
<td>$ 159,628,883</td>
<td>$ 152,188,617</td>
</tr>
<tr>
<td>Tx.Gov Fees from Online P&amp;H</td>
<td>$ 4,561,359</td>
<td>$ 7,800,732</td>
<td>$ 8,598,316</td>
<td>$ 9,571,815</td>
<td>$ 10,656,725</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>$ 12,289,133</td>
<td>$ 13,029,068</td>
<td>$ 15,347,743</td>
<td>$ 15,347,743</td>
<td>$ 15,347,743</td>
</tr>
<tr>
<td><strong>Total Obligations</strong></td>
<td>$ 179,869,003</td>
<td>$ 181,956,822</td>
<td>$ 192,729,804</td>
<td>$ 184,548,441</td>
<td>$ 178,193,085</td>
</tr>
<tr>
<td><strong>Fund Balance</strong></td>
<td>$ 51,986,246</td>
<td>$ 73,363,863</td>
<td>$ 81,352,364</td>
<td>$ 85,343,339</td>
<td>$ 79,044,866</td>
</tr>
<tr>
<td>Exceptional Items (TxDMV Fund)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sunset Items</td>
<td>$ 13,420,624</td>
<td>$ 1,949,259</td>
<td>$ 5,636,090</td>
<td>$ 567,915</td>
<td>$ 567,915</td>
</tr>
<tr>
<td>Non-Sunset Items</td>
<td>$ 5,636,090</td>
<td>$ 567,915</td>
<td>$ 567,915</td>
<td>$ 567,915</td>
<td>$ 567,915</td>
</tr>
<tr>
<td><strong>Total Exceptional Items</strong></td>
<td>$ 19,056,714</td>
<td>$ 2,517,174</td>
<td>$ 2,517,174</td>
<td>$ 2,517,174</td>
<td>$ 2,517,174</td>
</tr>
<tr>
<td><strong>Revised Ending Fund Balance</strong></td>
<td>$ 51,986,246</td>
<td>$ 73,363,863</td>
<td>$ 81,352,364</td>
<td>$ 66,286,625</td>
<td>$ 76,527,692</td>
</tr>
</tbody>
</table>
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 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.

<table>
<thead>
<tr>
<th>Items of Appropriations</th>
<th>Appropriation</th>
<th>Preliminary Request</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2018</td>
<td>FY2019</td>
<td>Biennial Total</td>
</tr>
<tr>
<td>Goal A. Optimize Services and Systems</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy A.1.1. – Titles, Registrations, and Plates</td>
<td>$85,087,705</td>
<td>$87,635,557</td>
<td>$172,723,262</td>
</tr>
<tr>
<td>Strategy A.1.2. – Vehicle Dealer Licensing</td>
<td>$4,147,355</td>
<td>$4,147,355</td>
<td>$8,294,710</td>
</tr>
<tr>
<td>Strategy A.1.3 – Motor Carrier Permits &amp; Credentials</td>
<td>$9,363,145</td>
<td>$9,363,145</td>
<td>$18,726,290</td>
</tr>
<tr>
<td>Strategy A.1.4 – Technology Enhancement &amp; Automation</td>
<td>$9,285,457</td>
<td>$2,719,379</td>
<td>$12,004,836</td>
</tr>
<tr>
<td>Strategy A.1.5 – Customer Contact Center</td>
<td>$2,211,234</td>
<td>$2,211,234</td>
<td>$4,422,468</td>
</tr>
<tr>
<td>Total, Goal A: Optimize Services and Systems</td>
<td>$110,094,896</td>
<td>$106,076,670</td>
<td>$216,171,566</td>
</tr>
<tr>
<td>Goal B. Protect the Public</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy B.1.1. – Enforcement</td>
<td>$6,462,452</td>
<td>$6,164,666</td>
<td>$12,627,118</td>
</tr>
<tr>
<td>Strategy B.2.1. – Automobile Theft Prevention</td>
<td>$12,835,851</td>
<td>$12,835,851</td>
<td>$25,671,702</td>
</tr>
<tr>
<td>Total, Goal B: Protect the Public</td>
<td>$19,298,303</td>
<td>$19,000,517</td>
<td>$38,298,820</td>
</tr>
<tr>
<td>Goal C. Indirect Administration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy C.1.1. – Central Administration</td>
<td>$7,902,373</td>
<td>$7,902,373</td>
<td>$15,804,746</td>
</tr>
<tr>
<td>Strategy C.1.2. – Information Resources</td>
<td>$23,364,517</td>
<td>$22,964,021</td>
<td>$46,328,538</td>
</tr>
<tr>
<td>Strategy C.1.3 – Other Support Services</td>
<td>$8,209,703</td>
<td>$8,048,203</td>
<td>$16,257,906</td>
</tr>
<tr>
<td>Total, Goal C: Indirect Administration</td>
<td>$39,476,593</td>
<td>$38,914,597</td>
<td>$78,391,190</td>
</tr>
<tr>
<td>Total Department of Motor Vehicles</td>
<td>$168,869,792</td>
<td>$163,991,784</td>
<td>$332,861,576</td>
</tr>
<tr>
<td>Method of Finance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Revenue (GR) Fund 0001</td>
<td>$12,835,851</td>
<td>$12,835,851</td>
<td>$25,671,702</td>
</tr>
<tr>
<td>Texas Department of Motor Vehicles Fund 0010</td>
<td>$155,290,191</td>
<td>$150,412,183</td>
<td>$305,702,374</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$743,750</td>
<td>$743,750</td>
<td>$1,487,500</td>
</tr>
<tr>
<td>Total Method of Finance</td>
<td>$168,869,792</td>
<td>$163,991,784</td>
<td>$332,861,576</td>
</tr>
<tr>
<td>Full Time Equivalents (FTE)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>779.0</td>
<td>779.0</td>
<td></td>
</tr>
</tbody>
</table>
The following table illustrates FY 2020-21 Capital budget:

<table>
<thead>
<tr>
<th>Capital Budget</th>
<th>Biennial Appropriation</th>
<th>Preliminary Biennial Base Request</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY 2018-19</strong></td>
<td><strong>FY 2020-21</strong></td>
<td></td>
</tr>
<tr>
<td>TxDMV Automation System</td>
<td>$6,566,078</td>
<td>$6,566,078</td>
</tr>
<tr>
<td>Growth and Enhancement – Agency Operations Support</td>
<td>1,616,496</td>
<td>1,614,996</td>
</tr>
<tr>
<td>Technology Replacement and Upgrades - Regional Support for County Tax Assessor</td>
<td>10,025,000</td>
<td>10,025,000</td>
</tr>
<tr>
<td>Collector Offices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PC Replacement</td>
<td>205,595</td>
<td>451,600</td>
</tr>
<tr>
<td>Cybersecurity Initiative Projects</td>
<td>400,000</td>
<td>400,000</td>
</tr>
<tr>
<td>Transportation – Replacement Vehicles</td>
<td>825,000</td>
<td></td>
</tr>
<tr>
<td>Special Investigations Unit Vehicles</td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>Transportation – New Vehicles (8 vehicles)</td>
<td></td>
<td>180,000</td>
</tr>
<tr>
<td>RSC Maintenance and Repair</td>
<td></td>
<td>500,000</td>
</tr>
<tr>
<td>TxDMV Headquarters Security and Badge System</td>
<td>305,000</td>
<td>450,000</td>
</tr>
<tr>
<td>TxDMV Headquarters Maintenance Projects</td>
<td></td>
<td>5,000,000</td>
</tr>
<tr>
<td>Data Center Consolidation</td>
<td>18,427,406</td>
<td>21,774,873</td>
</tr>
<tr>
<td><strong>Total Capital Budget</strong></td>
<td>$38,470,575</td>
<td>$46,962,547</td>
</tr>
</tbody>
</table>

**Method of Finance**

<table>
<thead>
<tr>
<th>Method of Finance</th>
<th>Biennial Base Request</th>
<th>Preliminary Biennial Base Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>TxDMV Headquarters Maintenance Projects</td>
<td>38,470,575</td>
<td>46,962,547</td>
</tr>
<tr>
<td><strong>Total Method of Finance</strong></td>
<td>38,470,575</td>
<td>46,962,547</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Division</th>
<th>Exceptional Item</th>
<th>Description</th>
<th>Biennial Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunset Related</td>
<td></td>
<td>ینتیجی</td>
<td></td>
</tr>
</tbody>
</table>
| 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. | 372,500          |
|                                               | 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. |                                                                                                                      |                  |
<table>
<thead>
<tr>
<th>Division</th>
<th>Exceptional Item</th>
<th>Description</th>
<th>Biennial Request</th>
</tr>
</thead>
</table>
| 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         |
<p>| <strong>Total Sunset Related Items</strong>                |                                                                                  |                                                                                                                                                                                                            | 13.00 28,472,443  |</p>
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<thead>
<tr>
<th>Division</th>
<th>Exceptional Item</th>
<th>Description</th>
<th>Biennial Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Technology Services/</td>
<td>Enterprise Data Warehouse/ Data Analytics</td>
<td>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).</td>
<td>5,300,000</td>
</tr>
<tr>
<td>Compliance and Investigations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Relations</td>
<td>Customer Service Staff</td>
<td>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.</td>
<td>9.00</td>
</tr>
<tr>
<td>Automobile Burglary and Theft Prevention</td>
<td>ABTPA Crime Reduction Strategy (GR Request)</td>
<td>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.</td>
<td>7,297,440</td>
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<tr>
<td>Authority</td>
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<tr>
<td>Totals by Method of Finance</td>
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<td>General Revenue</td>
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<td>TxDMV Fund</td>
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<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>22.00</td>
</tr>
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</table>
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.
### 2020-21 LAR Exceptional Item Request Schedule

<table>
<thead>
<tr>
<th>Division: Compliance and Investigations</th>
<th>Division Director: Tim Menke</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item Name: Automated Fraud Monitoring and Resources</td>
<td>Item Priority: 1</td>
</tr>
<tr>
<td>Strategy: B.1.1. Enforcement</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Code</th>
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<td>2020</td>
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<tr>
<td>2009</td>
<td>Other Operating Expense</td>
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<td></td>
<td><strong>Total, Objects of Expense</strong></td>
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<td>0010</td>
<td>Method of Financing:</td>
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<tr>
<td></td>
<td>TxDMV Fund</td>
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<td></td>
<td><strong>Total, Method of Finance</strong></td>
<td>110,000</td>
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Number of Full-time Equivalent Positions (FTE):

<table>
<thead>
<tr>
<th>Detail on Object of Expenses and FTEs: (Included above)</th>
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</thead>
<tbody>
<tr>
<td>Other Expenses (list line items)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Other Operating - Mapping Software</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Other Operating - Data Analysis, Mining Software</td>
</tr>
<tr>
<td>Subtotal, Detail on Object of Expenses and FTEs</td>
</tr>
</tbody>
</table>

Description/Justification (2000 character limit)

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).

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.
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

### Item Name: Broaden ABTPA’s Statutory Mandate

### Item Priority: 2

### Strategy: B.2.1 Automobile Theft Prevention

<table>
<thead>
<tr>
<th>Code</th>
<th>Total Exceptional Item Request</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
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<td>Grants</td>
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<td></td>
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<td>6,551,280</td>
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<tr>
<td>0001</td>
<td>Method of Financing:</td>
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<tr>
<td></td>
<td>General Revenue</td>
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<td>6,551,280</td>
</tr>
<tr>
<td></td>
<td>Total, Method of Finance</td>
<td>6,551,280</td>
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</tr>
</tbody>
</table>

### Description/Justification (2000 character limit)

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.
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 crimes. 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

<table>
<thead>
<tr>
<th>Code</th>
<th>Division: Enforcement Division</th>
<th>Item Name: Online Dealer &amp; Motor Carrier History Database and Case Management System Enhancements</th>
<th>Item Priority: 1</th>
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<tbody>
<tr>
<td></td>
<td>Strategy: B.1.1. Enforcement</td>
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<table>
<thead>
<tr>
<th>Code</th>
<th>Description/Justification (2000 character limit)</th>
<th>Number of Full-time Equivalent Positions (FTE):</th>
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<tbody>
<tr>
<td></td>
<td>Detail for Capital Appropriation Items: (included in above amounts)</td>
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</tr>
<tr>
<td>5005</td>
<td>Acquisition of Information Resources Technologies</td>
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</tr>
<tr>
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<td>Total, Capital Appropriation Items</td>
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<td></td>
<td>Total, Method of Finance</td>
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</table>

**Detail for Capital Appropriation Items:**

- **Acquisition of Information Resources Technologies**
  - Estimated cost to enhance systems (3,725 hours @ $100/hr)
  - $372,500

**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

<table>
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<td>2001</td>
<td>Professional Fees &amp; Services</td>
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<td>2003</td>
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<td><strong>Total, Method of Finance</strong></td>
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</table>

**Number of Full-time Equivalent Positions (FTE):** 1.00  
1.00

**Detail for Capital Appropriation Items: (included in above amounts)**

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**Detail on Object of Expenses and FTEs: (Included above)**

**Salary**

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<thead>
<tr>
<th>Job Class New Positions</th>
<th>FTE</th>
<th>Monthly Salary</th>
<th>FY 2020</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systems Analyst IV</td>
<td>1.00</td>
<td>5,917</td>
<td>71,000</td>
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</table>

**Travel**

<table>
<thead>
<tr>
<th>Method of calculation ($500/FTE)</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>500</td>
</tr>
</tbody>
</table>

**Other Expenses (list line items)**

<table>
<thead>
<tr>
<th>Unit Cost</th>
<th>Units</th>
<th>FY 2020</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumable Supplies $300/yr per FTE</td>
<td>300</td>
<td>1.00</td>
<td>300</td>
</tr>
<tr>
<td>Other Operating - share of Xerox rental $30/FTE</td>
<td>30</td>
<td>1.00</td>
<td>30</td>
</tr>
<tr>
<td>Other Operating - Training 1% of salary/yr per FTE</td>
<td>710</td>
<td></td>
<td>710</td>
</tr>
<tr>
<td>Other Operating - Chair $350 per FTE</td>
<td>350</td>
<td>1.00</td>
<td>350</td>
</tr>
<tr>
<td>Other Operating - Computer, printer, monitor phone</td>
<td>2,255</td>
<td>1.00</td>
<td>2,255</td>
</tr>
<tr>
<td>Other Operating - Cubicles $5,000 per FTE</td>
<td>5,000</td>
<td>1.00</td>
<td>5,000</td>
</tr>
</tbody>
</table>
### 2020-21 LAR Exceptional Item Request Schedule

<table>
<thead>
<tr>
<th>Division: Information Technology Division</th>
<th>Division Director: Mike Higginbotham</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item Name: Complaint Management System</td>
<td>Item Priority: 4</td>
</tr>
<tr>
<td>Strategy: A.1.4 Technology Enhancement and Automation</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Code</th>
<th>Total Exceptional Item Request</th>
<th>Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2020</td>
</tr>
<tr>
<td></td>
<td>Other Operating - Payroll Health Contribution 1% (Legislatively Mandated)</td>
<td>710</td>
</tr>
<tr>
<td></td>
<td>Other Personnel - Employee Retirement Contribution .5% (Legislatively Mandated)</td>
<td>355</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal, Detail on Object of Expenses and FTEs</strong></td>
<td><strong>$ 81,210</strong></td>
</tr>
</tbody>
</table>

**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)**

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

<table>
<thead>
<tr>
<th>Division: Information Technology Division</th>
<th>Division Director: Mike Higginbotham</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Item Name:</strong> IT Infrastructure Improvements</td>
<td><strong>Item Priority:</strong> 1</td>
</tr>
<tr>
<td><strong>Strategy:</strong> C.1.2. Information Resources</td>
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<table>
<thead>
<tr>
<th>Code</th>
<th>Total Exceptional Item Request</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>Objects of Expense:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Professional Fees &amp; Services</td>
<td>1,850,000</td>
<td>850,000</td>
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<tr>
<td></td>
<td>Total, Objects of Expense</td>
<td>1,850,000</td>
<td>850,000</td>
</tr>
<tr>
<td>0010</td>
<td>Method of Financing:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TxDMV Fund</td>
<td>1,850,000</td>
<td>850,000</td>
</tr>
<tr>
<td></td>
<td>Total, Method of Finance</td>
<td>1,850,000</td>
<td>850,000</td>
</tr>
</tbody>
</table>

**Number of Full-time Equivalent Positions (FTE):**

**Detail for Capital Appropriation Items:** (included in above amounts)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>5005</td>
<td>Acquisition of Information Resources Technologies</td>
<td>$1,000,000</td>
<td></td>
</tr>
<tr>
<td>7000</td>
<td>Data Center Consolidation Services</td>
<td>$850,000</td>
<td>$850,000</td>
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<tr>
<td></td>
<td>Total, Capital Appropriation Items</td>
<td>$1,850,000</td>
<td>$850,000</td>
</tr>
</tbody>
</table>

**Detail for Capital Appropriation Items:** (included above)

- **Professional Fees Automation**
  - Acquisition of Information Resource Tech 100 $10,000.00 $1,000,000
  - Estimated cost to build out IT operational improvements (10,000 hours @ $100/hr)
  - Data Center Consolidation Services 850,000 850,000

**Description/Justification (2000 character limit)**

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

<table>
<thead>
<tr>
<th>Division: Information Technology Division</th>
<th>Division Director: Mike Higginbotham</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item Name: Information Technology Improvements - Organizational Assessment</td>
<td>Item Priority: 2</td>
</tr>
<tr>
<td>Strategy: C.1.2. Information Resources</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Code</th>
<th>Objects of Expense:</th>
<th>Total Exceptional Item Request</th>
<th>Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>1001</td>
<td>Salaries</td>
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<td>1002</td>
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<td>2005</td>
<td>Travel</td>
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<td>2009</td>
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<td>18,080</td>
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<td></td>
<td><strong>Total, Objects of Expense</strong></td>
<td><strong>1,006,914</strong></td>
<td><strong>915,654</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Method of Financing:</th>
</tr>
</thead>
<tbody>
<tr>
<td>TxDMV Fund</td>
</tr>
<tr>
<td><strong>Total, Method of Finance</strong></td>
</tr>
</tbody>
</table>

| Number of Full-time Equivalent Positions (FTE): | 12.00 |

<table>
<thead>
<tr>
<th>Detail on Object of Expenses and FTEs: (Included above)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
</tr>
<tr>
<td>Job Class New Positions</td>
</tr>
<tr>
<td>Systems Analyst IV</td>
</tr>
<tr>
<td>Database Administrator IV</td>
</tr>
<tr>
<td>Systems Analyst V</td>
</tr>
<tr>
<td>Travel Method of calculation ($500/FTE)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Expenses (list line items)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Cost</td>
</tr>
<tr>
<td>Consumable Supplies $300/yr per FTE</td>
</tr>
<tr>
<td>Other Operating - share of Xerox rental $30/FTE</td>
</tr>
<tr>
<td>Other Operating - Training 1% of salary/yr per FTE</td>
</tr>
<tr>
<td>Other Operating - Chair $350 per FTE</td>
</tr>
<tr>
<td>Other Operating - Computer, printer, monitor phone</td>
</tr>
<tr>
<td>Other Operating - Cubicles $5,000 per FTE</td>
</tr>
<tr>
<td>Code Description</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Other Operating - Payroll Health Contribution 1% (Legislatively Mandated)</td>
</tr>
<tr>
<td>Other Personnel - Employee Retirement Contribution .5% (Legislatively Mandated)</td>
</tr>
</tbody>
</table>

Subtotal, Detail on Object of Expenses and FTEs

$1,006,914 $915,654

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.
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

<table>
<thead>
<tr>
<th>Code</th>
<th>Objects of Expense:</th>
<th>Total Exceptional Item Request</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>Professional Fees &amp; Services</td>
<td></td>
<td>6,000,000</td>
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<tr>
<td>0010</td>
<td>Method of Financing:</td>
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<tr>
<td></td>
<td>TxDMV Fund</td>
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<td>-</td>
</tr>
<tr>
<td></td>
<td>Total, Method of Finance</td>
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<table>
<thead>
<tr>
<th>Code</th>
<th>Objects of Expense:</th>
<th>Total Exceptional Item Request</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>5005</td>
<td>Acquisition of Information Resources Technologies</td>
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<tr>
<td></td>
<td>Total, Capital Appropriation Items</td>
<td>$6,000,000</td>
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<td></td>
</tr>
</tbody>
</table>

**Detail for Capital Appropriation Items: (included in above amounts)**

- **Professional Fees & Services**
  - Acquisition of Information Resource Tech: 100 60,000.00 6,000,000

**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

<table>
<thead>
<tr>
<th>Code</th>
<th>Total Exceptional Item Request</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td><strong>Objects of Expense:</strong></td>
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<tr>
<td></td>
<td>Professional Fees &amp; Services</td>
<td>5,150,000</td>
<td>150,000</td>
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<td><strong>Total, Objects of Expense</strong></td>
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<td></td>
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<td></td>
<td><strong>Total, Method of Finance</strong></td>
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### Number of Full-time Equivalent Positions (FTE):

### Detail for Capital Appropriation Items: (included in above amounts)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description/Justification (2000 character limit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5005</td>
<td>Acquisition of Information Resources Technologies $5,000,000</td>
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<tr>
<td>7000</td>
<td>Data Center Consolidation Services $150,000</td>
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<td></td>
<td><strong>Total, Capital Appropriation Items</strong> $5,150,000</td>
</tr>
</tbody>
</table>

### Professional Fees & Services

- Acquisition of Information Resource Technologies 100 50,000.00 5,000,000
- Estimated cost to implement a data warehouse (50,000 hours @ $100/hr)
- Data Center Consolidation Services 150,000
- 4 Jumbo servers 150,000

### Description/Justification (2000 character limit)

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**

<table>
<thead>
<tr>
<th>Division: Consumer Relations</th>
<th>Division Director: Ginny Booton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item Name: Customer Service Staff</td>
<td>Item Priority: 1</td>
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<tr>
<td>Strategy: A.1.5 Customer Contact Center</td>
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<table>
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<tr>
<th>Code</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Impact on Output Measures:</td>
<td>Number of Customers Served in Contact Center <em>(Expect 10,000 additional customers to be served each month by CRD)</em></td>
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</tr>
<tr>
<td>1001</td>
<td>Salaries</td>
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<tr>
<td>1002</td>
<td>Other Personnel Costs</td>
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<td>2003</td>
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<table>
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</tr>
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</table>

<table>
<thead>
<tr>
<th>TxDMV Fund</th>
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</table>

<table>
<thead>
<tr>
<th>Method of Finance</th>
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</table>

<table>
<thead>
<tr>
<th>Total, Method of Finance</th>
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</table>

<table>
<thead>
<tr>
<th>Number of Full-time Equivalent Positions (FTE):</th>
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</thead>
<tbody>
<tr>
<td>9.00</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Detail on Object of Expenses and FTEs: (Included above)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>Customer Servicer Representative IV</td>
</tr>
<tr>
<td>Trainer</td>
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<tr>
<td>Consumables</td>
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</table>

<table>
<thead>
<tr>
<th>Other Expenses (list line items)</th>
<th>Unit Cost</th>
<th>Units</th>
<th>FY 2020</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Operating - Training 1% of salary/yr per FTE</td>
<td>400</td>
<td>9.00</td>
<td>4,051</td>
<td>4,051</td>
</tr>
<tr>
<td>Other Operating - Chair $350 per FTE</td>
<td>350</td>
<td>9.00</td>
<td>3,150</td>
<td>-</td>
</tr>
<tr>
<td>Other Operating - Computer, printer, monitor phone</td>
<td>2,225</td>
<td>9.00</td>
<td>20,025</td>
<td>-</td>
</tr>
<tr>
<td>Other Operating - Cubicles $5,000 per FTE</td>
<td>5,000</td>
<td>9.00</td>
<td>45,000</td>
<td>-</td>
</tr>
</tbody>
</table>
### 2020-21 LAR Exceptional Item Request Schedule

<table>
<thead>
<tr>
<th>Division:</th>
<th>Consumer Relations</th>
<th>Division Director: Ginny Booton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item Name:</td>
<td>Customer Service Staff</td>
<td>Item Priority: 1</td>
</tr>
<tr>
<td>Strategy:</td>
<td>A.1.5 Customer Contact Center</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Code</th>
<th>Total Exceptional Item Request</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Operating - Payroll Health Contribution 1% (Legislatively Mandated)</td>
<td></td>
<td>4,051</td>
<td>4,051</td>
</tr>
<tr>
<td>Other Personnel - Employee Retirement Contribution 0.5% (Legislatively Mandated)</td>
<td></td>
<td>2,025</td>
<td>2,025</td>
</tr>
<tr>
<td>Subtotal, Detail on Object of Expenses and FTEs</td>
<td></td>
<td>$486,090</td>
<td>$417,915</td>
</tr>
</tbody>
</table>

**Description/Justification (2000 character limit)**

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.

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.
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.
### ABTPA Crime Reduction Strategy

<table>
<thead>
<tr>
<th>Code</th>
<th>Total Exceptional Item Request</th>
<th>Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td>4000</td>
<td>Objects of Expense:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grants</td>
<td>3,648,720</td>
</tr>
<tr>
<td></td>
<td>Total, Objects of Expense</td>
<td>3,648,720</td>
</tr>
<tr>
<td>0001</td>
<td>Method of Financing:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Revenue</td>
<td>3,648,720</td>
</tr>
<tr>
<td></td>
<td>Total, Method of Finance</td>
<td>3,648,720</td>
</tr>
</tbody>
</table>

Description/Justification (2000 character limit):

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.
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.
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**

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>Projected</th>
<th>Actual</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle Certificates of Title</td>
<td>$31,280,671</td>
<td>$32,107,830</td>
<td>2.6%</td>
</tr>
<tr>
<td>Motor Vehicle Registration</td>
<td>24,462,744</td>
<td>25,143,130</td>
<td>2.8%</td>
</tr>
<tr>
<td>Motor Carrier - Oversize/Overweight</td>
<td>9,772,254</td>
<td>10,986,274</td>
<td>12.4%</td>
</tr>
<tr>
<td>Business Dealer Licenses</td>
<td>5,890,341</td>
<td>6,084,153</td>
<td>3.3%</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>2,134,575</td>
<td>2,406,254</td>
<td>12.7%</td>
</tr>
<tr>
<td>Processing and Handling Fee</td>
<td>40,610,264</td>
<td>43,152,348</td>
<td>6.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$114,150,849</strong></td>
<td><strong>$119,879,988</strong></td>
<td><strong>5.0%</strong></td>
</tr>
</tbody>
</table>

**Revenue Category**

- 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**

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle Certificates of Title</td>
<td>$29,530,721</td>
<td>$32,107,830</td>
<td>8.7%</td>
</tr>
<tr>
<td>Motor Vehicle Registration</td>
<td>34,359,268</td>
<td>25,143,130</td>
<td>-26.8%</td>
</tr>
<tr>
<td>Motor Carrier - Oversize/Overweight</td>
<td>9,440,329</td>
<td>10,986,274</td>
<td>16.4%</td>
</tr>
<tr>
<td>Business Dealer Licenses</td>
<td>5,862,017</td>
<td>6,084,153</td>
<td>3.8%</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>1,802,056</td>
<td>2,406,254</td>
<td>33.5%</td>
</tr>
<tr>
<td>Processing and Handling Fee</td>
<td>21,909,397</td>
<td>43,152,348</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$102,903,788</strong></td>
<td><strong>$119,879,988</strong></td>
<td><strong>16.5%</strong></td>
</tr>
</tbody>
</table>

**Revenue Category**

- Motor Vehicle Certificates of Title - 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.
- 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 Revenue thru May 2018

<table>
<thead>
<tr>
<th>Month</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>September</td>
<td>$12,446,127</td>
</tr>
<tr>
<td>October</td>
<td>$13,434,070</td>
</tr>
<tr>
<td>November</td>
<td>$12,880,240</td>
</tr>
<tr>
<td>December</td>
<td>$11,696,795</td>
</tr>
<tr>
<td>January</td>
<td>$12,689,930</td>
</tr>
<tr>
<td>February</td>
<td>$12,394,917</td>
</tr>
<tr>
<td>March</td>
<td>$15,215,588</td>
</tr>
<tr>
<td>April</td>
<td>$14,255,699</td>
</tr>
<tr>
<td>May</td>
<td>$14,866,622</td>
</tr>
</tbody>
</table>

**FY 2018 TxDMV Fund Actual Revenue thru May 2018**

**Revenue Category**

- Motor Vehicle Certificates of Title - 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.
- 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 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**

- **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 (8.9%)
- **Delinquent Title Transfer:** $10,221,600 (8.5%)
- **Business Dealer Licenses:** $6,084,153 (5.1%)
- **Salvage/Title Histories:** $4,535,487 (3.8%)
- **Other Sources:** $15,469,574 (12.9%)

**Total Deposits thru May 2018:** $119,879,988

**Top TxDMV Fund Fees**

<table>
<thead>
<tr>
<th>Fee</th>
<th>Revenue</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processing and Handling Fee</td>
<td>$43,152,348</td>
<td>36.0%</td>
</tr>
<tr>
<td>Title Fees ($3 Portion)</td>
<td>$15,051,180</td>
<td>12.6%</td>
</tr>
<tr>
<td>Buyer’s Tag</td>
<td>$14,379,373</td>
<td>12.0%</td>
</tr>
<tr>
<td>Oversize/Overweight Permits</td>
<td>$10,986,274</td>
<td>8.9%</td>
</tr>
<tr>
<td>Delinquent Title Transfer</td>
<td>$10,221,600</td>
<td>8.5%</td>
</tr>
<tr>
<td>Business Dealer Licenses</td>
<td>$6,084,153</td>
<td>5.1%</td>
</tr>
<tr>
<td>Salvage/Title Histories</td>
<td>$4,535,487</td>
<td>3.8%</td>
</tr>
<tr>
<td>Other Sources</td>
<td>$15,469,574</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

**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**

- Walk-in: 61.1%
- Mail-in: 3.5%
- Online: 3.7%
- Limited-Service Deputy: 14.6%
- Full-Service Deputy: 12.0%
- Dealer Deputy: 5.1%
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

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle Certificates of Title</td>
<td>$62,190,075</td>
<td>$66,746,480</td>
<td>7.3%</td>
</tr>
<tr>
<td>Motor Vehicle Registration</td>
<td>1,090,480,139</td>
<td>1,153,496,286</td>
<td>5.8%</td>
</tr>
<tr>
<td>Motor Carrier - Oversize/Overweight</td>
<td>113,033,127</td>
<td>129,722,265</td>
<td>14.8%</td>
</tr>
<tr>
<td>Motor Carrier Credentialing</td>
<td>5,025,801</td>
<td>5,201,432</td>
<td>3.5%</td>
</tr>
<tr>
<td>Business Dealer Licenses</td>
<td>5,862,017</td>
<td>6,084,153</td>
<td>3.8%</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>4,922,045</td>
<td>5,464,738</td>
<td>11.0%</td>
</tr>
<tr>
<td>Processing and Handling Fee</td>
<td>21,909,397</td>
<td>43,152,348</td>
<td>97.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,303,422,602</strong></td>
<td><strong>$1,409,867,702</strong></td>
<td><strong>8.2%</strong></td>
</tr>
</tbody>
</table>

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.
- 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.
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.

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

**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

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.

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.

The 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

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>Revised Budget</th>
<th>Expenditures</th>
<th>Encumbrances</th>
<th>Available Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary Related</td>
<td>$44,001,830</td>
<td>$28,919,149</td>
<td>-</td>
<td>$15,082,681</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>28,868,184</td>
<td>13,015,076</td>
<td>7,700,393</td>
<td>9,554,415</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$7,274,994</td>
<td>$3,378,767</td>
<td>523,556</td>
<td>3,372,671</td>
</tr>
<tr>
<td>Contract Services and Services</td>
<td>35,437,898</td>
<td>18,183,090</td>
<td>7,700,393</td>
<td>9,554,415</td>
</tr>
<tr>
<td>Computer Equipment/Software and Maintenance &amp; Repair</td>
<td>10,832,961</td>
<td>4,614,745</td>
<td>2,885,342</td>
<td>3,332,874</td>
</tr>
<tr>
<td>Freight, Postage, Reproduction &amp; Printing Advertising, Travel, Memberships / Training, Fuel/Consum/Feeds/Chgs</td>
<td>15,526,629</td>
<td>7,671,254</td>
<td>6,879,709</td>
<td>975,666</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>7,396,087</td>
<td>5,561,169</td>
<td>429,541</td>
<td>3,615,410</td>
</tr>
<tr>
<td>Operating Expenses (Subtotal)</td>
<td>$81,575,911</td>
<td>$39,538,014</td>
<td>18,505,598</td>
<td>25,742,332</td>
</tr>
<tr>
<td>Grants</td>
<td>12,293,618</td>
<td>3,850,610</td>
<td>7,323,008</td>
<td>1,120,000</td>
</tr>
<tr>
<td>Capital</td>
<td>10,026,153</td>
<td>39,874</td>
<td>400,491</td>
<td>9,585,788</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$176,765,696</td>
<td>$85,362,723</td>
<td>34,195,481</td>
<td>59,417,524</td>
</tr>
</tbody>
</table>

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

- **IT Contractors**
- **Miscellaneous**
- **Data Center Consolidation**
- **Cybersecurity**
- **CVSN grant/TxPROS**
- **Automation**

#### Expenditures

$0  $5  $10  $15  $20

#### Encumbrances

#### Available Budget

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)

- **Scanning of Agency Documents**
- **Printing of Title forms, registration renewal insert, etc.**
- **Miscellaneous Printing**
- **TxDMV Agencywide Postage**
- **Postage for renewal notices/other VTR forms**
- **Miscellaneous Postage**
- **Miscellaneous Freight**
- **License plate shipping**

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.

AGENDA

Friday includes $9 million in funding with an increase of $1.5 million during the third quarter to mail renewal notices and other vehicle form. The new estimate for postage expense is $11.1 million by the end of FY 2018.
**Capital Budget Status**

<table>
<thead>
<tr>
<th>Other Capital Projects</th>
<th>Revised Budget</th>
<th>Expenditures</th>
<th>Encumbrances</th>
<th>Available Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency Vehicles</td>
<td>$500,000</td>
<td>-</td>
<td>$324,207</td>
<td>$175,793</td>
</tr>
<tr>
<td>CID Vehicles</td>
<td>$100,000</td>
<td>-</td>
<td>$76,284</td>
<td>$23,716</td>
</tr>
<tr>
<td>TxDMV HQ Security/Badge System</td>
<td>$305,000</td>
<td>-</td>
<td>-</td>
<td>$305,000</td>
</tr>
<tr>
<td><strong>Total Other Capital Projects</strong></td>
<td><strong>$905,000</strong></td>
<td>-</td>
<td><strong>$400,491</strong></td>
<td><strong>$504,509</strong></td>
</tr>
<tr>
<td>Automation</td>
<td>$24,504,427</td>
<td>$8,753,591</td>
<td>$3,717,456</td>
<td>$12,033,381</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Technology Projects</th>
<th>Revised Budget</th>
<th>Expenditures</th>
<th>Encumbrances</th>
<th>Available Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agy Growth &amp; Enhancement</td>
<td>$808,998</td>
<td>$530,560</td>
<td>$210,313</td>
<td>$68,125</td>
</tr>
<tr>
<td>County Technology Replacement</td>
<td>$5,000,000</td>
<td>$1,025,102</td>
<td>$359,460</td>
<td>$3,615,438</td>
</tr>
<tr>
<td>Cybersecurity Initiative</td>
<td>$400,000</td>
<td>$14,494</td>
<td>$182,409</td>
<td>$203,097</td>
</tr>
<tr>
<td>Data Center Consolidation</td>
<td>$9,076,261</td>
<td>$5,200,402</td>
<td>$3,875,859</td>
<td>-</td>
</tr>
<tr>
<td>PC Replacement</td>
<td>$102,295</td>
<td>-</td>
<td>$79,588</td>
<td>$22,707</td>
</tr>
<tr>
<td><strong>Total Other Technology Projects</strong></td>
<td><strong>$15,387,554</strong></td>
<td><strong>$6,770,558</strong></td>
<td><strong>$4,707,629</strong></td>
<td><strong>$3,909,367</strong></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$40,796,981</strong></td>
<td><strong>$15,524,149</strong></td>
<td><strong>$8,825,576</strong></td>
<td><strong>$16,447,257</strong></td>
</tr>
</tbody>
</table>

**3rd Quarter Capital Budget Status**

* (in millions) *

![Graph showing capital budget status](image)

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**

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

<table>
<thead>
<tr>
<th>Portfolio Projects</th>
<th>Revised Budget</th>
<th>Expenditures</th>
<th>Encumbrances</th>
<th>Available Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web Lien</td>
<td>$2,514,732</td>
<td>-</td>
<td>$115,255</td>
<td>$2,399,477</td>
</tr>
<tr>
<td>Call Center Upgrades</td>
<td>600,000</td>
<td>-</td>
<td>350,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Kiosk Pilot</td>
<td>500,000</td>
<td>-</td>
<td>-</td>
<td>500,000</td>
</tr>
<tr>
<td>E-Renewals/E-Reminder (1)</td>
<td>500,000</td>
<td>-</td>
<td>-</td>
<td>500,000</td>
</tr>
<tr>
<td>Fraud Data Dashboard</td>
<td>500,000</td>
<td>31,730</td>
<td>89,688</td>
<td>378,582</td>
</tr>
<tr>
<td>Enterprise Reporting</td>
<td>500,000</td>
<td>-</td>
<td>28,594</td>
<td>471,406</td>
</tr>
<tr>
<td>External Website Renovation</td>
<td>500,000</td>
<td>-</td>
<td>-</td>
<td>500,000</td>
</tr>
<tr>
<td>Mobile Applications (1)</td>
<td>300,000</td>
<td>-</td>
<td>-</td>
<td>300,000</td>
</tr>
<tr>
<td>Cybersecurity</td>
<td>775,000</td>
<td>8,558</td>
<td>70,865</td>
<td>695,577</td>
</tr>
<tr>
<td>CVIEW</td>
<td>600,000</td>
<td>153,834</td>
<td>146,488</td>
<td>299,678</td>
</tr>
<tr>
<td>Online Certified Records*</td>
<td>500,000</td>
<td>-</td>
<td>-</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Total Automation Initiatives</strong></td>
<td><strong>$7,789,732</strong></td>
<td><strong>194,122</strong></td>
<td><strong>800,890</strong></td>
<td><strong>6,794,720</strong></td>
</tr>
</tbody>
</table>

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.*
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.
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).

<table>
<thead>
<tr>
<th>Engagement Topic</th>
<th>Strategic Goal(s)</th>
<th>Division</th>
<th>Background and Preliminary Objectives</th>
</tr>
</thead>
</table>
| 1. Compliance & Investigations Division | Customer Centric & Performance Driven | Compliance & Investigations Division (CID) | **Background:** 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.  

**Preliminary Objectives**  
- 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. |
<p>|  | 650 hours | | |
|  |  | | |
|  |  | | |</p>
<table>
<thead>
<tr>
<th>Engagement Topic</th>
<th>Strategic Goal(s)</th>
<th>Division</th>
<th>Background and Preliminary Objectives</th>
</tr>
</thead>
</table>
| 2. Lemon Law Investigation and Resolution Process | Customer Centric & Performance Driven | Enforcement Division (ENF) & Office of Administrative Hearing (OAH) | **Background:** 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. **Preliminary Objective**  
- To determine whether the lemon law process provides equitable and objective resolution. |
| 3. Employee Classification & Hiring | Performance Driven | Human Resources Division (HRD) | **Background:** 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. **Preliminary Objective**  
- To determine whether the hiring process is sufficiently agile to address current and emerging staffing needs. |
| 4. Information Security Risk Management | Performance Driven | Information Technology Services (ITS) Division | **Background:** 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. **Preliminary Objective**  
- To determine whether the Department has sufficient processes in place to monitor and identify information security threats. |
<table>
<thead>
<tr>
<th>Engagement Topic</th>
<th>Strategic Goal(s)</th>
<th>Division</th>
<th>Background and Preliminary Objectives</th>
</tr>
</thead>
</table>
| 5. Payment Card Industry (PCI) Compliance 450 hours | Performance Driven | ITS | **Background:** 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.  

**Preliminary Objective**  
- To determine whether TxDMV is compliant with certain PCI requirements. |
| 6. Enterprise Project Management Advisory Service 1100 hours | Optimized Services and Innovation | Enterprise Project Management Office (EPMO) | **Background:** 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.  

**Advisory Service Objective**  
- To conduct a facilitated self-assessment to identify risks and controls for the following EPMO processes:  
  - Project Planning and Development;  
  - Project Quality Assurance;  
  - Project Governance;  
  - Contractor and Contract Management; and  
  - Staff and Project Roles. |
### 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.

<table>
<thead>
<tr>
<th>Engagement Topic</th>
<th>Strategic Goal(s)</th>
<th>Division</th>
<th>Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Procurement &amp; Contract Management</td>
<td>Optimized Services and Innovation &amp; Performance Driven</td>
<td>FAS, EPMO</td>
<td><strong>Background:</strong> 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.</td>
</tr>
<tr>
<td>2. ELinc Application Review</td>
<td>Optimized Services and Innovation</td>
<td>ITS &amp; Motor Carrier Division</td>
<td><strong>Background:</strong> ELinc will allow motor carriers to self-issue operating authority in Texas, which will reduce the approval time.</td>
</tr>
<tr>
<td>3. Access Management</td>
<td>Performance Driven</td>
<td>ITS</td>
<td><strong>Background:</strong> 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.</td>
</tr>
<tr>
<td>4. ITS Infrastructure</td>
<td>Optimized Services and Innovation &amp; Performance Driven</td>
<td>ITS</td>
<td><strong>Background:</strong> 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.</td>
</tr>
<tr>
<td>5. Regional Service Centers</td>
<td>Customer Centric &amp; Performance Driven</td>
<td>VTR</td>
<td><strong>Background:</strong> 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.</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Other Internal Audit Duties</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Coordinating with external auditors and reviewers (80 hours)</td>
<td></td>
</tr>
<tr>
<td>2. Working on Fraud, Waste, and Abuse Items (200 hours)</td>
<td></td>
</tr>
<tr>
<td>3. Conducting an annual Quality Assurance and Improvement Program as required by auditing standards (80 hours)</td>
<td></td>
</tr>
<tr>
<td>4. Advising the agency’s Governance Team and Executive Steering Committees (125 hours)</td>
<td></td>
</tr>
<tr>
<td>5. Providing ad hoc advisory services or consultations (85 hours)</td>
<td></td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Low Risk</th>
<th>Medium Risk</th>
<th>High Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 1.99</td>
<td>2 – 3.99</td>
<td>4 - 6</td>
</tr>
</tbody>
</table>

Hour Analysis
Hours were calculated using historical data and auditor’s judgement. Hours are an estimate and could be adjusted during the fiscal year.
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)
  - **Objective:** 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

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2019 Annual Audit Plan</td>
<td>Identify high risk areas that may warrant an audit or advisory service in FY 2019.</td>
<td>Completed.</td>
</tr>
<tr>
<td>FY 2018 Internal Audit Follow-Up</td>
<td>A follow-up engagement to determine if outstanding audit recommendations have been fully implemented. IAD reports the results on a quarterly and annual basis.</td>
<td>Completed. Annual report attached.</td>
</tr>
<tr>
<td>Inventory</td>
<td>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.</td>
<td>Completed.</td>
</tr>
<tr>
<td>Fraud, Waste, and Abuse Risk Assessment Advisory Service</td>
<td>An advisory service to identify and rank fraud, waste, and abuse risks for the department.</td>
<td>Completed.</td>
</tr>
<tr>
<td>Payment Card Industry (PCI) Compliance</td>
<td>To determine whether TxDMV is compliant PCI requirement 12 (maintaining an information security manual).</td>
<td>Reporting. Anticipated release date: August 2018</td>
</tr>
<tr>
<td>eLICENSING</td>
<td>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.</td>
<td>Reporting Anticipated release date: September 2018</td>
</tr>
</tbody>
</table>

## 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
Fiscal Year 2018 Internal Audit Follow-Up
18-11

Internal Audit Division
August 2018
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  - Implementation Status............................................................................................................ 1
  - Internal Audit Recommendations............................................................................................ 1
  - External Audit Recommendations........................................................................................... 4

**Follow-Up Results**.................................................................................................................... 8
  - TxDMV has fully implemented 34 previously issued internal audit recommendations and has started 2 recommendations. ................................................................. 8
  - TxDMV has fully implemented 60 of previously issued external audit recommendations. ......10

**Appendix 1: Objectives, Scope, and Methodology**.................................................................12
# 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.

### 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:

<table>
<thead>
<tr>
<th>Report Number and Name</th>
<th>Summary</th>
</tr>
</thead>
</table>
| P14-14 Follow up Audit on the Implementation of Recommendations | 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:  
  - 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.
<table>
<thead>
<tr>
<th>Report Number and Name</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>P14-15 Audit of the Automobile Burglary and Theft Prevention Authority</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>15-02 Internal Controls over the State of Texas Titling Processes Audit</strong></td>
<td>The audit reviewed the process for titling vehicles. The audit identified areas of improvement related to monitoring of titling transactions.</td>
</tr>
<tr>
<td><strong>15-05 Confidential Follow-up Audit on the Information Security Standards Gap Assessment</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>16-03 Audit on the Efficiency of the Texas International Registration Plan (IRP) Compliance Audit Process</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>16-04 Confidential Audit of Texas Department of Motor Vehicles’ Internal Controls Related to the Driver’s Privacy Protection Act</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>17-02 RTS Refactored and Single Sticker Post-Implementation Audit</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>17-03 Information Technology Services Organizational Assessment – Application</strong></td>
<td>The advisory service reviewed the organizational assessment of the Information Technology Services – Application Services Section. The advisory service identified areas of improvement,</td>
</tr>
</tbody>
</table>
### Summary

<table>
<thead>
<tr>
<th>Report Number and Name</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Services Section Advisory Services</strong></td>
<td>including cross-training to reduce the over-allocation of staff workload.</td>
</tr>
<tr>
<td><strong>17-07 Payment Card Industry (PCI) Compliance with Credit Card Information Storage Audit</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>18-03 Public Information Request Processes (Open Records) Audit</strong></td>
<td>The audit reviewed TxDMV’s Public Information Request process. The audit identified areas of improvement related to guidance and centralization.</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Report Number and Name</th>
<th>Number of Recommendations in the report</th>
<th>Number of Recommendations with completion dates between January 1, 2017 and July 1, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>P14-14 Follow up Audit on the Implementation of Recommendations</strong></td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td><strong>P14-15 Audit of the Automobile Burglary and Theft Prevention Authority</strong></td>
<td>39</td>
<td>2</td>
</tr>
<tr>
<td><strong>15-02 Internal Controls over the State of Texas Titling Processes Audit</strong></td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td><strong>15-05 Confidential Follow-up Audit on the Information Security Standards Gap Assessment</strong></td>
<td>16</td>
<td>7</td>
</tr>
<tr>
<td><strong>16-03 Audit on the Efficiency of the Texas International Registration Plan (IRP) Compliance Audit Process</strong></td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td><strong>16-04 Confidential Audit of Texas Department of Motor Vehicles’ Internal Controls Related to the Driver’s Privacy Protection Act</strong></td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>17-02 RTS Refactored and Single Sticker Post-Implementation Audit</strong></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>17-03 Information Technology Services Organizational Assessment</strong></td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Issuing Agency and Report Name</td>
<td>Summary</td>
<td>Number of Recommendations Reviewed</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>CPA - #608-13-01 Post Payment Audit of the Texas Department of Motor Vehicles</td>
<td>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.</td>
<td>5</td>
</tr>
<tr>
<td>SORM - FY 2013 Agency 608 Risk</td>
<td>The review was conducted under the authority of Texas Labor Code, Title V, Subtitle A, Chapter 412, and is designed to assist state</td>
<td>8</td>
</tr>
</tbody>
</table>

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.
<table>
<thead>
<tr>
<th>Issuing Agency and Report Name</th>
<th>Summary</th>
<th>Number of Recommendations Reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Program Review</td>
<td>agencies to develop and implement comprehensive risk management programs that meet Risk Management for Texas State Agencies (RMTSA) guidelines.</td>
<td></td>
</tr>
<tr>
<td>SAO - State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2013</td>
<td>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.</td>
<td>3</td>
</tr>
<tr>
<td>SAO - State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2014</td>
<td>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.</td>
<td>1</td>
</tr>
<tr>
<td>International Registration Plan, Inc - 2015 Texas Peer Review</td>
<td>The audit objective was to determine Texas compliance with the International Registration Plan.</td>
<td>2</td>
</tr>
<tr>
<td>SORM – FY 2016 Agency 608 On-Site Consultation - Beaumont Regional Service Center</td>
<td>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.</td>
<td>7</td>
</tr>
<tr>
<td>SORM – FY 2016 Agency 608 On-Site Consultation - Carrollton Regional Service Center</td>
<td>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.</td>
<td>5</td>
</tr>
<tr>
<td>SORM – FY 2016 Agency 608 On-Site Consultation – Headquarters</td>
<td>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.</td>
<td>1</td>
</tr>
<tr>
<td>SORM – FY 2016 Agency 608 On-Site</td>
<td>A review to assist state agencies in implementing an effective risk management</td>
<td>1</td>
</tr>
<tr>
<td>Issuing Agency and Report Name</td>
<td>Summary</td>
<td>Number of Recommendations Reviewed</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------</td>
</tr>
<tr>
<td>Consultation - Longview Regional Service Center</td>
<td>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.</td>
<td>5</td>
</tr>
<tr>
<td>SORM – FY 2016 Agency 608 On-Site Consultation - Waco Regional Service Center</td>
<td>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.</td>
<td>5</td>
</tr>
<tr>
<td>SAO – FY 2017 An Audit Report on Complaint Processing at the Department of Motor Vehicles</td>
<td>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.</td>
<td>11</td>
</tr>
<tr>
<td>SORM – FY 2018 Agency 608 Risk Management Program Review</td>
<td>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.</td>
<td>2</td>
</tr>
<tr>
<td>Texas Department of Public Safety - 2017 Criminal Justice Information Services (CJIS) Security Audit</td>
<td>The audit objective was to determine compliance with CJIS policies.</td>
<td>5</td>
</tr>
<tr>
<td>Sunset Commission - 2018 -2019 Sunset Advisory Commission Staff Report</td>
<td>An evaluation that reviews the Department’s function to determine whether it needs to continue to exist.</td>
<td>3</td>
</tr>
<tr>
<td>TCOLE - 2018 Training Program Evaluation Report</td>
<td>The evaluation objectives are to determine the Department’s compliance with TCOLE statutes and rules related to the training program.</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>60</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Report Name and Number</th>
<th>Fully Implemented</th>
<th>Started</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>P14-14 Follow up Audit on the Implementation of Recommendations</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>P14-15 Audit of the Automobile Burglary and Theft Prevention Authority</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>15-02 Internal Controls over the State of Texas Titling Processes Audit</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>15-05 Confidential Follow-up Audit on the Information Security Standards Gap Assessment</td>
<td>7</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>16-03 Audit on the Efficiency of the Texas International Registration Plan (IRP) Compliance Audit Process</td>
<td>6</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>16-04 Confidential Audit of Texas Department of Motor Vehicles’ Internal Controls Related to the Driver’s Privacy Protection Act</td>
<td>5</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>17-02 RTS Refactored and Single Sticker Post-Implementation Audit</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Report Number and Name</th>
<th>Summary of Started Audit Recommendations</th>
<th>Revised Completion Date</th>
<th>Explanation for the Revision</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-02 Internal Controls over the State of Texas Titling Processes Audit</td>
<td>One audit recommendation was started related to creating a process to proactively monitor titling performance and transactions. Original Due Date: September 1, 2017</td>
<td>August 31, 2019</td>
<td>The completion date was revised because more time was needed to develop the reports that facilitate the monitoring of transactions.</td>
</tr>
<tr>
<td>17-02 RTS Refactored and Single Sticker Post-Implementation Audit</td>
<td>One audit recommendation was started related to developing and providing training for internal agency Cognos users. Original Due Date: February 28, 2018</td>
<td>December 31, 2018</td>
<td>The completion date was revised due to the Information Technology Service (ITS) Division needing to obtain a vendor to provide the training.</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Issuing Agency and Report Name</th>
<th>Number of Fully Implemented External Recommendations</th>
<th>Number of Fully Implemented Recommendations – External Verification Needed</th>
<th>Total Reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPA - #608-13-01 Post Payment Audit of the Texas Department of Motor Vehicles</td>
<td>5</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>SORM - FY 2013 Agency 608 Risk Management Program Review</td>
<td>8</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>SAO - State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2013</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>SAO - State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2014</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>International Registration Plan, Inc - 2015 Texas Peer Review</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>SORM – FY 2016 Agency 608 On-Site Consultation - Beaumont Regional Service Center</td>
<td>7</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
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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.
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
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.
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 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 Legitimating

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 motor 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 authorities 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.
<table>
<thead>
<tr>
<th>GOAL</th>
<th>STRATEGY</th>
<th>#</th>
<th>MEASURE</th>
<th>Baseline</th>
<th>Target</th>
<th>Actual</th>
<th>OWNER</th>
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<tbody>
<tr>
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<td></td>
<td>Average processing time for new franchise license applications</td>
<td>45 days</td>
<td>35 days</td>
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<td>Average processing time for franchise renewals</td>
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<td>Average processing time of franchise license amendments</td>
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<td>Average processing time for new Dealer's General Distinguishing Number (GDN) license applications</td>
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<td>Average turnaround time for single-trip routed permits</td>
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<td>Average turnaround time for intrastate authority application processing</td>
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<td>Average turnaround time for apportioned registration renewal applications processing</td>
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<td>Average turnaround time to issue salvage or non-repairable vehicle titles</td>
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<td>Average time to complete motor vehicle complaints with no contested case proceeding</td>
<td>131 days</td>
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<td>Average time to complete salvage complaints with contested case proceeding</td>
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<td>Average time to complete motor carrier complaints with contested case proceeding</td>
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<td>Average time to complete household goods complaints with no contested case proceeding</td>
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<td>Average time to complete household goods complaints with contested case proceeding</td>
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<td>Average time to complete Oversize/Overweight (OS/OW) complaints with no contested case proceeding</td>
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<td>Average time to complete OS/OW complaints with contested case proceeding</td>
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<td>Percent of lemon law cases resolved prior to referral for hearing</td>
<td>76%</td>
<td>60%</td>
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<td>Average time to complete lemon law cases where no hearing is held</td>
<td>147 days</td>
<td>65 days</td>
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<td>Average time to complete lemon law cases where hearing is held</td>
<td>222 days</td>
<td>150 days</td>
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<td>Percent of total renewals and net cost of registration renewal: A. Online B. Mail C. In Person</td>
<td>A. 15% B. 5% C. 80%</td>
<td>A. 16% B. 5% C. 79%</td>
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<td>Total dealer title applications: A. Through Webdealer B. Tax Office</td>
<td>Baseline in development</td>
<td>A. 5% B. 95%</td>
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<td>GOAL</td>
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<td>26</td>
<td>Percent of total lien titles issued:</td>
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<td></td>
<td></td>
<td></td>
<td>A. Electronic Lien Title</td>
<td>A. 16%</td>
<td>A. 20%</td>
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<td></td>
<td></td>
<td></td>
<td>B. Standard Lien Title</td>
<td>B. 84%</td>
<td>B. 80%</td>
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<td></td>
<td>27</td>
<td>Percent of total OS/OW permits:</td>
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<td></td>
<td></td>
<td>A. Online (self-issued)</td>
<td>A. 57.47%</td>
<td>A. 58% or greater</td>
<td>MCD</td>
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<td></td>
<td></td>
<td>B. Online (MCD-issued)</td>
<td>B. 23.03%</td>
<td>B. 25% or greater</td>
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<td></td>
<td></td>
<td>C. Phone</td>
<td>C. 11.33%</td>
<td>C. 10% or less</td>
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<td></td>
<td></td>
<td>D. Mail</td>
<td>D. 1.76%</td>
<td>D. 1.7% or less</td>
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<td></td>
<td></td>
<td>E. Fax</td>
<td>E. 6.4%</td>
<td>E. 5.3% or less</td>
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<td>28</td>
<td>Average time to complete lemon law and warranty performance</td>
<td>Baseline in development</td>
<td>25 days</td>
<td>OAH</td>
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<td></td>
<td></td>
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<td>cases after referral</td>
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<td>29</td>
<td>Average time to issue a decision</td>
<td>Baseline in development</td>
<td>30 days</td>
<td>OAH</td>
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<td>after closing the record of hearing</td>
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<td>30</td>
<td>Percent of audit recommendations implemented</td>
<td>Baseline in development</td>
<td>90% annual goal for these recommendations which Internal Audit included in a follow-up audit</td>
<td>IAD</td>
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<td>31</td>
<td>Percent of projects approved by the agency’s governance team that finish within originally estimated time (annual)</td>
<td>57%</td>
<td>100%</td>
<td>EPMO</td>
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<td>32</td>
<td>Percent of projects approved by the agency’s governance team that finish within originally estimated budget (annual)</td>
<td>71%</td>
<td>100%</td>
<td>EPMO/FAS</td>
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<td>33</td>
<td>Percent of monitoring reports submitted to Texas Quality Assurance Team (TQAT) by or before the due date</td>
<td>79%</td>
<td>100%</td>
<td>EPMO</td>
<td></td>
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<td>34</td>
<td>Percent of project manager compliance with EPMO project management standards based upon internal quality assurance reviews</td>
<td>Baseline in development</td>
<td>100%</td>
<td>EPMO</td>
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<td>35</td>
<td>Percent of employees due a performance evaluation during the month that were completed on time by division.</td>
<td>Baseline in development</td>
<td>100%</td>
<td>HR</td>
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<td>36</td>
<td>Percent of goals accomplished as stated in the directors performance evaluation</td>
<td>Baseline in development</td>
<td>Measure annually at the end of the fiscal year</td>
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<td>37</td>
<td>Employees who rate job satisfaction as above average as scored by the Survey of Employee Engagement (SEE)</td>
<td>3.47 (SEE 2012)</td>
<td>3.65</td>
<td>3.60 (SEE 2013)</td>
<td>HR</td>
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<td></td>
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<td>38</td>
<td>Increase in the overall SEE score</td>
<td>337 (SEE 2012)</td>
<td>360</td>
<td>351 (SEE 2013)</td>
<td>HR</td>
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<td>39</td>
<td>Percent of favorable responses from customer satisfaction surveys</td>
<td>Baseline in development</td>
<td>90%</td>
<td>EPMO</td>
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<td>40</td>
<td>Annual agency voluntary turnover rate</td>
<td>6.5% (FY 2013)</td>
<td>5.0%</td>
<td>HR</td>
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<td>41</td>
<td>Number of education programs conducted and number of stakeholders/customers attending education programs</td>
<td>4.48/80.61</td>
<td>4/80</td>
<td>MCD</td>
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<td></td>
<td></td>
<td>42</td>
<td>Number of education programs conducted and number of stakeholders/customers attending education programs</td>
<td>36/335</td>
<td>42/390</td>
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<td></td>
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<td>43</td>
<td>Number of eLearning training modules available online through the Learning Management System and number of modules completed by stakeholders/customers</td>
<td>eLearning Modules Available - 28 Completed - 735</td>
<td>Available - 31 Completed - 814</td>
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<td>#</td>
<td>MEASURE</td>
<td>Baseline</td>
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<td>44</td>
<td>Number of Shows and Exhibits attended to educate stakeholders/customers about TxDMV services and programs</td>
<td>6</td>
<td>7</td>
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<td>45</td>
<td>Number of education programs conducted and number of stakeholders/customers attending education programs</td>
<td>3/250</td>
<td>3/250</td>
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<td>ENF</td>
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<td>46</td>
<td>Number of education programs conducted and number of stakeholders/customers attending education programs</td>
<td>3/150</td>
<td>4/300</td>
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<td>ABTPA</td>
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<td>47</td>
<td>Percent of customers and stakeholders who express above average satisfaction with communications to and from TxDMV</td>
<td>Baseline in development</td>
<td>80%</td>
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<td>All Divisions</td>
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<td>48</td>
<td>Average hold time</td>
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<td>49</td>
<td>Abandoned call rate</td>
<td>22%</td>
<td>20%</td>
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<td>CRD</td>
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<td></td>
<td>50</td>
<td>Average hold time</td>
<td>Baseline in development</td>
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<td>51</td>
<td>Abandoned call rate</td>
<td>Baseline in development</td>
<td>5%</td>
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<td>ITS</td>
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<td>52</td>
<td>Average hold time</td>
<td>Credentialing -1.6 minutes Permits - 2.08 minutes CFS - 54.38 seconds</td>
<td>Credentialing - 1.5 minutes Permits - 2 minutes CFS - 50 seconds</td>
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<td>53</td>
<td>Abandoned call rate</td>
<td>Credentialing - 7% Permits - 6.42% CFS - 5.63%</td>
<td>Credentialing - 6% Permits - 5% CFS - 5%</td>
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</table>

**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.